



**Howard County, Maryland**

**Comprehensive Annual Financial Report  
for the Fiscal Year Ended  
June 30, 2014**



# Howard County, Maryland

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Ellicott City, Maryland 21043  
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## Certain Appointed Officials

Lonnie R. Robbins  
*Chief Administrative Officer*  
Stanley J. Milesky  
*Director of Finance*  
James M. Irvin  
*Director of Public Works*  
Margaret A. Nolan  
*County Solicitor*  
Marsha S. McLaughlin  
*Director of Planning and Zoning*  
Raymond S. Wacks  
*Budget Administrator*  
Craig Glendenning  
*County Auditor*

## Financial Advisor

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## County Executive

Ken Ulman



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## County Council

Calvin Bell  
*Chairperson*



Courtney Watson  
*Vice Chairperson*



Greg Fox  
*Council Member*



Mary Kay Sigaty  
*Council Member*



Jennifer Terrasa  
*Council Member*



# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



Prepared by the Department of Finance

Howard County, Maryland



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### County Executive and Council

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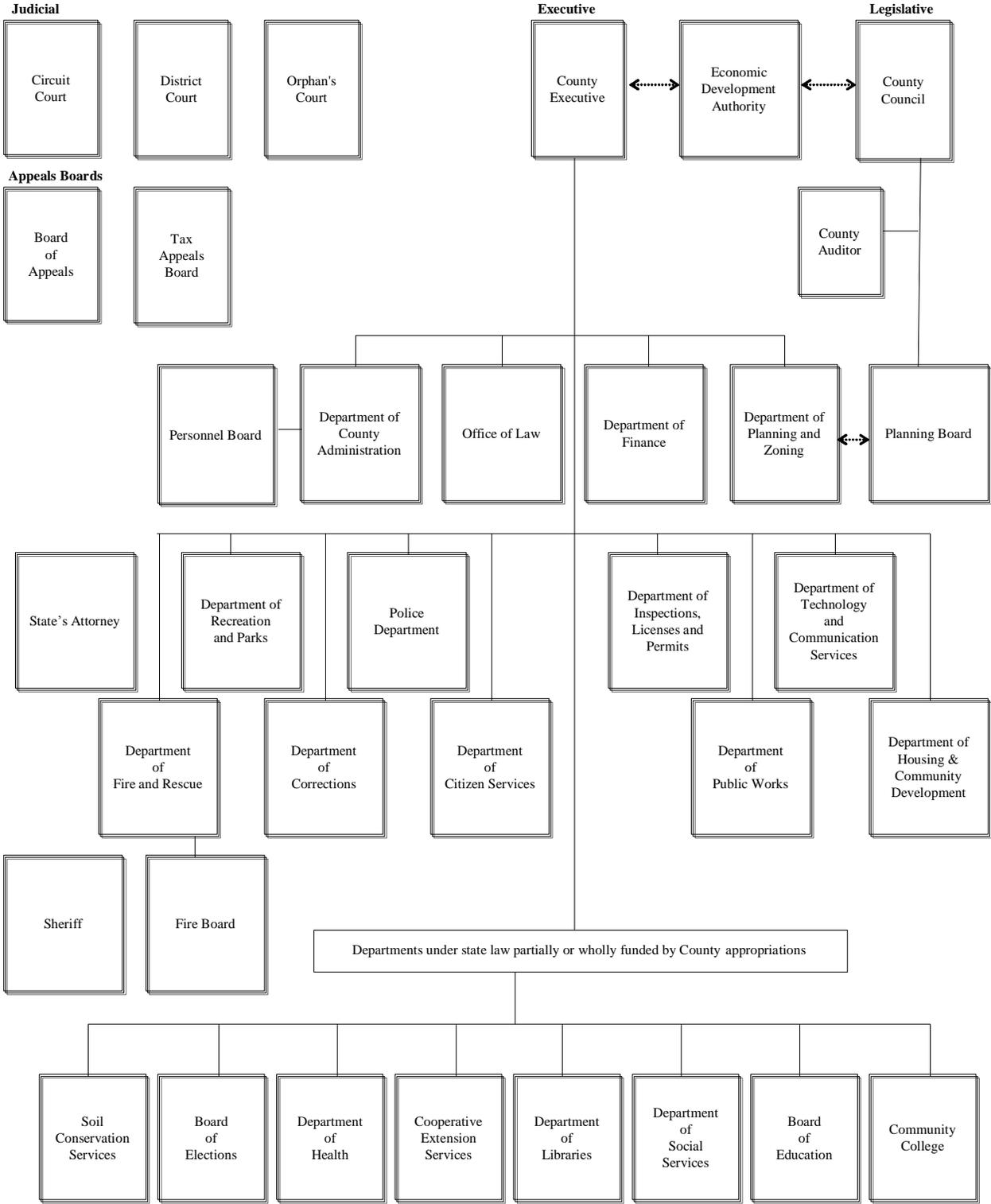
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# HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





## HOWARD COUNTY DEPARTMENT OF FINANCE

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Stanley J. Milesky, Director  
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November 24, 2014

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

Ladies and Gentlemen:

### **FORMAL TRANSMITTAL OF THE CAFR**

The audited Comprehensive Annual Financial Report (CAFR) of Howard County, Maryland (the County) prepared by the Department of Finance for the fiscal year ended June 30, 2014, 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 CohnReznick 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.

CohnReznick 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, 2014. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

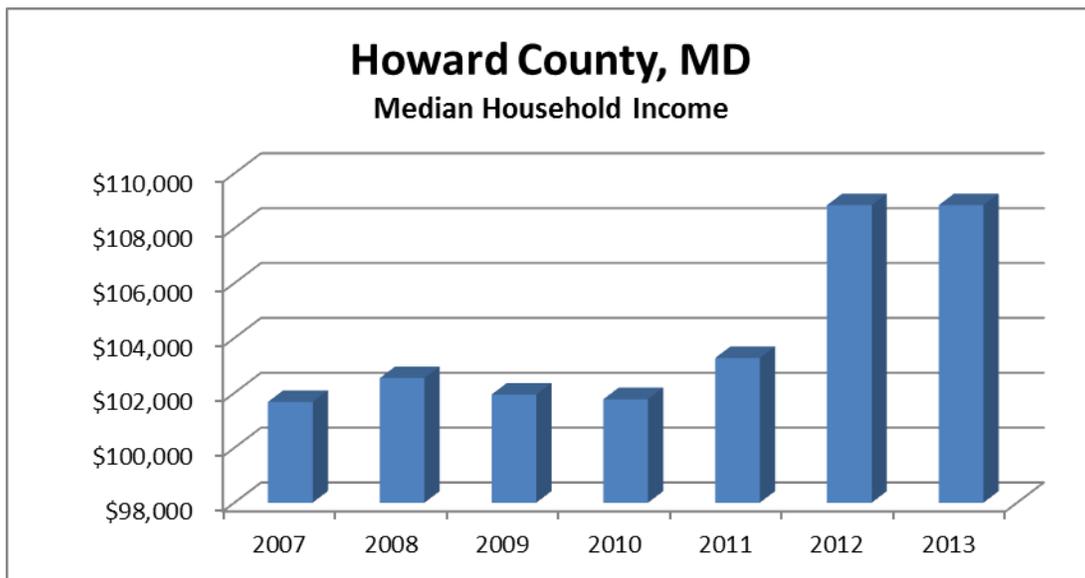
Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with 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 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. Howard County is home to approximately 301,624 residents based on estimates by the Department of Planning and Zoning. According to the U.S. Census Bureau, American Community Survey, 2012, Howard County, again, had the second highest median household income in the nation. Howard County was ranked the healthiest Maryland county in 2012 by the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute. The Howard County Library System was named the 2013 Library of the Year by the Library Journal and Cengage Learning. Howard County was ranked the eighth most digital county in the nation, in 2013, by the Center for Digital Government and the National Association of Counties.



Source: United States Department of Commerce, Bureau of the Census, State and County QuickFacts

## 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 Public Library, 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, accordingly, are excluded from this report.

## **BUDGET**

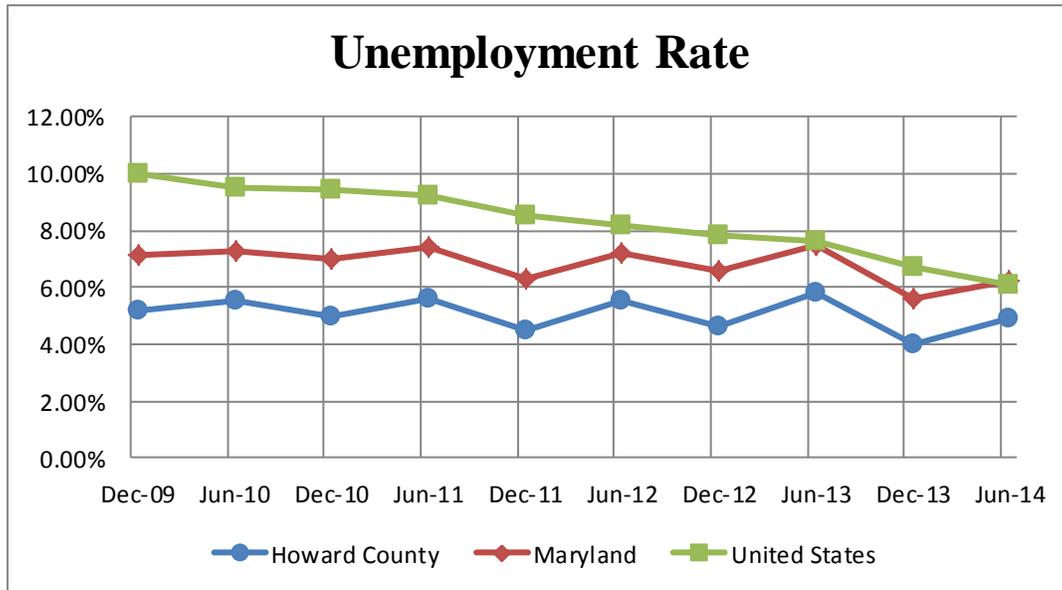
The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five year spending projections), the capital budget and capital program, and the budget 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. The committee advises the Executive and provides guidelines for setting debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in late January or early February. After a public process that involves two public hearings, and a thorough review of departmental requests, the County Executive submits a proposed capital budget not later than ninety days prior to the end of the fiscal year. The Executive must submit a proposed operating budget to the County Council not later than seventy days prior to the end of the fiscal year. 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 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 Department of Education School Board'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 fiscal year currently ending. Expenditure authority for the operating budget is at the fund and department level in major categories including personnel costs, various operating expenses and capital costs. 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, which combined comprise the fourth largest market in the United States. Employment is expected to remain stable and the unemployment rate should continue to remain below the state (6.2%) and national (6.1%) levels as evidenced by the June 2014 rate of 4%.



Source: United States Department of Labor, Bureau of Labor Statistics.

## LOCAL ECONOMY

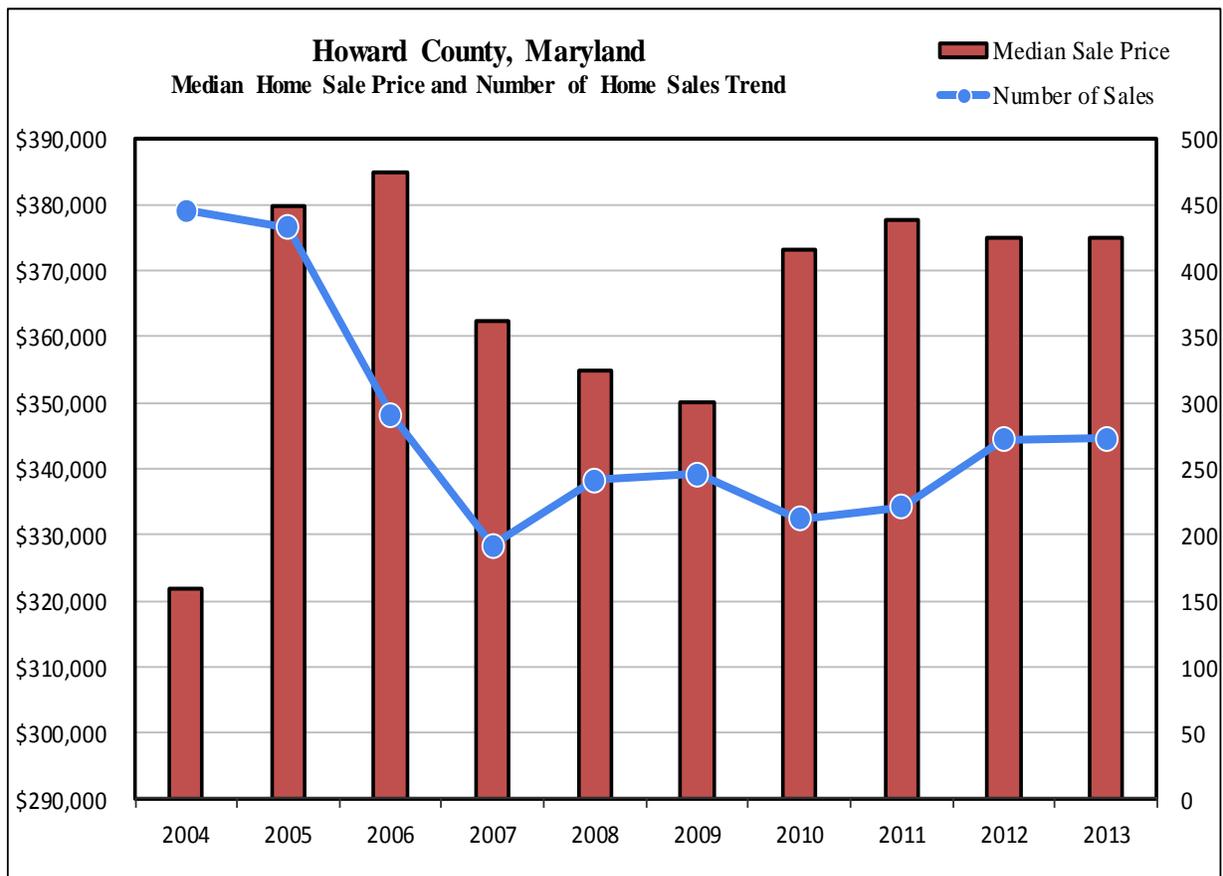
Howard County's ideal geographic location, has contributed to substantial growth in a wide variety of industries. Over 9441 businesses in Howard County employ 160,324 workers in industries such as technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing and in multinational corporations. The service sector is the largest industry in the County, employing 87% of the workforce. In the service industry, government contracts are generating new business opportunities for start-ups providing technical labor through the much anticipated Base Realignment & Closure (BRAC) program. Fort George Meade is less than two miles outside the County border and 5,800 highly skilled positions were transferred there directly under BRAC. In addition, it is estimated that through 2015 another 21,000 new jobs will be created due to expansion at Fort Meade including the activation of the United States Cyber Command on May 21, 2010.

Commercial real estate vacancy rates continued to decline despite an increase of over 13 million square feet of space, or 22%, in the past 5 years to accommodate Fort Meade related growth. The average rental rate per square foot has continued to rebound and is now at pre-recession rates. The September 2013 vacancy rate was 9.4% which is nearly 3% less than the vacancy rate 5 years ago.

Fiscal Year (FY) 2014 property tax collections increased 3.1% above the previous fiscal year. In its FY 2015 budget, Howard County projects a 2.6% increase in property tax collections. 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 11.2% when compared to the actual for FY 2013. Due to increases in the number of employed residents and median incomes, the FY 2015 projection for income tax collections represents a 10.5% increase from what was budgeted in FY 2014.

County revenues related to housing activity decreased in FY 2014. The decline in the real estate market that began in FY 2006 continued to have an effect in FY 2014. Recordation tax, a leading indicator of the health of the local real estate market, decreased 13.1% from the previous year, yet was still 21.6% below the FY 2006 level. The FY 2015 budget projects an 11% increase in recordation tax collections compared to FY 2014. Another indicator of the continued struggling economy is investment income. Revenue from this source decreased 32.3% in FY 2014 yet remains 91% below FY 2008 revenue.



Source: Metropolitan Regional Information Systems Inc. and Coastal Association of REALTORS

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2014. The County was able to provide its employees with their first cost of living increase in 5 years.

Looking forward, overall economic performance is expected to improve slightly in FY 2015. It is anticipated that the FY 2015 gross assessable base of Howard County will increase by 1.2%. Due to decreasing Homestead Tax Credits, the net taxable assessment will increase by approximately 18.9%. This is because the Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5% per year, and despite the decrease in home values most residential properties are still phasing in the pre-2006 housing market increases. Approximately 43% of homeowner occupying properties in Howard County received this credit in FY 2014. The demand for real estate remains strong, especially in the residential resale market, where the average days on market increased from 46 to 53 days between September 2013 and 2014.

## **MAJOR INITIATIVES**

The County will continue the strong fiscal management policies which have led to Triple-A ratings from all three credit rating agencies. The County will take advantage of opportunities to expand the diverse local economy created by the location of the U.S. Cyber Command at nearby Fort Meade through the new Maryland Center for Entrepreneurship, operated by the Howard County Economic Development Authority. In order to maintain our highly educated workforce, the County continues to invest in our top-ranked school system. Recognizing our responsibility to the environment and the health of the Chesapeake Bay, the County has created a program to create partnerships with residents, businesses, and institutions to address storm water pollution on a County-wide basis.

## **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 may use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that the bond issue might be compromised in a competitive sale.

### **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, 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. All deposits at June 30, 2014 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party in the County's name. Investment activities are governed by State laws. Accordingly, the County invests in: certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; U.S. Government and Federal agency obligations; Treasury and other government mutual funds;

and the State of Maryland investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy.

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the thirty-eighth 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 CAFR. 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 CAFR 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.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2014. This was the twenty first 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 communications device.

A very special thank you to Charisse Antonio, Salomey Awuku, Lori Buchman, Dawit Gebregiorgis, Paul German, Verda Hall, Sean Hollywood, Rafiu Ighile, Anne Keyes, Marvin Miller, Angela Moore, Diamond Okojie, Angela Price, Sima Taghavi, Thomas Wall, Mimi Xu, and Sean Zepp 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,



Stanley J. Milesky  
Director of Finance



## OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA  
County Auditor

November 24, 2014

### CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Ken Ulman  
County Executive

Honorable Members of the County Council

Calvin Ball, Chairperson  
Courtney Watson, Vice Chairperson  
Greg Fox  
Mary Kay Sigaty  
Jennifer Terrasa

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 CohnReznick 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, 2014. 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



### **Students Help Reduce Waste by Launching School-Based Food Scrap Collection Program**

On the first day of the Howard County Public School System 2014-2015 school year, County Executive Ken Ulman helped welcome students back to school by unveiling the County's first school-based food scrap collection program. The program comes after fourth-grade students at Pointers Run Elementary School in Clarksville wrote a series of persuasive letters to the County and School System officials, asking for the County's composting program to include their school. As a result of those letters, Pointers Run joined the 10,000 homes participating in the County's food scrap curbside collection program. An additional 5,000 homes are to be added to the program by the end of 2014.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Howard County  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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## **Financial Section**

- Basic Financial Statements
- Notes to Financial Statements
- Combining and Individual Fund Statements and Schedules



## Independent Auditor's Report

To the County Council  
Howard County, Maryland

### Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard Community College, or the Howard County Housing Commission, which represent 39 percent, 71 percent, and 45 percent, respectively, of the assets, net position, and revenues of the total governmental activities, the business-type activities, and the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, based on our audit and the report of other auditors, 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 Howard County, Maryland, as of June 30, 2014, 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.

### *Emphasis of Matter*

The financial statements have been reissued to correct clerical and classification errors in the table of interfund receivables, payables and transfers presented in note 4. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplemental schedules of funding progress of Pension Trust Funds and Other Post Employment Benefit (OPEB) Trust, and the required schedule of employer contributions for OPEB Trust Fund on pages 3 through 13 and 69 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howard County, Maryland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital assets schedules, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules, and long-term debt schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of Howard County, Maryland'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.



Baltimore, Maryland  
November 24, 2014 (except for note 4 as to which  
the date is December 12, 2014)

## 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, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal (found on pages iii to x of this report). 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 of the County exceeded its liabilities at the close of the most recent fiscal year by \$551.2 million. That amount is net of a \$700.6 million unrestricted deficit. The unrestricted deficit occurs because the County issues debt to fund construction costs for the Public School System and the Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for education projects is \$457.8 million and for college projects is \$84.6 million. Public School System ownership of buildings transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements and construction in progress is \$1.039 billion.
- The \$68.5 million decrease in the government's total net position is primarily due to an increase of \$17.9 million in the County's funding of education expenses (Public School System 3.1% and Community College 7.5%), an overall decrease in grant funding of \$31.5 million, mostly due to completion of capital projects such as the Inter-County Broadband Network (ICBN) project, an increase in the County's contribution to the Other Post-Employment Benefits (OPEB) Trust of \$8.2 million, and a decrease of \$2.9 million in recordation tax revenue due to a decline in the number of transactions.
- The County's property tax revenues increased this year by \$16.5 million or 3.1%, due to rising property values.
- Approximately 58.5% of the total governmental fund balance, \$160.9 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned. Available fund balance for the General Fund is \$126.3 million, or 13.7% of total General Fund expenditures.
- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$275.2 million, a decrease of about \$1.4 million in comparison with the prior year. Specifically, the fund balance of the General Fund decreased by \$7.4 million due to an increase in education expenditures of \$17.9 million. In addition, the fund balance of the Agricultural Land Preservation Fund decreased by \$5.0 million primarily due to cash payments for several easements totaling \$4.5 million.
- The reserve for the budget stabilization account balance is \$59.3 million, an increase of \$2.1 million or 6.4% of fiscal year 2014 general fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2012 expenditures). We have reached that target and assigned \$4.9 million for subsequent years' budget stabilization. The County is committed to meeting this mandated target in future years.
- The County's total long-term debt increased by \$62.7 million (5.0%) during the current fiscal year. The major factors in this increase were the issuance of \$117.1 million in Consolidated Public Improvement (CPI) Project Bonds, \$17.0 million in Tax Increment Financing Bonds, and \$22.1 million in Metropolitan (Metro) District Project Bonds. The County refunded \$18.5 million in CPI bonds and \$6.0 million in Metro bonds and retired \$58.4, \$9.2, and \$3.2 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$439,000 of Special Facility Revenue bonds.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Howard County, Maryland'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* provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The two government-wide statements are on a full accrual accounting basis, including the elimination and/or reclassification of internal activities.

The first government-wide statement is the *Statement of Net Position*. This is the Countywide position presenting information that includes all County assets and liabilities, 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 second government-wide statement is the *Statement of Activities*, which 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 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 state highways. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection 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 15-16 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 a later 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. By doing so, readers may better understand the long-term impact of the government's near-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 sixteen 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, agricultural land preservation, and general capital projects funds, all of which are major funds. Data from the other twelve 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 non-capital governmental funds. Budgetary comparison statements are provided for the general and agricultural land preservation funds to demonstrate compliance with this budget. Budgetary statements for non-major special revenue funds are provided in the combining section of this report.

The basic governmental fund financial statements are located on pages 17-22 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, 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 communications systems, risk management self-insurance program, and employee benefits self-insurance. Because the internal service funds' services predominately 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 and golf course operations which are both 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 23-25 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 26-27 of this report.

The component unit financial statements are located on pages 28-29 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 31-67.

**Other information.** In addition to the basic financial statements and accompanying notes, this report 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 69-70 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental 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 start on page 79 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 105-107. Schedules providing additional long-term debt detail start on page 108. The Statistical Section begins on page 119.

## 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 exceeded liabilities by \$551.2 million at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) 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 Public School System. 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. As of June 30, 2014, debt outstanding for education projects is \$457.8 million and for college projects is \$84.6 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities net position of \$817.5 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of \$355.2 million.

An additional portion of the County's net position (\$145.9 million or 26.5%) represents resources subject to external restrictions on their usage.

### Summary of Net Assets

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 429,992,087	493,685,497	207,990,610	208,290,679	637,982,697	701,976,176
Capital assets	1,246,188,898	1,199,706,075	617,328,226	596,436,426	1,863,517,124	1,796,142,501
Deferred outflows of resources	2,456,011	4,880,141	313,456	418,746	2,769,467	5,298,887
<b>Total assets</b>	<b>1,678,636,996</b>	<b>1,698,271,713</b>	<b>825,632,292</b>	<b>805,145,851</b>	<b>2,504,269,288</b>	<b>2,503,417,564</b>
Long-term liabilities						
outstanding	1,533,420,601	1,425,531,692	263,273,855	259,937,058	1,796,694,456	1,685,468,750
Other liabilities	108,880,965	164,411,369	32,092,009	15,917,236	140,972,974	180,328,605
Deferred inflows of resources	286,369	374,729	15,082,671	17,519,046	15,369,040	17,893,775
<b>Total liabilities</b>	<b>1,642,587,935</b>	<b>1,590,317,790</b>	<b>310,448,535</b>	<b>293,373,340</b>	<b>1,953,036,470</b>	<b>1,883,691,130</b>
Net assets:						
Net investment in capital assets	755,904,065	740,258,162	349,976,408	343,029,639	1,105,880,473	1,083,287,801
Restricted	97,656,784	94,955,786	48,248,364	54,677,366	145,905,148	149,633,152
Unrestricted	(817,511,788)	(727,260,025)	116,958,985	114,065,506	(700,552,803)	(613,194,519)
<b>Total net assets</b>	<b>\$ 36,049,061</b>	<b>107,953,923</b>	<b>515,183,757</b>	<b>511,772,511</b>	<b>551,232,818</b>	<b>619,726,434</b>

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position for the government as a whole, as well as for its separate governmental activities. Business-type activities show positive balances in all three categories.

The County's net position decreased by \$68.5 million during the current fiscal year as the result of a \$71.9 million decrease in governmental activities and a \$3.4 million increase in business-type activities. The governmental activities decrease is primarily due to a \$17.9 million increase in funding for education expenses, a \$31.5 million decrease in grant revenues, a \$8.2 million increase in the County's contribution to the Other Post-Employment Benefits Trust, and a \$2.9 million decline in recordation tax revenue. The business-type activities increase is primarily due to \$11.4 million in contributed capital and the accumulation of ad valorem revenues to fund future capital projects.

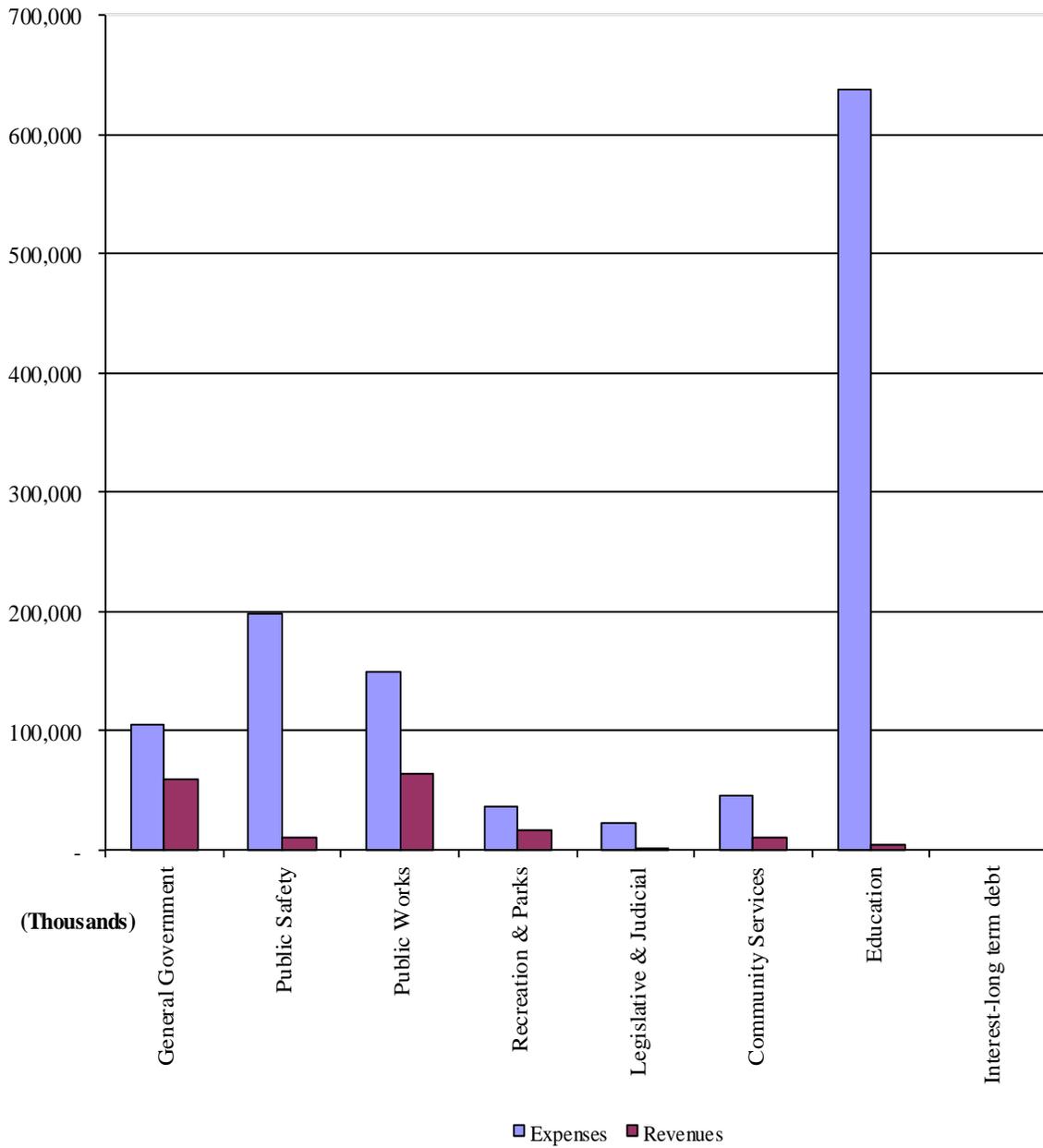
**Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 122,339,823	114,688,497	71,952,481	56,781,940	194,292,304	171,470,437
Operating grants and contributions	33,472,335	27,837,622	29,196,783	29,006,605	62,669,118	56,844,227
Capital grants and contributions	10,215,527	42,575,352	11,361,621	16,285,260	21,577,148	58,860,612
<b>General revenues</b>						
Property taxes	539,731,584	523,266,142	-	-	539,731,584	523,266,142
Local income taxes	400,455,701	360,251,116	-	-	400,455,701	360,251,116
Other taxes	61,035,196	61,337,101	-	-	61,035,196	61,337,101
Other	4,800,305	2,064,478	135,292	169,180	4,935,597	2,233,658
<b>Total revenues</b>	<b>1,172,050,471</b>	<b>1,132,020,308</b>	<b>112,646,177</b>	<b>102,242,985</b>	<b>1,284,696,648</b>	<b>1,234,263,293</b>
<b>Expenses</b>						
General government	104,520,136	87,405,901	-	-	104,520,136	87,405,901
Public safety	198,590,882	196,950,283	-	-	198,590,882	196,950,283
Public works	148,889,651	130,500,653	-	-	148,889,651	130,500,653
Recreation and parks	35,764,376	29,210,799	-	-	35,764,376	29,210,799
Legislative and judicial	23,259,531	23,682,923	-	-	23,259,531	23,682,923
Community services	45,311,763	38,506,895	-	-	45,311,763	38,506,895
State highways	6,634,669	7,225,028	-	-	6,634,669	7,225,028
Education	637,839,632	639,025,259	-	-	637,839,632	639,025,259
Interest on long-term debt	50,489,693	47,729,955	-	-	50,489,693	47,729,955
Water & Sewer	-	-	98,795,678	87,569,376	98,795,678	87,569,376
Other	-	-	3,094,253	1,885,101	3,094,253	1,885,101
<b>Total expenses</b>	<b>1,251,300,333</b>	<b>1,200,237,696</b>	<b>101,889,931</b>	<b>89,454,477</b>	<b>1,353,190,264</b>	<b>1,289,692,173</b>
Increase (decrease) in net position	(79,249,862)	(68,217,388)	10,756,246	12,788,508	(68,493,616)	(55,428,880)
Transfers	7,345,000	-	(7,345,000)	-	-	-
Increase (decrease) in net position	(71,904,862)	(68,217,388)	3,411,246	12,788,508	(68,493,616)	(55,428,880)
<b>Net position beginning</b>	<b>107,953,923</b>	<b>176,171,311</b>	<b>511,772,511</b>	<b>498,984,003</b>	<b>619,726,434</b>	<b>675,155,314</b>
<b>Net position ending</b>	<b>\$ 36,049,061</b>	<b>107,953,923</b>	<b>515,183,757</b>	<b>511,772,511</b>	<b>551,232,818</b>	<b>619,726,434</b>

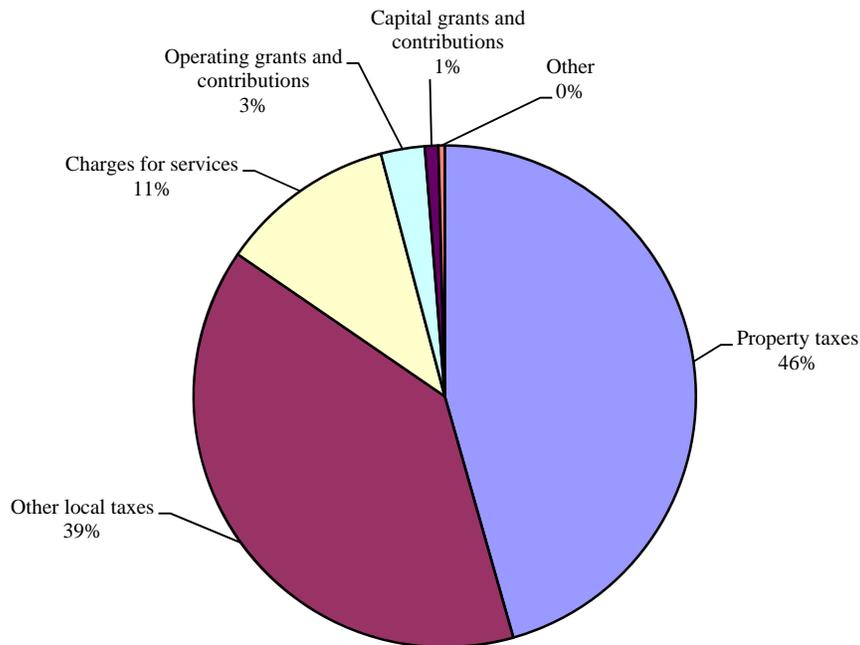
**Governmental activities.** Governmental activities decreased the County’s net position by \$71.9 million. Key elements of this decrease are as follows:

- Expenses increased by \$43.5 million for additional Net OPEB obligation.
- Education expenses increased by \$17.9 million: \$15.1 million for the Public School System, \$2.0 million for the Community College, and \$0.7 million for the Library.
- Grant revenues decreased overall by \$26.7 million primarily due to the ICBN project that was completed.
- Contribution to the OPEB Trust increased by \$8.2 million.
- Recordation tax revenue decreased by \$2.9 million due to a decline in the number of transactions.

**Expenses and Program Revenues – Governmental Activities**



## Revenues by Source – Governmental Activities

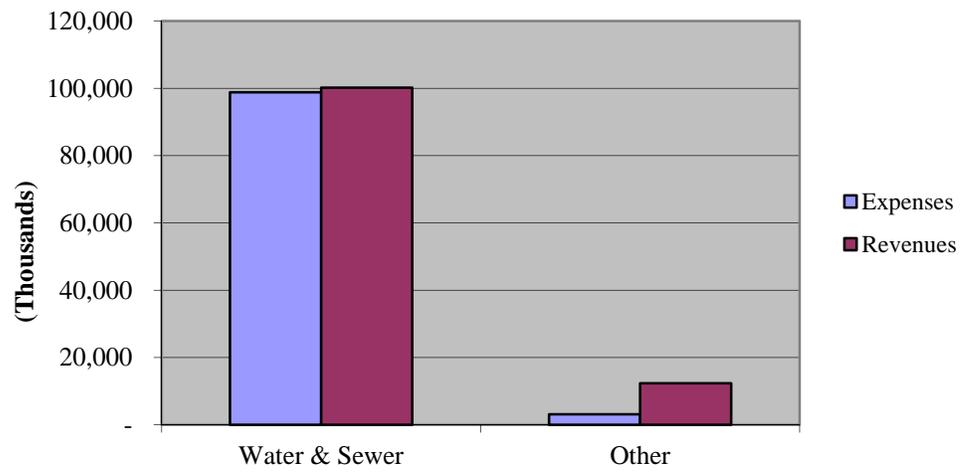


**Business-type activities.** Business-type activities increased the County's net position by \$3.4 million. The components of this increase are as follows:

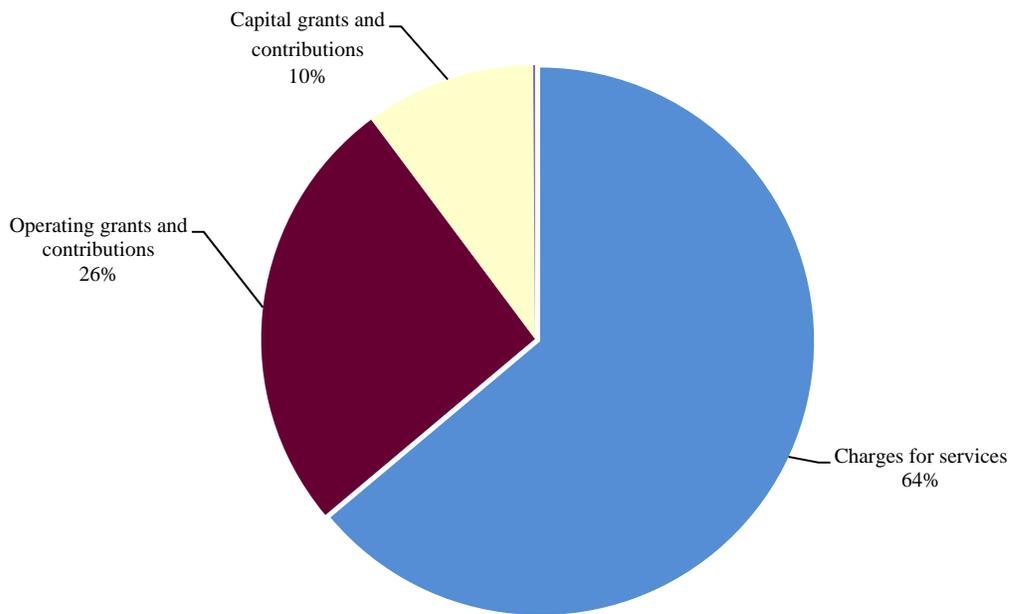
- Charges for services increased by \$15.2 million due to a 9% rate increase for water and sewer usage and the establishment of a watershed protection and restoration fee.
- Operating grants and contributions, which totaled \$29.2 million, represent an annual ad valorem fee levied on all properties within 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.
- \$11.3 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. The County pays for additional water and sewer lines built by developers through a rebate process. 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 fiscal year 2013.
- Expenses increased by \$12.4 million mainly due to increased costs of repairs and maintenance of Baltimore City and County infrastructure and increased costs of purchased water.

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

### Expenses and Program Revenues – Business-type Activities



### Revenues by Source – Business-type Activities



## 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.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$275.2 million, a decrease of \$1.4 million in comparison with the prior year. Of this fund balance, \$16.6 million is non-spendable, \$97.7 million is restricted by enabling legislation, \$97.9 million is committed by the County, at the highest level of authority, \$127.8 million is assigned, and (\$64.8) million is deficit unassigned fund balance.

The general fund is the chief operating fund of the County. At fiscal year-end, the total General Fund fund balance is \$126.3 million, \$7.4 million or 5.5% less than the prior year, due to a \$17.9 million increase in education expenditures.

The \$68.4 million total fund balance of the Agricultural Land Preservation Fund is a \$5.0 million decrease from the prior year. The decrease is the result of the purchase of several easements.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a \$30.3 million deficit. This is a timing issue due to capital project expenditures occurring before revenues are recognized.

*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 because a change in the County charter is required to allow these assets to be used for other purposes. Net position of the water and sewer operations at fiscal year-end was \$505.7 million. Net position of the Water and Sewer Proprietary Fund increased \$1.3 million mainly due to a 9% rate increase in the charges for services.

## General Fund Budgetary Highlights

The original general fund expenditure and revenue budgets were increased by \$1,734,915 during the current fiscal year for unanticipated expenditures for snow removal.

The County spent \$13.2 million less than the budget and collected \$22.7 million more in local income taxes than budgeted due to continued recovery in the local jobs market. Total debt service final budget amounts compared to expenditures and encumbrances for the fiscal year show a favorable variance of \$4.3 million. Interest on investments fell short of budgeted revenue by \$4.7 million. This occurred because interest income and expenses on variable rate debt and commercial paper are budgeted high to allow for increases in interest rates during the year.

## 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, 2014 is \$1.9 billion (net of accumulated depreciation). Capital assets include land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and stormwater management systems. The total increase in the County's investment in capital assets for the current fiscal year was 3.8% (a 3.9% increase for governmental activities and a 3.5% increase for business-type activities).

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

- \$ 16.1 million for the Fort Meade reclaimed water project
- \$ 9.5 million for agricultural land preservation program easements
- \$ 6.9 million for the Dorsey Run Road extension
- \$ 4.6 million combined on park systematic improvements
- \$ 3.5 million for the new Savage Library

**Capital Assets (net of depreciation)**

		Governmental activities		Business-type activities		Total	
		2014	2013	2014	2013	2014	2013
Land and land improvements	\$	554,238,198	530,497,318	11,377,100	11,377,100	565,615,298	541,874,418
Buildings		235,163,726	239,832,237	166,778,671	167,030,062	401,942,397	406,862,299
Improvements other than buildings		102,463,963	104,401,625	27,117,444	25,636,389	129,581,407	130,038,014
Equipment		52,598,661	54,839,649	5,280,027	5,038,855	57,878,688	59,878,504
Infrastructure		236,996,116	215,664,022	374,192,739	368,726,812	611,188,855	584,390,834
Construction in progress		64,728,234	54,471,224	32,582,245	18,627,208	97,310,479	73,098,432
<b>Total capital assets</b>	<b>\$</b>	<b>1,246,188,898</b>	<b>1,199,706,075</b>	<b>617,328,226</b>	<b>596,436,426</b>	<b>1,863,517,124</b>	<b>1,796,142,501</b>

Additional information on the County's capital assets are located in Note 6 on pages 47-48 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total long-term debt outstanding of \$1.3 billion. Of this amount, \$1.1 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	
		2014	2013	2014	2013	2014	2013
General obligation bonds	\$	906,780,000	866,510,000	213,570,000	206,785,000	1,120,350,000	1,073,295,000
State water quality loan		2,830,000	2,840,000	30,930,305	34,109,616	33,760,305	36,949,616
Tax increment financing bonds		17,000,000	-	-	-	17,000,000	-
Landfill closure obligation		32,116,000	31,819,000	-	-	32,116,000	31,819,000
Agricultural land preservation program		95,628,635	92,695,395	-	-	95,628,635	92,695,395
Special facility revenue bonds		-	-	4,583,000	5,022,000	4,583,000	5,022,000
Other		5,062,113	5,191,356	49,308	885,642	5,111,421	6,076,998
<b>Total outstanding debt</b>	<b>\$</b>	<b>1,059,416,748</b>	<b>999,055,751</b>	<b>249,132,613</b>	<b>246,802,258</b>	<b>1,308,549,361</b>	<b>1,245,858,009</b>

The County's total long-term debt increased by \$62.7 million (5.0%) during the current fiscal year. The major factors in this increase were the issuance of \$117.1 million in Consolidated Public Improvement (CPI) Project Bonds, \$17.0 million in Tax Increment Financing Bonds, and \$22.1 million in Metropolitan (Metro) District Project Bonds. The County refunded \$18.5 million in CPI bonds and \$6.0 million in Metro bonds and retired \$58.4, \$9.2, and \$3.2 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$439,000 of Special Facility Revenue bonds. The County maintains an "AAA" 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 \$2.1 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 49 of this report.

**Economic Factors and Next Year's Budgets and Rates**

Howard County has a relatively low unemployment rate as evidenced by the following:

- The June 2014 unemployment rate for the County was 4.9% (the low was 4.0% in December 2013). This compares favorably to the state's unemployment rate of 6.2% and the national rate of 6.1% for the same period. The County's rate was 2.3% in April 2008.
- The occupancy rate for commercial space as of June 2014 was 91.3%, up from 90.3% a year ago. Howard County had an increase of 424,448 square feet (SF) of rentable building area during this fiscal year.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2015 fiscal year.

The fiscal year 2015 general fund budget is \$57.7 million or 6.0% more than the fiscal year 2014 budget. This increase is the result of a \$41.3 million increase for education and a \$6.5 million increase for public safety.

The County's property tax and income tax rates remained the same for fiscal year 2015. The Building Excise Tax (used to fund road expansion) rates were increased 1.8% (based on the Baltimore Cost Index). Water and Sewer charges were increased 9% to offset cost increases for purchased water and sewer services, treatment chemical, propane, electricity rates and increased usage. No changes were made to the annual refuse and recycling fees or the water and sewer ad valorem.

### **Currently Known Facts, Decisions and Conditions**

The County is anticipating to break even in fiscal year 2015, although fiscal year 2015 income tax received through October 2014 is down 29.0% compared to fiscal year 2014 in the same period. All other major revenue sources are on budget for fiscal year 2015.

### **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 or e-mailed to [smilesky@howardcountymd.gov](mailto:smilesky@howardcountymd.gov). Complete financial reports are also available on our web site: [www.howardcountymd.gov](http://www.howardcountymd.gov).



### **Reducing Our Stormwater Runoff to Protect the Chesapeake Bay**

Stormwater runoff is responsible for 20% of the pollution to the Chesapeake Bay. Federal law now requires that jurisdictions such as Howard develop a method for treating 30 percent of stormwater that runs off from untreated areas by the end of an upcoming five-year period. Rain gardens, such as this one found at Howard Community College, are just one of the many ways residents and businesses can help reduce the storm runoff that carries sediment and pollutants to our streams and ultimately the Bay. To do our part in improving the quality of the Bay, County Executive Ken Ulman unveiled an initiative in 2013, to create a funding source for projects that will treat stormwater, prevent erosion, reduce pollution and help keep the county's streams and rivers clean. Together, we can save the Bay!

## **Basic Financial Statements**

**Government-wide financial statements combine all of Howard County's governmental and business-type activities, as well as its discretely presented component units.**

**Fund financial statements show the financial position and the operating results by fund.**



**Howard County, Maryland**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 146,104,135	27,725,318	173,829,453	66,417,449
Investments	-	-	-	111,556,456
Receivables:				
Property taxes, net	3,619,389	224,124	3,843,513	-
Due from other governments	59,854,691	40,751	59,895,442	20,107,474
Service billings	-	12,143,519	12,143,519	-
Other	3,765,027	2,107	3,767,134	4,968,846
Materials and supplies	1,611,938	994,491	2,606,429	1,893,859
Prepays	3,319	-	3,319	1,408,413
Restricted assets:				
Equity in pooled cash and cash equivalents	134,917,075	110,274,128	245,191,203	4,936,990
Investments	50,906,669	-	50,906,669	-
Property taxes	630,924	-	630,924	-
Due from other governments	13,555,187	-	13,555,187	-
Water & sewer assessments receivable	-	6,427,489	6,427,489	-
Other receivables	15,255,846	-	15,255,846	5,880,524
Materials and supplies	586,155	-	586,155	-
Prepays	1,248,500	-	1,248,500	-
Internal balances	(2,141,212)	2,141,212	-	-
Other assets	74,444	-	74,444	-
Capital assets:				
Land and land improvements	554,238,198	11,377,100	565,615,298	80,618,235
Construction in progress	64,728,234	32,582,245	97,310,479	196,212,822
Buildings and improvements, net	337,627,689	193,896,115	531,523,804	1,100,506,356
Machinery and equipment, net	52,598,661	5,280,027	57,878,688	9,095,385
Infrastructure, net	236,996,116	374,192,739	611,188,855	-
Other capital assets	-	-	-	5,629,846
Other non-current assets	-	48,017,471	48,017,471	10,122,824
Total assets	1,676,180,985	825,318,836	2,501,499,821	1,619,355,479
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred refunding amount	2,456,011	313,456	2,769,467	-
Interest rate swap	-	-	-	771,484
Total deferred outflows of resources	2,456,011	313,456	2,769,467	771,484
Total assets and deferred outflows of resources	1,678,636,996	825,632,292	2,504,269,288	1,620,126,963
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and other current liabilities	34,765,413	14,835,533	49,600,946	99,430,006
Accrued interest payable	16,633,419	3,430,185	20,063,604	-
Accrued wages and benefits	11,070,480	447,713	11,518,193	1,744,354
Deposits	5,813,695	1,452,109	7,265,804	583,166
Bond anticipation notes	33,937,718	11,362,282	45,300,000	-
Due to primary government	-	-	-	5,426,782
Unearned revenues	6,660,240	564,187	7,224,427	26,582,457
<b>Noncurrent liabilities:</b>				
Due within one year	60,627,315	13,358,925	73,986,240	5,036,423
Due in more than one year, net	1,472,793,286	249,914,930	1,722,708,216	128,395,607
Total liabilities	1,642,301,566	295,365,864	1,937,667,430	267,198,795
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	286,369	-	286,369	-
Deferred assessments	-	15,082,671	15,082,671	-
Interest rate swap	-	-	-	771,484
Total deferred inflows of resources	286,369	15,082,671	15,369,040	771,484
Total liabilities and deferred inflows of resources	1,642,587,935	310,448,535	1,953,036,470	267,970,279
<b>NET POSITION</b>				
Net investment in capital assets	755,904,065	349,976,408	1,105,880,473	1,276,655,637
Restricted for:				
Public school facilities	13,081,910	-	13,081,910	-
Public road facilities	51,595,732	-	51,595,732	-
Forest conservation	4,075,553	-	4,075,553	-
Fire & rescue services	17,377,066	-	17,377,066	-
Parkland watershed facilities	8,719,759	-	8,719,759	-
Program open space	337,786	-	337,786	-
Storm water construction	672,662	-	672,662	9,795,197
Speed enforcement	366,097	-	366,097	-
Catalyst loan program	357,032	-	357,032	-
Middle Patuxent environmental area program	44,773	-	44,773	-
Economic Development Initiatives	1,028,414	-	1,028,414	-
Debt service	-	48,248,364	48,248,364	5,244,020
Unrestricted	(817,511,788)	116,958,985	(700,552,803)	60,461,830
Total net position	\$ 36,049,061	515,183,757	551,232,818	1,352,156,684

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

**Howard County, Maryland  
Statement of Activities  
For the Year Ended June 30, 2014**

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	Primary Government			
					Gov Activities	Bus-Type Activities	Total	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 104,520,136	49,312,264	9,195,892	1,425,099	(44,586,881)	-	(44,586,881)	-
Public safety	198,590,882	6,309,245	3,643,606	-	(188,638,031)	-	(188,638,031)	-
Public works	148,889,651	44,007,973	14,183,737	5,664,632	(85,033,309)	-	(85,033,309)	-
Recreation and parks	35,764,376	16,481,357	349,111	14,854	(18,919,054)	-	(18,919,054)	-
Legislative and judicial	23,259,531	981,997	502,211	-	(21,775,323)	-	(21,775,323)	-
Community services	45,311,763	4,581,986	5,597,778	-	(35,131,999)	-	(35,131,999)	-
State highways	6,634,669	-	-	-	(6,634,669)	-	(6,634,669)	-
Education	637,839,632	665,001	-	3,110,942	(634,063,689)	-	(634,063,689)	-
Interest on long-term debt	50,489,693	-	-	-	(50,489,693)	-	(50,489,693)	-
<b>Total governmental activities</b>	<b>1,251,300,333</b>	<b>122,339,823</b>	<b>33,472,335</b>	<b>10,215,527</b>	<b>(1,085,272,648)</b>	<b>-</b>	<b>(1,085,272,648)</b>	<b>-</b>
<b>Business-type activities:</b>								
Water and sewer	98,795,678	59,641,881	29,196,783	11,361,621	-	1,404,607	1,404,607	-
Other	3,094,253	12,310,600	-	-	-	9,216,347	9,216,347	-
<b>Total business-type activities</b>	<b>101,889,931</b>	<b>71,952,481</b>	<b>29,196,783</b>	<b>11,361,621</b>	<b>-</b>	<b>10,620,954</b>	<b>10,620,954</b>	<b>-</b>
<b>Total primary government</b>	<b>1,353,190,264</b>	<b>194,292,304</b>	<b>62,669,118</b>	<b>21,577,148</b>	<b>(1,085,272,648)</b>	<b>10,620,954</b>	<b>(1,074,651,694)</b>	<b>-</b>
<b>Component units:</b>								
Public school system	887,078,044	12,969,848	139,081,952	86,808,676	-	-	-	(648,217,568)
Community college	104,494,099	37,132,163	1,017,315	6,322,068	-	-	-	(60,022,553)
Library	21,928,669	893,649	-	-	-	-	-	(21,035,020)
Housing commission	33,103,979	8,785,847	2,769,154	9,999,874	-	-	-	(11,549,104)
<b>Total component units</b>	<b>\$ 1,046,604,791</b>	<b>59,781,507</b>	<b>142,868,421</b>	<b>103,130,618</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(740,824,245)</b>
<b>General revenues:</b>								
Property taxes	-	-	-	-	\$ 539,731,584	-	539,731,584	544,593,526
Local income taxes	-	-	-	-	400,455,701	-	400,455,701	-
Transfer tax	-	-	-	-	26,907,783	-	26,907,783	-
Recordation tax	-	-	-	-	18,978,128	-	18,978,128	-
Building excise tax	-	-	-	-	7,088,747	-	7,088,747	-
Hotel / motel tax	-	-	-	-	4,587,836	-	4,587,836	-
Admission tax	-	-	-	-	2,710,269	-	2,710,269	-
County development tax	-	-	-	-	153,431	-	153,431	-
Mobile home tax	-	-	-	-	609,002	-	609,002	-
Intergovernmental, unrestricted	-	-	-	-	1,466,960	-	1,466,960	227,609,132
Unrestricted investment income	-	-	-	-	2,230,944	135,292	2,366,236	1,385,620
Miscellaneous	-	-	-	-	1,102,401	-	1,102,401	10,781,592
Transfers	-	-	-	-	7,345,000	(7,345,000)	-	-
<b>Total general revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,013,367,786</b>	<b>(7,209,708)</b>	<b>1,006,158,078</b>	<b>784,369,870</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,904,862)</b>	<b>3,411,246</b>	<b>(68,493,616)</b>	<b>43,545,625</b>
<b>Net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,953,923</b>	<b>511,772,511</b>	<b>619,726,434</b>	<b>1,308,611,059</b>
<b>Net position - ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 36,049,061</b>	<b>515,183,757</b>	<b>551,232,818</b>	<b>1,352,156,684</b>

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

**Howard County, Maryland**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	General	Agricultural Land Preservation Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 116,650,446	-	-	9,189,753	125,840,199
Receivables:					
Property taxes, net	3,619,389	-	-	-	3,619,389
Due from other governments	59,854,691	-	-	-	59,854,691
Due from other funds	628,456	-	-	-	628,456
Other	658,087	-	-	83,503	741,590
Prepaid expense	3,319	-	-	-	3,319
Materials and supplies	219,975	-	-	-	219,975
Restricted assets:					
Pooled cash and cash equivalents	-	16,785,157	4,580,390	113,551,528	134,917,075
Investments	-	50,906,669	-	-	50,906,669
Due from other funds	-	-	-	1,348,503	1,348,503
Prepaid expense	-	-	-	1,248,500	1,248,500
Economic development loans	-	-	-	240,823	240,823
Housing loans	-	-	-	14,560,905	14,560,905
Property taxes	-	-	-	630,924	630,924
Materials and supplies	-	-	-	586,155	586,155
Due from other governments	-	707,797	1,255,225	11,592,165	13,555,187
Other	-	-	13,735	440,383	454,118
<b>Total assets</b>	<b>181,634,363</b>	<b>68,399,623</b>	<b>5,849,350</b>	<b>153,473,142</b>	<b>409,356,478</b>
<b>LIABILITIES</b>					
Due to other funds	-	-	-	1,348,503	1,348,503
Accounts payable / accrued liabilities	4,465,323	28,555	12,943,163	15,013,529	32,450,570
Accrued wages and benefits	7,242,741	6,108	6,011	3,250,714	10,505,574
Bond anticipation notes	-	-	22,643,628	11,294,090	33,937,718
Deposits and connection fees	5,377,915	-	-	435,780	5,813,695
Unearned revenue	-	-	5,008	6,655,269	6,660,277
Claims payable	533,734	-	-	-	533,734
<b>Total liabilities</b>	<b>17,619,713</b>	<b>34,663</b>	<b>35,597,810</b>	<b>37,997,885</b>	<b>91,250,071</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable income taxes	33,934,985	-	-	-	33,934,985
Unavailable property taxes	3,296,514	-	-	492,385	3,788,899
Unavailable fees	219,643	-	-	180,000	399,643
Unavailable grant revenues	-	-	547,429	3,977,268	4,524,697
Prepaid taxes	286,369	-	-	-	286,369
<b>Total deferred inflows</b>	<b>37,737,511</b>	<b>-</b>	<b>547,429</b>	<b>4,649,653</b>	<b>42,934,593</b>
<b>Total liabilities and deferred inflows</b>	<b>55,357,224</b>	<b>34,663</b>	<b>36,145,239</b>	<b>42,647,538</b>	<b>134,184,664</b>
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Inventory	-	-	-	586,155	586,155
Prepaid items	3,319	-	-	1,248,500	1,251,819
<b>Long-term receivables:</b>					
Noncurrent economic development loans	-	-	-	240,823	240,823
Noncurrent housing loans	-	-	-	14,560,905	14,560,905
<b>Restricted for:</b>					
Forest conservation	-	-	-	4,075,553	4,075,553
Fire & rescue services	-	-	-	17,377,066	17,377,066
Speed enforcement	-	-	-	366,097	366,097
Catalyst loan program	-	-	-	357,032	357,032
Middle Patuxent environmental area program	-	-	-	44,773	44,773
Economic development initiative	-	-	-	1,028,414	1,028,414
Parkland watershed facilities	-	-	-	8,719,759	8,719,759
Public school facilities	-	-	13,081,910	-	13,081,910
Public road facilities	-	-	-	51,595,732	51,595,732
Program open space	-	-	-	337,786	337,786
Storm water construction	-	-	-	672,662	672,662
<b>Committed for:</b>					
Budget stabilization account	59,271,162	-	-	-	59,271,162
Agricultural land preservation	-	8,364,187	-	-	8,364,187
Community renewal programs	-	-	-	3,624,343	3,624,343
Environmental services	-	-	-	16,537,702	16,537,702
Health department	-	-	-	4,776,633	4,776,633
Recreation programs	-	-	-	471,398	471,398
Firehouse & training facilities	-	-	-	4,827,971	4,827,971
<b>Assigned for:</b>					
Future balloon payments	-	50,906,669	-	-	50,906,669
Subsequent year's expenditures	-	9,094,104	-	-	9,094,104
Subsequent year's budget stabilization account	4,901,655	-	-	-	4,901,655
Other post-employment benefits	5,000,000	-	-	-	5,000,000
Funding for one-time expenditures	22,357,866	-	-	-	22,357,866
Purchase commitments	14,961,492	-	-	-	14,961,492
Pay-as-you-go contributions to capital projects	16,950,000	-	-	-	16,950,000
Capital projects	-	-	-	3,615,127	3,615,127
Unassigned	2,831,645	-	(43,377,799)	(24,238,827)	(64,784,981)
<b>Total fund balances</b>	<b>126,277,139</b>	<b>68,364,960</b>	<b>(30,295,889)</b>	<b>110,825,604</b>	<b>275,171,814</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 181,634,363</b>	<b>68,399,623</b>	<b>5,849,350</b>	<b>153,473,142</b>	<b>409,356,478</b>

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, 2014**

Amounts reported for governmental activities in the statement of net position (page 15) are different because:

Total fund balances - governmental funds (page 17)		\$ 275,171,814
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 service funds are included in governmental activities in the statement of net position.		43,003,958
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	(1,022,238,636)	
Capital leases	(5,062,113)	
Deferred refunding gain/loss and premium	(79,873,130)	
Accrued interest payable	(16,633,419)	
Compensated absences	(21,090,906)	
Net OPEB obligation	(355,245,547)	
Landfill closure and post-closure	(32,116,000)	(1,532,259,751)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,207,410,378
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.		42,722,662
Net position of governmental activities (page 15)		\$ 36,049,061

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, 2014**

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 459,015,949	-	-	80,304,125	539,320,074
Other local taxes	419,832,761	6,880,377	6,726,946	20,542,638	453,982,722
State shared taxes	1,247,317	-	-	-	1,247,317
Revenues from other governments	7,348,107	-	10,188,844	19,899,459	37,436,410
Charges for services	13,966,234	-	-	39,201,946	53,168,180
<b>Investment income:</b>					
Interest on investments	502,076	1,327,072	13,277	168,243	2,010,668
Installment interest from housing loans	-	-	-	220,274	220,274
Licenses and permits	6,696,288	-	-	-	6,696,288
Fines and forfeitures	2,883,410	-	-	980,312	3,863,722
Developer contributions	-	-	9,383	1,437,235	1,446,618
Rental of property	-	-	-	177,814	177,814
Recoveries for inter-fund services	11,633,284	-	-	-	11,633,284
Payments from component units	818,167	-	-	-	818,167
Miscellaneous program revenues	2,901,586	12,800	6,794,139	4,885,629	14,594,154
<b>Total revenues</b>	<b>926,845,179</b>	<b>8,220,249</b>	<b>23,732,589</b>	<b>167,817,675</b>	<b>1,126,615,692</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	42,101,110	-	-	3,425,196	45,526,306
Legislative & judicial	22,082,549	-	-	601,917	22,684,466
Public works	70,092,204	1,223,474	1,711,454	24,840,274	97,867,406
Public safety	108,880,081	-	-	83,002,390	191,882,471
Recreation and parks	17,148,523	-	-	18,284,103	35,432,626
Community services	19,468,177	-	-	25,938,320	45,406,497
Education	544,293,526	-	62,380,166	-	606,673,692
Capital improvements	-	9,464,156	28,074,146	68,816,727	106,355,029
<b>Debt service:</b>					
Principal	58,415,000	2,018,375	-	-	60,433,375
Interest	39,759,838	5,416,703	-	-	45,176,541
<b>Total expenditures</b>	<b>922,241,008</b>	<b>18,122,708</b>	<b>92,165,766</b>	<b>224,908,927</b>	<b>1,257,438,409</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>4,604,171</b>	<b>(9,902,459)</b>	<b>(68,433,177)</b>	<b>(57,091,252)</b>	<b>(130,822,717)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond premium	-	-	9,272,046	2,707,733	11,979,779
Capital-related debt issued	-	-	89,592,673	27,722,604	117,315,277
Refunding bonds issued	-	-	14,596,415	2,213,307	16,809,722
Installment purchase agreements issued	-	4,951,615	-	-	4,951,615
Payment to bond refunding escrow agent	-	-	(31,881,002)	(1,077,800)	(32,958,802)
Transfers in	21,793,985	-	14,008,730	30,346,922	66,149,637
Transfers out	(33,780,915)	-	(8,078,818)	(12,930,475)	(54,790,208)
<b>Total other financing sources (uses)</b>	<b>(11,986,930)</b>	<b>4,951,615</b>	<b>87,510,044</b>	<b>48,982,291</b>	<b>129,457,020</b>
<b>Net change in fund balances</b>	<b>(7,382,759)</b>	<b>(4,950,844)</b>	<b>19,076,867</b>	<b>(8,108,961)</b>	<b>(1,365,697)</b>
<b>Fund balances (deficit) - beginning</b>	<b>133,659,898</b>	<b>73,315,804</b>	<b>(49,372,756)</b>	<b>118,934,565</b>	<b>276,537,511</b>
<b>Fund balances (deficit) - ending</b>	<b>\$ 126,277,139</b>	<b>68,364,960</b>	<b>(30,295,889)</b>	<b>110,825,604</b>	<b>275,171,814</b>

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, 2014**

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances - total governmental funds (page 19)	\$	(1,365,697)
<p>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:</p>		
Capital outlays		71,992,142
Less: Depreciation expense		<u>(34,325,843)</u>
		37,666,299
<p>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.</p>		
		(1,161,536)
<p>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.</p>		
		10,901,803
<p>Revenues to governmental funds that relate to prior periods are not reported in the statement of activities. Similarly, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. The details are as follows:</p>		
Revenues related to prior periods		(40,396,565)
Revenues that do not provide current financial resources		<u>42,468,225</u>
		2,071,660
<p>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 deferred and amortized in the statement of activities.</p>		
		(72,193,088)
<p>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.</p>		
		(52,015,984)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The new revenue (expense) of certain internal service funds is reported with governmental activities.</p>		
		<u>4,191,681</u>
Change in net position of governmental activities (page 16).		<u>\$ (71,904,862)</u>

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, 2014**

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 460,305,210	460,305,210	459,015,949	(1,289,261)
Other local taxes	397,078,864	397,078,864	419,832,761	22,753,897
State shared taxes	1,521,000	1,521,000	1,247,317	(273,683)
Revenues from other governments	5,802,100	5,802,100	7,348,107	1,546,007
Charges for services	13,372,100	13,372,100	13,966,234	594,134
Interest on investments	5,259,890	5,259,890	588,981	(4,670,909)
Licenses and permits	5,479,500	5,479,500	6,696,288	1,216,788
Recoveries for inter-fund services	11,996,083	11,996,083	11,633,284	(362,799)
Fines and forfeitures	3,189,500	3,189,500	2,883,410	(306,090)
Payments from component units	860,804	860,804	818,167	(42,637)
Miscellaneous	2,666,200	4,401,115	2,901,586	(1,499,529)
<b>Total revenues</b>	<b>907,531,251</b>	<b>909,266,166</b>	<b>926,932,084</b>	<b>17,665,918</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	39,145,689	51,060,689	49,976,396	1,084,293
Legislative & judicial	23,157,901	23,197,901	22,137,811	1,060,090
Public works	66,779,526	70,514,441	69,496,503	1,017,938
Public safety	112,236,263	112,236,263	109,362,933	2,873,330
Recreation and parks	17,046,021	17,046,021	17,043,741	2,280
Community services	19,837,421	19,837,421	19,728,166	109,255
Education	544,293,526	544,293,526	544,293,526	-
<b>Debt service:</b>				
Principal	58,625,006	58,475,006	58,415,000	60,006
Interest	43,422,318	43,422,318	39,138,138	4,284,180
<b>Total expenditures</b>	<b>924,543,671</b>	<b>940,083,586</b>	<b>929,592,214</b>	<b>10,491,372</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(17,012,420)</b>	<b>(30,817,420)</b>	<b>(2,660,130)</b>	<b>28,157,290</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	46,325,000	46,325,000	14,734,222	(31,590,778)
Transfers in	20,942,968	20,942,968	21,676,456	733,488
Transfers out	(50,255,548)	(36,450,548)	(33,750,548)	2,700,000
<b>Total other financing sources (uses)</b>	<b>17,012,420</b>	<b>30,817,420</b>	<b>2,660,130</b>	<b>(28,157,290)</b>
Net change in fund balance	-	-	-	-
Plus prior year encumbrances lapsed	-	-	461,951	-
<b>Fund balances - beginning</b>	<b>-</b>	<b>-</b>	<b>138,293,735</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>-</b>	<b>138,755,686</b>	<b>-</b>

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**  
**Agricultural Land Preservation Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local taxes	\$ 6,900,000	6,900,000	6,880,377	(19,623)
Investment income	1,000,000	1,000,000	1,327,072	327,072
Miscellaneous	50,015,000	50,015,000	12,800	(50,002,200)
<b>Total revenues</b>	<b>57,915,000</b>	<b>57,915,000</b>	<b>8,220,249</b>	<b>(49,694,751)</b>
<b>EXPENDITURES</b>				
<b>Public works:</b>				
Agricultural land preservation program administration	1,924,294	1,924,294	1,235,250	689,044
Agricultural land preservation board	1,900	1,900	350	1,550
Contingency	280,838	280,838	-	280,838
Capital improvements	50,000,000	50,000,000	9,464,156	40,535,844
<b>Total public works</b>	<b>52,207,032</b>	<b>52,207,032</b>	<b>10,699,756</b>	<b>41,507,276</b>
<b>Debt service:</b>				
Principal	2,018,375	2,018,375	2,018,375	-
Interest	5,416,703	5,416,703	5,416,703	-
<b>Total debt service</b>	<b>7,435,078</b>	<b>7,435,078</b>	<b>7,435,078</b>	<b>-</b>
<b>Total expenditures</b>	<b>59,642,110</b>	<b>59,642,110</b>	<b>18,134,834</b>	<b>41,507,276</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,727,110)</b>	<b>(1,727,110)</b>	<b>(9,914,585)</b>	<b>(8,187,475)</b>
<b>OTHER FINANCING SOURCES</b>				
Appropriation from fund balance	1,727,110	1,727,110	4,962,970	(3,235,860)
Installment purchase agreements issued	-	-	4,951,615	(4,951,615)
<b>Total other financing sources</b>	<b>1,727,110</b>	<b>1,727,110</b>	<b>9,914,585</b>	<b>(8,187,475)</b>
Net change in fund balance	-	-	-	-
Less appropriation from fund balance	-	-	(4,962,970)	-
<b>Fund balance - beginning</b>	<b>-</b>	<b>-</b>	<b>73,330,737</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ -</b>	<b>-</b>	<b>68,367,767</b>	<b>-</b>

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

**Howard County, Maryland**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	Business-Type Activities			Gov't Activities - Internal Service Funds
	Water and Sewer	Other Enterprise Funds	Total	
<b>ASSETS</b>				
<b>Current assets:</b>				
Equity in pooled cash and cash equivalents	\$ 25,938,332	1,786,986	27,725,318	20,263,937
<b>Receivables:</b>				
Service billings	12,126,013	17,506	12,143,519	-
Property taxes	224,124	-	224,124	-
Due from other governments	40,751	-	40,751	-
Other receivables	-	2,107	2,107	3,023,437
Materials and supplies	958,826	35,665	994,491	1,391,963
<b>Restricted assets:</b>				
Equity in pooled cash and cash equivalents	109,714,128	560,000	110,274,128	-
Water and sewer assessments	6,427,489	-	6,427,489	-
<b>Total current assets</b>	<b>155,429,663</b>	<b>2,402,264</b>	<b>157,831,927</b>	<b>24,679,337</b>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
<b>Receivables:</b>				
Water and sewer assessments	47,688,364	-	47,688,364	-
Other receivables	49,107	280,000	329,107	-
<b>Capital assets:</b>				
Land	2,692,204	8,684,896	11,377,100	-
Construction in progress	32,582,245	-	32,582,245	-
Buildings and improvements, net	567,411,906	676,948	568,088,854	13,935,029
Machinery and equipment, net	4,933,056	346,971	5,280,027	24,843,491
<b>Total noncurrent assets</b>	<b>655,356,882</b>	<b>9,988,815</b>	<b>665,345,697</b>	<b>38,778,520</b>
<b>Total assets</b>	<b>810,786,545</b>	<b>12,391,079</b>	<b>823,177,624</b>	<b>63,457,857</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred refunding amount	25,149	288,307	313,456	-
<b>Total deferred outflows of resources</b>	<b>25,149</b>	<b>288,307</b>	<b>313,456</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>810,811,694</b>	<b>12,679,386</b>	<b>823,491,080</b>	<b>63,457,857</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Due to other funds	-	-	-	628,456
Accounts payable	14,145,636	689,897	14,835,533	2,245,038
Accrued wages and benefits	393,097	17,299	410,396	513,411
Bond anticipation notes	11,362,282	-	11,362,282	-
Compensated absences	37,317	-	37,317	51,495
Unpaid insurance claims	-	-	-	6,137,488
Unearned revenue	-	-	-	69,800
<b>Current liabilities</b>	<b>25,938,332</b>	<b>707,196</b>	<b>26,645,528</b>	<b>9,645,688</b>
<b>Current liabilities payable from restricted assets:</b>				
Deposits and connection fees	1,452,109	-	1,452,109	-
Developer agreement rebates and deposits	17,221	-	17,221	-
Other debt payable	3,251,704	-	3,251,704	-
Bonds and note payable	9,640,000	450,000	10,090,000	-
Interest payable	3,430,185	-	3,430,185	-
<b>Current liabilities payable from restricted assets</b>	<b>17,791,219</b>	<b>450,000</b>	<b>18,241,219</b>	<b>-</b>
<b>Total current liabilities</b>	<b>43,729,551</b>	<b>1,157,196</b>	<b>44,886,747</b>	<b>9,645,688</b>
<b>Noncurrent liabilities:</b>				
Developer agreement rebates and deposits	78,603	-	78,603	-
Net OPEB obligation	6,246,590	-	6,246,590	-
Compensated absences	751,248	-	751,248	844,472
Unpaid insurance claims	-	-	-	7,822,527
Refunding revenue note payable	-	4,133,000	4,133,000	-
Metropolitan district bonds payable	211,026,888	-	211,026,888	-
Unearned revenue	564,187	-	564,187	-
Other long-term debt	27,678,601	-	27,678,601	-
<b>Total noncurrent liabilities</b>	<b>246,346,117</b>	<b>4,133,000</b>	<b>250,479,117</b>	<b>8,666,999</b>
<b>Total liabilities</b>	<b>290,075,668</b>	<b>5,290,196</b>	<b>295,365,864</b>	<b>18,312,687</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable water and sewer assessments	15,082,671	-	15,082,671	-
<b>Total deferred inflows of resources</b>	<b>15,082,671</b>	<b>-</b>	<b>15,082,671</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>305,158,339</b>	<b>5,290,196</b>	<b>310,448,535</b>	<b>18,312,687</b>
<b>NET POSITION</b>				
Net investment in capital assets	344,562,286	5,414,122	349,976,408	38,778,520
<b>Restricted for:</b>				
Debt service	47,688,364	560,000	48,248,364	-
Unrestricted	113,402,705	1,415,068	114,817,773	6,366,650
<b>Total net position</b>	<b>\$ 505,653,355</b>	<b>7,389,190</b>	<b>513,042,545</b>	<b>45,145,170</b>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			2,141,212	
Net position of business-type activities			<u>515,183,757</u>	

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, 2014**

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Other Enterprise Funds	Total	
<b>Operating revenues:</b>				
User charges	\$ 55,965,806	10,272,437	66,238,243	87,025,106
Greens and cart fees	-	1,428,456	1,428,456	-
Range fees	-	105,083	105,083	-
Merchandise	-	115,919	115,919	-
Food and beverage	-	334,183	334,183	-
Insurance recoveries	-	-	-	525,897
Miscellaneous sales and services	1,255,138	54,522	1,309,660	1,545,337
<b>Total operating revenues</b>	<b>57,220,944</b>	<b>12,310,600</b>	<b>69,531,544</b>	<b>89,096,340</b>
<b>Operating expenses:</b>				
Salaries and employee benefits	11,209,394	439,538	11,648,932	12,952,405
Contractual services	23,840,951	2,222,336	26,063,287	13,022,671
Supplies and materials	1,690,384	6,284	1,696,668	4,696,132
Business and travel	83,879	125	84,004	67,572
Vehicle fuels and supplies	2,033,258	-	2,033,258	7,501,523
Purchased water and transmission charges	17,404,845	-	17,404,845	-
Sewage treatment charges	9,677,765	-	9,677,765	-
Share of County administrative expenses	4,016,196	999	4,017,195	816,501
Insurance claims	1,002,307	-	1,002,307	45,284,332
Other administrative	-	129,811	129,811	2,755,271
Depreciation expense	18,981,709	45,371	19,027,080	6,685,041
Less: house connection and capitalized overhead costs	(74,309)	-	(74,309)	-
<b>Total operating expenses</b>	<b>89,866,379</b>	<b>2,844,464</b>	<b>92,710,843</b>	<b>93,781,448</b>
<b>Operating income (loss)</b>	<b>(32,645,435)</b>	<b>9,466,136</b>	<b>(23,179,299)</b>	<b>(4,685,108)</b>
<b>Nonoperating revenues (expenses):</b>				
Ad valorem charges	29,196,783	-	29,196,783	-
Water and sewer assessment charges	2,420,937	-	2,420,937	-
Interest on investments	132,869	2,423	135,292	22,729
Interest expense	(9,185,598)	(119,351)	(9,304,949)	-
Other, net	71,879	(130,439)	(58,560)	-
<b>Total nonoperating revenues (expenses)</b>	<b>22,636,870</b>	<b>(247,367)</b>	<b>22,389,503</b>	<b>22,729</b>
<b>Net income (loss) before contributions and transfers</b>	<b>(10,008,565)</b>	<b>9,218,769</b>	<b>(789,796)</b>	<b>(4,662,379)</b>
Capital contributions	11,289,742	-	11,289,742	13,124,788
Transfers in	-	30,000	30,000	-
Transfers out	-	(7,375,000)	(7,375,000)	(4,014,429)
<b>Change in net position</b>	<b>1,281,177</b>	<b>1,873,769</b>	<b>3,154,946</b>	<b>4,447,980</b>
Net position - beginning	504,372,178	5,515,421	509,887,600	40,697,190
<b>Net position - ending</b>	<b>\$ 505,653,355</b>	<b>7,389,190</b>	<b>513,042,545</b>	<b>45,145,170</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			256,300	
Change in net position of business-type activities			3,411,246	

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, 2014**

	Water & Sewer	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 63,637,196	12,295,558	75,932,754	87,802,397
Cash paid to suppliers	(51,213,715)	(1,859,840)	(53,073,555)	(63,817,864)
Cash paid to / for employees	(10,326,932)	(422,364)	(10,749,296)	(13,060,657)
Cash paid for inter-fund services used	(5,328,160)	(155,017)	(5,483,177)	(8,104,699)
Other operating cash receipts (disbursements)	109,515	(999)	108,516	184,584
Net cash provided by (used for) operating activities	(3,122,096)	9,857,338	6,735,242	3,003,761
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies and transfers out to other funds	-	(7,345,000)	(7,345,000)	(4,006,226)
Net cash provided by (used for) noncapital financing activities	-	(7,345,000)	(7,345,000)	(4,006,226)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of County bonds	33,417,282	-	33,417,282	-
Cash receipts from assessments & connection charges	30,702,143	-	30,702,143	-
Acquisition and construction of capital assets	(31,572,132)	(289,454)	(31,861,586)	(5,941,290)
Capital contribution	1,804,142	-	1,804,142	25,413
Proceeds from grant and capital contribution	40,913	-	40,913	-
Payment of long-term debt principal	(18,449,301)	(439,000)	(18,888,301)	-
Interest paid on long-term debt	(8,941,482)	(119,351)	(9,060,833)	-
Net cash provided by (used for) capital and related financing activities	7,001,565	(847,805)	6,153,760	(5,915,877)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	132,869	2,423	135,292	14,526
Net cash provided by investing activities	132,869	2,423	135,292	14,526
Net increase (decrease) in cash and cash equivalents	4,012,338	1,666,956	5,679,294	(6,903,816)
Balances - beginning	131,640,122	680,030	132,320,152	27,167,753
Balances - ending	135,652,460	2,346,986	137,999,446	20,263,937
<b>Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities</b>				
Operating income (loss)	(32,645,435)	9,466,136	(23,179,299)	(4,685,108)
Adjustments to reconcile operating income to net cash:				
Depreciation expense	18,981,709	45,371	19,027,080	6,685,041
Change in assets and liabilities:				
(Increase) decrease in accounts and other receivables	6,282,994	(15,042)	6,267,952	(1,222,006)
(Increase) decrease in inventories	(37,940)	5,491	(32,449)	225,057
(Decrease) increase in operating accounts payable	3,332,600	355,382	3,687,982	1,748,764
Increase in compensated absences and unpaid claims	963,976	-	963,976	252,013
Total adjustments	29,523,339	391,202	29,914,541	7,688,869
Net cash provided by (used for) operating activities	\$ (3,122,096)	9,857,338	6,735,242	3,003,761

**Noncash investing, capital and financing activities:**

In Fiscal Year 2014, \$9,485,600 was contributed to the Water and Sewer Enterprise Fund mainly by developers for water and sewer lines. All investments mature in one year or less so the change in fair value is not determined.

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

**Howard County, Maryland**  
**Statement of Fiduciary Net Position**  
**Pension and Other Post-Employment Benefits Trust Funds and Agency Funds**  
**June 30, 2014**

	Pension and OPEB Trust Funds	Agency Funds
<b>ASSETS</b>		
Equity in pooled cash and cash equivalents	\$ -	7,268,025
Receivables:		
Property tax	-	518,732
Interest and dividends	1,067,376	-
Employer contributions	1,530,066	-
Employee contributions	429,221	-
Sale of investments	9,760	-
Other	6,008	-
Investments, at fair value:		
Cash	27,527	-
Equities	399,263,435	-
Alternative Investments	92,074,853	-
Mutual funds	53,965,714	-
Money market funds	14,512,938	-
Fixed income securities	212,574,328	-
Real estate	30,517,416	-
Other	-	-
Prepaid insurance	818	-
Total assets	805,979,460	7,786,757
<b>LIABILITIES</b>		
Accounts payable	1,278,113	1,775,287
Investments purchased	1,281,936	-
Deposits	-	6,003,863
Other	-	7,607
Total liabilities	2,560,049	7,786,757
<b>NET POSITION</b>		
Held in trust for pension and OPEB benefits	\$ 803,419,411	

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

**Howard County, Maryland**  
**Statement of Changes in Fiduciary Net Position**  
**Pension and Other Post-Employment Benefits Trust Funds**  
**For the Year Ended June 30, 2014**

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<b>ADDITIONS</b>	
<b>Contributions:</b>	
Employer	\$ 61,283,107
Member	9,504,867
<b>Total contributions</b>	<b>70,787,974</b>
<b>Investment income:</b>	
Net change in fair value of investments	90,208,698
Interest	4,734,969
Dividends	14,993,362
Other	51,850
Investment expense	(2,547,044)
<b>Net investment income (loss)</b>	<b>107,441,835</b>
<b>Total additions</b>	<b>178,229,809</b>
 <b>DEDUCTIONS</b>	
Benefits	42,945,563
Administrative expenses	559,675
<b>Total deductions</b>	<b>43,505,238</b>
Change in net position	134,724,571
Net position - beginning	668,694,840
Net position - ending	\$ 803,419,411

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

**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2014**

	Public School System	Community College	Library	Housing Commission	Total
<b>ASSETS</b>					
Equity in pooled cash and cash equivalents	\$ 28,475,829	32,635,752	1,839,783	3,466,085	66,417,449
Investments	105,659,005	4,058,136	1,409,071	430,244	111,556,456
Receivables:					
Due from other governments	13,364,390	6,743,084	-	-	20,107,474
Other	2,213,607	769,458	326,376	1,659,405	4,968,846
Materials and supplies	1,275,164	618,695	-	-	1,893,859
Prepays	243,033	722,248	249,922	193,210	1,408,413
Restricted assets:					
Equity in pooled cash and cash equivalents	-	-	229,955	4,707,035	4,936,990
Mortgage receivable	-	-	-	5,880,524	5,880,524
Capital assets:					
Land	32,083,616	931,403	-	47,603,216	80,618,235
Construction in progress	192,002,161	4,083,136	-	127,525	196,212,822
Buildings and improvements, net	847,041,631	176,251,625	-	77,213,100	1,100,506,356
Machinery and equipment, net	3,317,282	5,663,435	114,668	-	9,095,385
Other capital assets	-	3,124,664	2,466,383	38,799	5,629,846
Other non-current assets	-	6,014,296	-	4,108,528	10,122,824
<b>Total assets</b>	<b>1,225,675,718</b>	<b>241,615,932</b>	<b>6,636,158</b>	<b>145,427,671</b>	<b>1,619,355,479</b>
<b>DEFERRED OUTFLOWS</b>					
Interest rate swap	-	-	-	771,484	771,484
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>771,484</b>	<b>771,484</b>
<b>Total assets and deferred outflows</b>	<b>1,225,675,718</b>	<b>241,615,932</b>	<b>6,636,158</b>	<b>146,199,155</b>	<b>1,620,126,963</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and other current liabilities	91,846,257	4,538,663	1,666,322	1,378,764	99,430,006
Accrued salaries and benefits	-	1,214,358	529,996	-	1,744,354
Deposits	-	55,183	-	527,983	583,166
Due to primary government	-	5,426,782	-	-	5,426,782
Unearned revenue	21,753,696	3,245,940	380,898	1,201,923	26,582,457
<b>Long-term liabilities:</b>					
Due within one year	3,168,142	531,213	-	1,337,068	5,036,423
Due in more than one year, net	11,468,864	9,914,678	1,043,326	105,968,739	128,395,607
<b>Total liabilities</b>	<b>128,236,959</b>	<b>24,926,817</b>	<b>3,620,542</b>	<b>110,414,477</b>	<b>267,198,795</b>
<b>DEFERRED INFLOWS</b>					
Interest rate swap	-	-	-	771,484	771,484
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>771,484</b>	<b>771,484</b>
<b>Total liabilities and deferred inflows</b>	<b>128,236,959</b>	<b>24,926,817</b>	<b>3,620,542</b>	<b>111,185,961</b>	<b>267,970,279</b>
<b>NET POSITION</b>					
Net investment in capital assets	1,074,444,690	181,792,890	2,581,051	17,837,006	1,276,655,637
Restricted for:					
Education	1,219,564	8,345,678	229,955	-	9,795,197
Business-type operations	190,260	899,165	-	4,154,595	5,244,020
Unrestricted	21,584,245	25,651,382	204,610	13,021,593	60,461,830
<b>Total net position</b>	<b>\$ 1,097,438,759</b>	<b>216,689,115</b>	<b>3,015,616</b>	<b>35,013,194</b>	<b>1,352,156,684</b>

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, 2014**

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				Total
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Public School System	Community College	Library	Housing Commission	
Component units:									
Public school system	\$ 887,078,044	12,969,848	139,081,952	86,808,676	(648,217,568)	-	-	-	(648,217,568)
Community college	104,494,099	37,132,163	1,017,315	6,322,068	-	(60,022,553)	-	-	(60,022,553)
Library	21,928,669	893,649	-	-	-	-	(21,035,020)	-	(21,035,020)
Housing commission	33,103,979	8,785,847	2,769,154	9,999,874	-	-	-	(11,549,104)	(11,549,104)
<b>Total component units</b>	<b>\$ 1,046,604,791</b>	<b>59,781,507</b>	<b>142,868,421</b>	<b>103,130,618</b>	<b>(648,217,568)</b>	<b>(60,022,553)</b>	<b>(21,035,020)</b>	<b>(11,549,104)</b>	<b>(740,824,245)</b>
General revenues:									
Property taxes					\$ 497,485,719	29,131,683	17,676,124	300,000	544,593,526
Intergovernmental, unrestricted					192,176,165	32,314,662	2,982,935	135,370	227,609,132
Unrestricted investment income					42,530	1,191,353	1,157	150,580	1,385,620
Miscellaneous					1,832,600	-	-	8,948,992	10,781,592
<b>Total general revenues</b>					<b>691,537,014</b>	<b>62,637,698</b>	<b>20,660,216</b>	<b>9,534,942</b>	<b>784,369,870</b>
Change in net position					43,319,446	2,615,145	(374,804)	(2,014,162)	43,545,625
Net position - beginning					1,054,119,313	214,073,970	3,390,420	37,027,356	1,308,611,059
Net position - ending					\$ 1,097,438,759	216,689,115	3,015,616	35,013,194	1,352,156,684

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



### **Promoting Partnerships with Local Businesses**

In 2013, Howard County Executive Ken Ulman joined Johns Hopkins University Applied Physics Laboratory (APL) Director Ralph Semmel and Howard County Economic Development Authority (HCEDA) CEO Larry Twele to unveil a new Accelerator of Commercial Technology partnership between APL and HCEDA. Through the partnership, HCEDA and APL will work together to accelerate the transfer of newly developed technologies from the laboratory to the commercial marketplace. The unveiling featured displays and demonstrations of several technologies identified for possible commercialization, including RoboSally, a robotic system developed by a team at APL that leverages two Modular Prosthetic Limbs, designed to replicate human capabilities to safely remove humans from life-threatening operations.

## **Notes to Basic Financial Statements**

**The Notes are an integral part of the financial statements.**



# Notes to Basic Financial Statements

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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 5-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* 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 to County citizens 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 confirmed 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  
10375 Little Patuxent Parkway  
Columbia, Maryland 21044

## **B. Government-Wide and Fund Financial Statements**

The Statement of Net Position and Statement of Activities present financial information on all 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. Agency funds do not have a 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 measureable 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, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due.

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 measureable 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 *Agricultural Land Preservation Fund* accounts for 25% of the local transfer tax and the County development tax which are dedicated to preserving the agricultural use of land through the purchase of development rights of property owners.

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 County reports the following major proprietary funds:

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, grants, registration fees for recreational programs, fines for speed enforcement, and fees for health services.

*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.

*Enterprise Funds* are used to account for the activities of the Special Recreation Facility Fund and Watershed Protection and Restoration Fund. The Special Recreation Facility Fund accounts for the operations and related debt service costs of a public golf course and the Watershed Protection and Restoration Fund accounts for the maintenance, operations, and improvement of the local stormwater management system. 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 and mailing services; technology and communication operation; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; and County employee health benefit costs.

*Agency 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, bay restoration fees, surety bonds held on construction work, 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 their 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](http://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 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 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 unexpanded or unencumbered appropriation authority of the operating budget expiring the following June 30. 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 request. 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 un-appropriated 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 2014, the Council approved three capital budget transfers and three operating budget supplements.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Agricultural Land Preservation 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.

## **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 currently limits its purchases to maturities of one year or less (except those items described in the next paragraph). The County has an internal investment pool that is available for use by all funds.

The investments of the Pension Trust Funds are reported at fair value. 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.

## **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 non-spendable fund balance account. For purposes of the government-wide financial statements, housing loans are not offset by restricted Net Position accounts.

## **G. Inventory**

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.

## **H. Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). They are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value at the date donated. Capital assets are defined by Howard County as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the estimated useful lives (in years) as follows:

Buildings	50	Computer Software	5
Infrastructure	15-40	Vehicles	5-10
Water and sewer lines	50	Furniture and equipment	5-20

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized; they are charged to operations when incurred. Betterments and major improvements that significantly increases values, change capacities or extend useful lives are capitalized.

#### **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 have no leave accrual limit. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. 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 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 initially recorded as a deferred inflow and then recognized as revenue when billed.

From 1980 to 2004 the deferred inflow increased as the water and sewer system was being built. The deferred inflow 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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has several deferred inflows of resources that qualify for reporting in this category on the government-wide statement of net position. For governmental activities, this includes prepaid taxes. For business-type activities, the government reports unavailable revenues from water and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the modified accrual basis of accounting, several deferred inflows of resources are reported as unavailable revenue in the governmental fund balance sheet. The governmental funds report unavailable revenues from: prepaid taxes, and unavailable property and income taxes, fees, and grant revenues. These amounts are deferred and recognized as an 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. Not in spendable form includes items that are not expected to be converted to cash, such as inventories and prepaid items.

*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 four fund balance categories are reported.

**P. Budget Stabilization Account**

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at 7 percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2014 budget was prepared, the fiscal year 2012 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2012 audited expenditures. An increase of \$2,061,452 was made to the fund in fiscal year 2014, which resulted in achieving the charter target of \$59,271,162.

The budget stabilization account is calculated as follows:

<b>Budget Fiscal Year</b>	<b>Audited Expenditures from Fiscal Year</b>	<b>Audited Expenditures*</b>	<b>Percentage</b>	<b>Charter Target</b>
2014	2012	\$ 846,730,879	7%	\$ 59,271,162
2015	2013	\$ 875,151,065	7%	\$ 61,260,575
2016	2014	\$ 916,751,956	7%	\$ 64,172,637

\*Budgetary expenditures and encumbrances less pay-as-you-go expenditures and short term construction note.

**Q. Net Position Restricted by Enabling Legislation**

Net Position restricted by enabling legislation represents accumulated Net Position attributed to revenue sources, such as taxes and fees, which are restricted for specified purposes by State enabling legislation in the County Code. These amounts, which are included with restricted Net Position in the government-wide Statement of Net Position, were as follows at year-end:

Governmental activities	\$ 97,656,784
Business-type activities	48,248,364
<b>Total</b>	<b>\$145,905,148</b>

**R. Implementation of New Accounting Principles**

The County adopted the provisions of one Governmental Accounting Standards Board Statement:

Statement No. 67, “*Financial Reporting for Pension Plans: an amendment of GASB Statement No. 25.*” This Statement replaces the requirements of Statements No. 25 and 50 related to pension plans that are administered through trusts or equivalent arrangements. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Adoption of this standard has no material impact on 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 are discussed separately below.

### 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. None of the component units have a policy covering deposits. The carrying amount of total deposits, including certificates of deposit, for the County was \$54,977,730 and the bank balance was \$57,688,252 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. The component units had a combined bank balance of \$53,092,865. Of that amount, \$1,621,634 was covered by federal depository insurance or by collateral held in the component unit's name and the remaining \$51,471,231 was covered by collateral held in the pledging bank's trust department or by the pledging bank's agent in the component unit's name.

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 market 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 – 5%, and mutual funds – 60%. 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.

The table below reconciles the County's deposits (\$54,977,729) and the investments (\$1,225,136,572) to the government-wide Statement of Net Position and the Statement of Fiduciary Net Position – Pension and Other Post-Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	\$ 169,717,936
Restricted equity in pooled cash and cash equivalents	256,553,485
Investments - fair value	853,842,880
<b>Total</b>	<b>\$ 1,280,114,301</b>

Investments of the County and its component units at fiscal year-end:

<u>Investments</u>	<u>Fair Value</u>		
	<u>Primary Government</u>	<u>Component Units</u>	<u>Reporting Entity</u>
Repurchase agreements	\$ 30,000,000	-	30,000,000
U.S. Government securities	50,906,669	-	50,906,669
U.S. Government - Sponsored Enterprises	244,903,755	-	244,903,755
Maryland Local Govt. Investment Pool	91,388,432	137,399,131	228,787,563
Money market funds	5,001,505	261,280	5,262,785
Mutual funds	-	9,837,032	9,837,032
Equity in properties under home ownership	-	4,108,528	4,108,528
<b>Total</b>	<b>\$ 422,200,361</b>	<b>151,605,971</b>	<b>573,806,332</b>

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 market value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the market value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

At fiscal year-end, the County had \$34,997,467 of callable investments. All of the dates were within 9 months of final maturity. In calculating weighted average maturity, we made the assumption that all of these investments would be called.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Repurchase agreements	\$ 30,000,000	0.16
U.S. Government securities	50,906,669	6.87
U.S. Government-Sponsored Enterprises	244,903,755	0.34
<b>Total</b>	<b>\$ 325,810,424</b>	
Portfolio weighted average maturity		1.34

The Maryland Local Government Investment Pool and the money market funds used by the County are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940. The County's investments in these pools are not included in the computation of weighted average maturity.

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 AAAM by Standard & Poor's.

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 the Federal Agricultural Mortgage Corporation. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 75.17% of the County’s total investments.

**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. The target allocation is 67.5% equities (including alternative investments and real estate) and 32.5% fixed income. The minimum and maximum percentages for equities are 35% and 92.5% (including 27.5% alternative investments and 10% real estate), respectively, and for fixed income are 22.5% and 42.5%, respectively.

Investments of the Plans at fiscal year-end:

Investments	Fair Value
Equities	\$ 399,263,435
Alternative Investments	92,074,853
Money market funds	14,276,527
Fixed income	212,574,328
Real estate	30,517,416
<b>Total</b>	<b>\$ 748,706,559</b>

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. Following is a list of County Plan investments included in the computation of weighted average maturities.

Investment Type	Fair Value	Weighted Average Maturity (in years)
Corporate bonds	\$ 49,019,189	9.75
U.S. Government - Sponsored Enterprises	31,927,123	20.53
Government Issues/Treasuries	15,063,582	2.91
Collateralized mortgage obligations	7,761,319	27.29
Municipal securities	4,499,588	14.24
Credit card receivable	1,100,891	3.30
<b>Total</b>	<b>\$ 109,371,692</b>	
Portfolio weighted average maturity		1.95

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. At fiscal year-end, the Plans' fixed income investments had the following risk characteristics:

<u>Standard &amp; Poor's Rating or Comparable</u>	<u>Fair Value</u>
AAA to A-	\$ 17,889,102
BBB to B-	<u>38,232,505</u>
<b>Total</b>	<b>\$ 56,121,607</b>

Custodial Credit Risk: State Street Bank invests in Government Short Term Investment Fund (GSTIF) on behalf of the Plans. At fiscal year-end, the amount in this fund at fair value was \$13,550,022 which was partially used for settlement of open purchases of \$1,281,936. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk – Currency Forward Contract: One of the Plans' 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 Plans have participated in a mutual fund that holds 3-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. At fiscal year-end, there were hedges in place to reduce exposure to the Australian dollar.

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 37.5% at any given time. At fiscal year-end, the Plans' exposure to foreign currency risk is as follows:

<u>Investment Type</u>	<u>Currency</u>	<u>Fair Value</u>
Common stock	Euro currency	\$ 4
Foreign currency	Euro currency	196,064
Total		<u>\$ 196,068</u>

#### **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 custodian for their assets.

Investments: The Plans' investment policy includes an asset allocation plan for investments. The target allocation is 65% equity mutual funds and 35% fixed income mutual funds. The minimum and maximum percentages for equities are 39% and 99%, respectively, and for fixed income are 20% and 60%, respectively.

Investments of the Plans at fiscal year-end:

<u>Investments</u>	<u>Fair Value</u>
Cash	\$ 27,527
Mutual Funds	53,965,714
Money Market Funds	236,411
Total	<u>\$ 54,229,652</u>

Credit Risk: The Maryland Local Government Investment Pool 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.

### 3. Receivables

Receivables at fiscal year-end of the County's major individual Governmental Funds, Non-major Governmental Funds, and other funds (including Proprietary Funds, Internal Service Funds and Fiduciary Funds) in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Agricultural Land Pres. Fund	General Capital Proj.	Highway Capital Projects	Proprietary Funds	Nonmajor and Other Funds	Total
<u>Receivables:</u>							
Property taxes	\$ 4,002,049	-	-	-	224,124	1,149,656	5,375,829
Service billings	-	-	-	-	12,143,519	3,023,437	15,166,956
Water and sewer assessments	-	-	-	-	54,115,853	-	54,115,853
Due from other governments	59,854,691	707,797	1,255,225	-	40,751	11,592,165	73,450,629
Other	658,087	-	13,735	-	331,214	18,368,045	19,371,081
Gross receivables	64,514,827	707,797	1,268,960	-	66,855,461	34,133,303	167,480,348
Less: Allowance for uncollectibles	(382,660)	-	-	-	-	-	(382,660)
<b>Total Receivables</b>	<b>\$ 64,132,167</b>	<b>707,797</b>	<b>1,268,960</b>	<b>-</b>	<b>66,855,461</b>	<b>34,133,303</b>	<b>167,097,688</b>

Due from other governments consists of uncollected tax and grant revenues from Federal and State governments.

Governmental funds report deferred inflows of resources in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and proprietary funds also report deferred inflows of resources in connection with resources that have been received, but not yet earned. Most of the receivables in the proprietary funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established. At fiscal year-end, the various components of deferred inflows of resources are reported as follows:

	<u>Unavailable</u>
Governmental funds:	
General Fund:	
Income tax	\$ 33,934,985
Property tax	3,296,514
Program fees	219,643
Prepaid taxes	286,369
General Capital Projects Fund:	
Due from other governments	547,429
Non-Major funds:	
Due from other governments	3,977,268
<b>Total Governmental funds</b>	<b>\$ 42,262,208</b>

#### 4. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at fiscal year-end is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Recreation and Parks Capital Projects	Library Fund Capital Projects	\$ 757,851
Fire Service Bldg. & Equipment Capital Projects	Storm Drain Fund Capital Projects	590,652
General Fund	Technology and Communications Fund	628,456
		<u>\$ 1,976,959</u>

The balances are the result of loans made to cover any operating cash deficits.

#### Transfers:

Interfund transfers for the year consisted of the following:

Fund	General	Capital		Special Revenue	Internal Service	Enterprise	Total In
		General	Non-Major				
General	\$ 263	8,078,818	9,337,637	362,838	4,014,429	-	21,793,985
Capital							
General	9,608,730	-	-	3,200,000	-	1,200,000	14,008,730
Non-Major	15,773,947	-	-	-	-	6,175,000	21,948,947
Non-major Special							
Revenue	8,397,975	-	-	-	-	-	8,397,975
Enterprise	-	-	-	30,000	-	-	30,000
<b>Total Out</b>	<b>\$ 33,780,915</b>	<b>8,078,818</b>	<b>9,337,637</b>	<b>3,592,838</b>	<b>4,014,429</b>	<b>7,375,000</b>	<b>66,179,637</b>

The transfers out from the General Fund are operating funding to the Health Department, the disbursement of pay-as-you-go funding to various capital projects, 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.

## 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 percent 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 1/2 percent 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 percent) 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 percent) 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 upon every instrument of writing conveying title to real or leasehold property offered for sale or lease and recorded in Howard County. The Code specifies that the proceeds shall be distributed to the School Construction Fund (25 percent), the Recreation and Parks Fund (25 percent), the Agricultural Land Preservation Fund (25 percent), the Community Renewal Fund (12-1/2 percent), and the Fire Service Building and Equipment Fund (12-1/2 percent).

## 6. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 530,497,318	24,592,258	851,378	554,238,198
Construction in progress	54,471,224	80,777,637	70,520,627	64,728,234
Total capital assets, not being depreciated	<u>584,968,542</u>	<u>105,369,895</u>	<u>71,372,005</u>	<u>618,966,432</u>
Capital assets being depreciated:				
Buildings	319,141,297	1,686,488	-	320,827,785
Improvements other than buildings	166,991,790	7,871,633	40,540	174,822,883
Equipment	149,104,547	11,367,321	3,992,531	156,479,337
Infrastructure	384,135,418	32,885,785	202,591	416,818,612
Total capital assets, being depreciated	<u>1,019,373,052</u>	<u>53,811,227</u>	<u>4,235,662</u>	<u>1,068,948,617</u>
Less accumulated depreciation for:				
Buildings	79,309,060	6,354,998	-	85,664,058
Improvements other than buildings	62,590,165	9,784,881	16,125	72,358,921
Equipment	94,264,898	13,416,634	3,800,856	103,880,676
Infrastructure	168,471,396	11,457,962	106,862	179,822,496
Total accumulated depreciation	<u>404,635,519</u>	<u>41,014,475</u>	<u>3,923,843</u>	<u>441,726,151</u>
Total capital assets, being depreciated, net	<u>614,737,533</u>	<u>12,796,752</u>	<u>311,819</u>	<u>627,222,466</u>
Governmental activities capital assets, net	<u>\$ 1,199,706,075</u>	<u>118,166,647</u>	<u>71,683,824</u>	<u>1,246,188,898</u>

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

<b>Governmental activities:</b>	Amount
General government	\$ 2,863,751
Public safety	4,524,019
Public facilities	21,480,656
Legislative and judicial	22,831
Community services	155,305
Recreation and parks	4,135,053
Education	1,144,228
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	<u>6,685,041</u>
Total depreciation expense - governmental activities	<u>\$ 41,010,884</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 11,377,100	-	-	11,377,100
Construction in progress	18,627,208	42,540,884	28,585,847	32,582,245
Total capital assets, not being depreciated	<u>30,004,308</u>	<u>42,540,884</u>	<u>28,585,847</u>	<u>43,959,345</u>
Capital assets being depreciated:				
Buildings	231,787,360	4,351,040	-	236,138,400
Improvements other than buildings	59,860,879	3,691,644	-	63,552,523
Infrastructure	613,825,830	17,121,100	-	630,946,930
Equipment	7,622,206	800,059	93,722	8,328,543
	<u>913,096,275</u>	<u>25,963,843</u>	<u>93,722</u>	<u>938,966,396</u>
Less accumulated depreciation for:				
Buildings	64,757,299	4,602,430	-	69,359,729
Improvements other than buildings	34,224,489	2,210,590	-	36,435,079
Infrastructure	245,099,018	11,655,173	-	256,754,191
Equipment	2,583,351	558,887	93,722	3,048,516
	<u>346,664,157</u>	<u>19,027,080</u>	<u>93,722</u>	<u>365,597,515</u>
Total capital assets, being depreciated, net	<u>566,432,118</u>	<u>6,936,763</u>	<u>-</u>	<u>573,368,881</u>
Business-type activities capital assets, net	<u>\$ 596,436,426</u>	<u>49,477,647</u>	<u>28,585,847</u>	<u>617,328,226</u>

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

<b>Business-type activities:</b>	Amount
Water and sewer system	\$ 18,981,709
Golf course	41,565
Watershed Protection	3,806
Total depreciation expense - business-type activities	<u>\$ 19,027,080</u>

#### **Construction Commitments:**

Total construction encumbrances outstanding at fiscal year-end were \$146,815,938.

## 7. Long-Term Debt

### A. Primary Government

A summary of long-term debt outstanding for the primary government at fiscal year-end is as follows:

	Due Dates	Interest Rates	Amount Outstanding
<b>Governmental Activities:</b>			
Consolidated public improvement bonds	2015-2034	0.600% to 5.55%	\$ 906,780,000
State water quality revolving loan	2015-2016	2.41%	2,830,000
Total debt subject to statutory limit			909,610,000
Taxincrement financing bonds	2015 - 2044	4.80% to 6.10%	17,000,000
Compensated absences	various	not applicable	21,935,378
Capital leases	various	not applicable	5,062,113
Net OPEB obligation	various	not applicable	355,245,547
Landfill closure obligation	various	not applicable	32,116,000
Agricultural land preservation program	2015-2033	2.19% to 8.60%	95,628,635
Total Governmental Activities			(1) \$ 1,436,597,673
<b>Business Type Activities:</b>			
Metropolitan district bonds	2015-2044	1.00% to 5.00%	\$ 213,570,000
Special facility revenue bonds	2015-2023	2.48%	4,583,000
State water quality revolving loan	2015-2031	1.00% to 4.33%	30,930,305
Compensated absences	various	not applicable	751,248
Net OPEB obligation	various	not applicable	6,246,590
Major water and sewer agreements	various	not applicable	49,308
Total Business Type Activities			(2) \$ 256,130,451
<b>Total Debt</b>			<b>\$ 1,692,728,124</b>

Note (1): Does not include deferred refunding premium liability of \$82,254,698, unpaid claims of \$14,493,749 and other non-current liabilities of \$74,481 included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of \$7,096,888 and developer agreement rebates of \$46,516 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) included in the Statement of Net Position.

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds and State Water Quality Revolving Loan) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was \$2,138,502,781, providing a debt margin of \$1,228,892,781. The authorized, unissued General County Bonds, Metropolitan District Bonds, and Water Quality Bonds at fiscal year-end were \$316,313,944, \$258,385,489 and \$20,492,290 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 its debt agreement provisions.

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

	Beginning		Retirements	Ending		Amounts
	Balance	Additions		Balance	Due Within	One Year
Consolidated public improvement bonds (1) \$	866,510,000	117,125,000	76,855,000	906,780,000	57,114,445	
State water quality revolving loan	2,840,000	-	10,000	2,830,000	355,555	
Tax increment financing bonds	-	17,000,000	-	17,000,000	-	
Compensated absences	22,672,471	1,291,308	2,028,401	21,935,378	585,396	
Capital leases	5,191,356	-	129,243	5,062,113	350,937	
Landfill closure obligation	31,819,000	297,000	-	32,116,000	-	
Agricultural land preservation program	92,695,395	4,951,615	2,018,375	95,628,635	2,220,982	
<b>Total Governmental Activities</b>	<b>1,021,728,222</b>	<b>140,664,923</b>	<b>81,041,019</b> (1)	<b>1,081,352,126</b>	<b>60,627,315</b>	
Metropolitan district bonds (2)	206,785,000	22,055,000	15,270,000	213,570,000	9,640,000	
Special facility revenue bonds	5,022,000	-	439,000	4,583,000	450,000	
State water quality revolving loan	34,109,616	-	3,179,311	30,930,305	3,251,704	
Compensated absences	817,858	37,058	103,668	751,248	36,861	
Major water and sewer agreements	885,642	71,000	907,344	49,298	-	
<b>Total Business Type Activities</b>	<b>247,620,116</b>	<b>22,163,058</b>	<b>19,899,323</b> (2)	<b>249,883,851</b>	<b>13,378,565</b>	
<b>Total</b>	<b>\$ 1,269,348,338</b>	<b>162,827,981</b>	<b>100,940,342</b>	<b>1,331,235,977</b>	<b>74,005,880</b>	

Note (1): Does not include deferred refunding premium liability of \$82,254,698, unpaid claims of \$14,493,749, other non-current liabilities of \$74,481 and net OPEB obligation of \$355,245,547 included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of \$7,096,888, net OPEB obligation of \$6,246,590 and developer agreement rebates of \$46,516 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) included in the Statement of Net Position.

The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of General County bonds and other long-term debt. 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 April 3, 2014, the County issued \$117,125,000 in Consolidated Public Improvement Project and Refunding Bonds 2014 Series A with an effective interest rate of 3.060 percent, \$1,500,000 in Consolidated Public Improvement Bonds 2014 Series B (Taxable) with an effective interest rate of 0.678 percent and \$22,055,000 in Metropolitan District Project Bonds 2014 Series A with an effective interest rate of 3.443 percent. The County issued these bonds to refund \$18,450,000 and \$6,025,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively; pay off \$100,000,000 of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2011 Series (BANs); reimburse the County for costs related to capital projects; and to pay bond issuance costs. The savings or aggregate difference in debt service from refunding Consolidated Public Improvement Bonds was \$2,346,331 and from refunding Metropolitan District Bonds was \$398,814. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was \$2,375,039 and from refunding Metropolitan District Bonds was \$461,899.

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 the Council. The County had \$542.4 million of its net Consolidated Public Improvement general obligation bonds outstanding that is related to capital facilities of the component units at fiscal year-end.
- The Metropolitan District Act requires the 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. The County has contributed approximately \$60.1 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 7.05% of its net Metropolitan District general obligation bonds outstanding of \$15.0 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 plant and \$14,210,000 was used to refund Consolidated Public Improvement Bonds. The outstanding balances of these loans are \$30,930,315 and \$2,830,000, respectively.

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).

During fiscal year 1995, the County issued Special Facility Revenue Bonds in the amount of \$10,675,000. On June 1, 2003, the County refunded the balance of the Special Facility Revenue Bonds, which was \$9,220,000 and issued Golf Course Refunding Bonds in the amount of \$9,880,000. On May 30, 2012, the County refunded the balance of the 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 is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at fiscal year-end is \$560,000. If a deficiency exists in the debt service reserve fund securing the note, the County is obligated to restore the amount in the debt service reserve fund to \$560,000 not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until the note has been paid in full. This note does not constitute a pledge of the County’s full faith and credit or taxing power, but the County’s covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County.

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 liability for the defeased bonds are not included as long-term obligations of the County. At fiscal year-end, \$59,490,000 of Consolidated Public Improvement Bonds and \$1,295,000 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.

**Tax Increment Debt:**

On March 11, 2014 the County issued its first Tax Increment Financing (TIF) Bonds in the amount of \$17 million with an overall TIC (interest rate) of 6.148%. The proceeds will be 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 Tax Increment Financing 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 tax district has been created as a backup for the special obligation bonds. Special taxes will be imposed on property owners located within the special tax 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 TIF 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 real property tax increment to be realized from the TIF 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. This debt of \$17 million 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 TIF). The project will also include two additional parking garages, to be funded privately, to separately support parking needs for businesses and residents.

The table that follows outlines the debt service requirements for these TIF bonds.

<b>Year ending</b>	<b>Tax Increment Financing Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>
<b>June 30:</b>			
2015	\$ -	939,435	939,435
2016	-	1,012,565	1,012,565
2017	20,000	1,012,565	1,032,565
2018	40,000	1,011,605	1,051,605
2019	65,000	1,009,685	1,074,685
2020-2024	730,000	4,976,665	5,706,665
2025-2029	1,595,000	4,696,675	6,291,675
2030-2034	2,845,000	4,098,985	6,943,985
2035-2039	4,610,000	3,058,845	7,668,845
2040-2044	7,095,000	1,369,145	8,464,145
<b>Total</b>	<b>\$ 17,000,000</b>	<b>23,186,170</b>	<b>40,186,170</b>

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

Debt service requirements of governmental activities:

<b>Year ending</b>	<b>General County Bonds</b>		<b>Agricultural Land Program</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
<b>June 30:</b>				
2015	\$ 55,970,000	38,838,363	2,220,982	5,432,247
2016	58,530,000	38,100,147	2,311,982	5,388,291
2017	56,490,000	35,217,441	8,824,182	5,315,319
2018	54,905,000	32,247,831	3,972,982	4,801,864
2019	54,560,000	29,597,481	2,964,982	4,656,742
2020-2024	283,810,000	108,850,507	52,612,910	12,957,133
2025-2029	237,700,000	48,759,988	18,353,910	2,785,532
2030-2034	107,645,000	9,632,348	4,366,710	145,160
<b>Total</b>	<b>\$ 909,610,000</b>	<b>341,244,106</b>	<b>95,628,640</b>	<b>41,482,288</b>

Debt service requirements of business-type activities:

<b>Year ending</b>	<b>Metro District Bonds</b>		<b>Special Facility Revenue Bonds</b>		<b>Water Quality</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
<b>June 30:</b>						
2015	\$ 9,640,000	7,765,988	450,000	108,362	3,251,704	839,604
2016	8,775,000	7,934,736	461,000	97,098	3,171,029	757,817
2017	9,090,000	7,594,311	473,000	85,553	3,240,265	688,582
2018	9,230,000	7,249,893	485,000	73,710	3,311,048	617,798
2019	9,560,000	6,912,799	497,000	61,570	3,383,413	545,433
2020-2024	43,165,000	29,564,863	2,217,000	111,371	13,017,105	1,429,208
2025-2029	43,670,000	21,706,810	-	-	1,229,876	127,389
2030-2034	35,285,000	13,790,839	-	-	325,865	22,788
2035-2039	32,380,000	6,456,933	-	-	-	-
2040-2044	12,775,000	1,061,483	-	-	-	-
<b>Total</b>	<b>\$ 213,570,000</b>	<b>110,038,655</b>	<b>4,583,000</b>	<b>537,664</b>	<b>30,930,305</b>	<b>5,028,619</b>

## B. Component Units

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

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Public School System: Capital leases, workers compensation, and compensated absences	\$ 13,872,932	2,961,018	2,196,944	14,637,006
Community College: Loans and compensated absences	10,739,965	118,146	412,220	10,445,891
Library: Compensated absences	986,537	887,289	830,500	1,043,326
Housing: Loans and compensated absences	66,393,663	42,118,133	1,205,989	107,305,807
<b>Total</b>	<b>\$ 91,993,097</b>	<b>46,084,586</b>	<b>4,645,653</b>	<b>133,432,030</b>

## 8. Short-Term Debt

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

<u>Type</u>	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u>
Bond Anticipation Notes	\$100,000,000	43,800,000	100,000,000	\$43,800,000
Consolidated Public Improvement Bonds 2014 Series B (Taxable) - maturity date February 15, 2015	-	1,500,000	-	1,500,000
<b>Total</b>	<b>\$100,000,000</b>	<b>45,300,000</b>	<b>100,000,000</b>	<b>\$45,300,000</b>

## 9. Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Multi-Family Rental Housing 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 28 series of conduit debt outstanding. The aggregate principal amount payable for the 10 series issued after July 1, 1996 was \$85,856,478. The aggregate principal amount payable for the 18 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$103,806,000.

## 10. Lease Obligations

### A. Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the fiscal year amounted to \$1,771,583.

Future lease payments including any agreed-upon percentage increases are as follows:

<u>Fiscal Year</u>		
2015	\$	1,219,712
2016		489,107
2017		1,484
2018		1,484
2019		1,484
2020-2024		7,420

The County, as lessor, leases County-owned tower space under various long-term operating lease agreements.

Lease revenues for the year amounted to \$1,159,664. Future lease revenues are as follows:

<u>Fiscal Year</u>		
2015	\$	1,094,049
2016		1,089,331
2017		1,117,515
2018		1,146,569
2019		1,176,522
2020-2024		6,361,616

**B. Capital Leases**

The County maintains leasing agreements with First Niagara Leasing and TD Asset Management Funds, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and must be recorded as the lesser of their fair value or the present value of their future minimum lease payments. Therefore, they have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments at fiscal year-end are as follows:

<u>Year Ending June 30, 2014</u>	<u>Governmental Activities</u>
2015	\$ 456,206
2016	671,164
2017	552,819
2018	569,404
2019	586,487
2020-2024	<u>2,787,057</u>
Total minimum lease payments	5,623,137
Less: amount representing interest	<u>(561,024)</u>
Present value of minimum lease payments	<u>\$ 5,062,113</u>

**11. Restricted Assets**

Federal and State grants, golf course receivables, 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. Developer contributions primarily represent water and sewer projects constructed by developers on behalf of the County in connection with the development of privately owned property. The agreements between the developers and the County relating to such projects provide for specific rebates of construction costs to the developer from bond proceeds based upon house connections within a ten-year period. Any amounts not rebated at the end of ten years are recognized as contributed revenue. 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 reserved for capital projects, funds that are legally restricted for special purposes such as public housing projects, investments in strip treasuries held to maturity for the final payment on the purchase of land development rights, and funds reserved for payment of zero coupon bonds.

**12. 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 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 costs 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 \$39,849,982. 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 \$32,116,000 of these costs. This cumulative amount reported to date is based on the use of 70.45 percent of the existing cell and 100 percent of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$7,733,982. 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.

### **13. Retirement Plans**

The Retirement Plan and the 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 and the Trustees have authority to establish and amend the respective benefit and contribution provisions.

Generally, the majority of employees of the primary government, except certain police and fire officers, participate in the Howard County Retirement Plan (“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. Certain police and fire personnel participate in the Howard County Police and Fire Employees’ Retirement Plan (“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 payroll for employees covered by the Retirement Plan for the fiscal year was \$94,732,951. The payroll for police and fire employees covered by the Police and Fire Plan for the fiscal year was \$65,863,197. The payroll for employees covered by the State Retirement System and State Pension System for the fiscal year was \$2,009,961 and \$4,563,095, respectively. The County’s total payroll was approximately \$202,967,102. 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](http://www.howardcountymd.gov).

### General Employee Plan:

Under the Retirement Plan, participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before 5 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.

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.

Participating general employees with thirty years of eligibility service, regardless of age, are entitled to a normal retirement benefit. Also, participants attaining the age of 62 and older who have completed between 2 to 5 years of eligibility service (for a total of 67) may retire and receive unreduced benefits. 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).

### 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.

Participants become vested after 5 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 5 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.

Participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. The County funds the remainder of the cost of its employees' participation in the Police and Fire Plan.

Employees attaining the age of 62 who have completed 5 years of eligibility service and employees who have completed 20 years of eligibility service 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 fire fighters.

### Financial Statements

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.

Plans' Funding:

The Retirement Plan and the Police and Fire Plan's funding policies provide for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. During the year ended June 30, 2014 contributions to the Police and Fire plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed for fiscal year starting July 1, 2013.

Contribution information is as follows:

	<b>Howard County Retirement Plan</b>	<b>Police and Fire Retirement Plan</b>
Contribution rates:		
County	13.1%	31.0%
Plan members	2.0-8.5%	7.7-11.6%
Annual Required Contribution (thousands)	\$12,778	\$20,822
Contributions made (thousands)	\$12,778	\$20,822

Actuarial assumptions are as follows:

	<b>Howard County Retirement Plan</b>	<b>Police and Fire Retirement Plan</b>
Actuarial valuation date	7/1/13	7/1/13
Actuarial methods and significant assumptions:		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, increases 3.0% annually	Level percentage of pay, increases 3.0% annually
Remaining amortization period	9-26 years, closed amortization periods	9-20 years, closed amortization periods
Asset valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	7.75% after investment expenses	7.75% after investment expenses
Projected salary increases*	4.0-7.0%	4.50-8.25%
Cost-of-living adjustments	3%, compounded annually	2%, compounded annually

\* Includes inflation at 3%

Required six-year trend information for the Retirement Plan and the Police and Fire Plan is as follows:

	Year Ended	Annual Pension Cost (000)	Percentage of ARC Contributed	Net Pension Obligation
Retirement Plan	6/30/09	9,745	100	0
	6/30/10	9,758	102	0
	6/30/11	10,304	100	0
	6/30/12	10,719	102	0
	6/30/13	11,392	100	0
	6/30/14	12,778	100	0
Police and Fire Plan	6/30/09	14,426	100	0
	6/30/10	14,881	105	0
	6/30/11	15,677	100	0
	6/30/12	18,051	100	0
	6/30/13	19,307	100	0
	6/30/14	20,822	100	0

The funded status of both plans as of the most recent valuation date is presented below (dollar amounts in millions).

Schedule of Funding Progress - Howard County Retirement Plan

Actuarial Valuation Date of July 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$ 281.2	\$ 326.1	86.2%	\$ 44.8	\$ 91.8	48.8%

Schedule of Funding Progress - Howard County Fire and Police Employees' Retirement Plan

Actuarial Valuation Date of July 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2013	\$ 337.5	\$ 449.0	75.2%	\$ 111.5	\$ 59.7	186.8%

The multiyear schedule of funding progress for both plans can be found in the required supplementary information section (RSI) and presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The Plan's investments are reported at fair market value. Short-term investments consisting of money market funds are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at either the last reported sales price, evaluated bid, broker quoted, or pool-specific pricing. The fair value of real estate investments is approximated by the net asset value of the Plan's share of

ownership of the co-mingled real estate investment funds. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities.

Component Units:

Generally, all employees of the component units participate in The State of Maryland Employees’ Retirement and Pension Systems (“Employees’ Retirement and Pension Systems”) and the Teachers’ Retirement and Pension Systems (“Teachers’ Retirement and Pension Systems”). The component units’ employer contributions to the Employees’ Retirement and Pension Systems were \$13,052,618, \$10,326,154, and \$5,374,180 for fiscal years 2014, 2013 and 2012, respectively. Contributions to the Teachers’ Retirement and Pension Systems are made directly by the State of Maryland according to State statute on behalf of the component units and amounted to \$59,906,364, \$51,179,051 and \$64,256,904 in fiscal years 2014, 2013 and 2012, respectively.

The State Retirement Agency issues a publicly available Comprehensive Annual Financial Report that includes the Systems’ financial statements and required supplementary information. That report may be obtained by writing to the State Retirement and Pension System of Maryland, State Retirement Agency, 120 East Baltimore Street, 14<sup>th</sup> Floor, Baltimore, Maryland 21202-6700 or by calling (800) 492-5909.

**14. Other Post-Employment Benefits (OPEB)**

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, Howard County Library, Mental Health Authority, and Economic Development Authority), and its component units, Howard County Community College and Howard County Public School System.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 13. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of fifteen years of County service and, immediately preceding retirement, have been enrolled in a medical, vision or prescription drug insurance plan offered to active employees of the County. 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 ten years of service with the school system and have retired from the Howard County Public School System.

Plan membership at fiscal year-end per the most recent actuarial valuation consisted of the following:

Retirees and beneficiaries receiving benefits	2,450
Active plan members	9,310
Deferred vested terminations	<u>44</u>
Total	<u>11,804</u>

There are no separate financial statements for the Plan.

Basis of Accounting

The Plan's financial information is prepared on the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. For the fiscal year, the Plan's insurance costs were \$24.0 million; \$8.3 million was paid by the retirees and the balance was paid by the County and its component units through the County's self-insurance fund (internal service fund).

Funding Policies and Funded Progress

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). During the fiscal year, the County contributed \$12,000,000 to the trust. The County has re-adopted its eight-year phase-in funding policy due to improvement in the economy. The County budget for fiscal year 2015 includes funding for pay-as-you go OPEB costs as well as \$15,000,000 to the trust.

As of July 1, 2012, per the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$760,760,000 and there was \$32,860,000 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was \$727,900,000. The annual covered payroll of active employees covered by the Plan was \$715,306,223 and the ratio of the UAAL to covered payroll was 100%.

The annual required contribution (ARC) amount and OPEB expense per the most recent actuarial valuation report with valuation dates of August 1, 2012 for Board of Education, and July 1, 2012 for both General Government and College are presented below. The end-of-year net OPEB obligation (NOO) is calculated below:

	Actuarial Unfunded Accrued Liability (1)	Amortization of Actuarial Unfunded Accrued Liability (2)	Normal Cost (3)	Annual Required Contribution (2)+(3)	ARC Funding (4)	PAYGO Funding (5)	Net OPEB Obligation (NOO) (2)+(3)-(4)-(5)
Schools	\$ 475,517,000	25,021,000	21,757,000	46,778,000	7,603,706	12,941,140	26,233,154
College	15,378,000	809,000	1,081,000	1,890,000	307,217	123,784	1,458,999
County <sup>1</sup>	237,005,000	12,471,000	12,685,000	25,156,000	4,089,077	2,617,349	18,449,574
	727,900,000	38,301,000	35,523,000	73,824,000	12,000,000	15,682,273	46,141,727
			Beginning balance				316,977,003
			Less NOO amortization				16,683,000
			Plus interest on NOO				15,056,407
			Total NOO				\$361,492,137

<sup>1</sup> Enterprise fund share of PAYGO funding and net OPEB obligation is \$134,116 and \$1,002,307, respectively.

The Plan's annual OPEB cost (AOC) and the net OPEB obligation of the plan for the current and prior two years were as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Contribution	% of AOC contributed	Net OPEB Obligation
2012	60,560,000	17,439,855	29%	266,373,362
2013	70,776,000	20,169,779	28%	316,977,003
2014	72,198,000	27,682,273	38%	361,492,137

The Plan's actuarial value of plan assets and actuarial accrued liability as of the implementation year are as follows:

Fiscal Year	Plan Assets	AAL
2009	\$ 14,000,000	687,464,000
2010	20,229,000	848,066,000
2011	19,820,099	671,151,000
2012	21,306,000	649,960,000
2013	27,007,000	744,203,000
2014	32,860,000	760,760,000

#### Actuarial Assumptions

The actuarial methods and significant assumptions used by the actuary are summarized in this note to conform to the disclosure requirements for GASB statements 43 and 45.

Actuarial valuation date	8/1/12 for Board of Ed, 7/1/12 for General Government and 7/1/12 for College
Actuarial cost method	Projected Unit Credit
Amortization method	Amortized over a closed period of 24 years using level percentage of pay.
Asset valuation method	Fair Value. Assets are assumed to earn a 7.50% return.
Actuarial trend assumption	Medical and prescription drug trend rate applied to FY 2014 is 6.5%. This rate will not change in FY 2015 but decrease 0.40% in FY2016/2017. The ultimate rate is 4.20%
	Dental trend to be applied is 5.00% for all years
Interest assumption	Discount rate of 4.75%
Salary increases	3.00%

## Financial Statements

Summary financial information for the Other Post-Employment Benefits Trust is presented below:

### Statement of Net Position

#### Assets

##### Receivables:

Interest and dividends	\$	13
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##### Investments, at fair value:

Cash		27,527
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Mutual funds		53,965,714
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Money market funds		236,411
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<u>Total assets</u>		<u>54,229,665</u>
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#### Liabilities

##### Accounts payable:

Other		657,150
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<u>Total liabilities</u>		<u>657,150</u>
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##### Net position held in trust for

other post-employment benefits	\$	53,572,515
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### Statement of Changes in Net Position

#### Additions

##### Contributions:

Employer	\$	27,682,273
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<u>Total contributions</u>		<u>27,682,273</u>
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##### Investment income (expense):

Net change in fair value of investments		5,486,557
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Interest		203
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Dividends		1,379,195
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<u>Investment expense</u>		<u>(113,141)</u>
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<u>Net investment income</u>		<u>6,752,814</u>
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<u>Total additions</u>		<u>34,435,087</u>
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#### Deductions

Benefits		16,126,790
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<u>Administrative expenses</u>		<u>6,032</u>
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<u>Total deductions</u>		<u>16,132,822</u>
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Change in net position		18,302,265
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<u>Net position - beginning</u>		<u>35,270,250</u>
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<u>Net position - ending</u>	\$	<u>53,572,515</u>
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## 15. 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 tax until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of this plan were transferred to custodial accounts and the County no longer reports those assets and liabilities in the Agency Funds of the County.

## 16. 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 provided by the reporting entity's Risk Management Fund. The County pays an annual premium to LGIT for this coverage. The reporting entity participates in LGIT in the areas of excess property, general and automobile liability coverages. LGIT consists of various counties and local municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages which would otherwise be unavailable, and loss control and risk management services. Claims settled by the County in the past five fiscal years have not exceeded the Risk Management Fund's retention to trigger payment by LGIT except for property losses occurring during the dual blizzards of 2010.

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 program.

At fiscal year-end, the combined Net Position for the two internal service funds was \$683,037 and is reported as unrestricted. The combined claims liability of the two funds, \$13,960,015, 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. In prior fiscal years, County management had used actuarial analysis for the Risk Management Self-Insurance Fund at a greater confidence level.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2014 and 2013 are presented in the schedule below.

	Current Year Claims and				Expected Amount
	<u>Beginning of Year</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year</u>	<u>Due Within One Year</u>
2014	\$ 13,666,263	45,283,312	(44,989,560)	13,960,015	6,137,488
2013	\$ 11,909,462	47,532,674	(45,775,873)	13,666,263	5,810,574

The current portion is included in accounts payable and other current liabilities 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.

## **17. Individual Fund Disclosure**

### **Individual Fund Disclosures:**

The General Capital Projects Fund, a major fund, and the Public Libraries Capital Projects Fund, a non-major fund, plan to eliminate their deficit fund balances of (\$30,295,889) and (\$4,865,400), respectively, through future bond sales.

The Recreation and Parks Capital Projects Fund and Storm Drainage Capital Projects Fund, both non-major funds, plan to eliminate their deficits of (\$2,444,555) and (\$5,621,715), respectively, through receipt of future grant revenues and future bond sales. The Risk Management Self-Insurance Internal Service Fund, a non-major fund, will eliminate its deficit of (\$3,320,029) through increased charge-back funding from other funds in fiscal years 2015 and 2016.

## **18. 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 \$877,923,802 authorized but unobligated capital project appropriations at fiscal year-end.

### **C. Litigation**

The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Solicitor that such lawsuits and claims will not have a material adverse impact on the County's financial condition. The County is also following an appeal to the United States Supreme Court of a case in which it is not a party, *Comptroller v. Wynne*, 431 Md. 147 (2013). In that case, the Supreme Court will hear arguments on November 12 in an appeal by the State of Maryland of a decision of the Court of Appeals of Maryland. The Court of Appeals ruled that counties are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state. The ruling has not affected County income tax revenues because the Court of Appeals stayed the effect of the ruling pending appeal to the United States Supreme Court. If the Court of Appeals ruling stands, each county in Maryland will see a reduction in income tax revenue, including Howard County. The final fiscal impact of the ruling on the County is not determinable at this time.

### **D. Encumbrances**

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to contracts executed and 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
<b>Major Governmental Funds</b>				
General Fund	\$ -	-	15,485,938	15,485,938
General Capital Projects	13,081,910	-	-	13,081,910
<b>Non-Major Governmental Funds</b>				
Special Revenue	2,202,140	4,431,957	-	6,634,097
Capital Projects	33,297,123	1,741,621	-	35,038,744
<b>Total</b>	<b>\$ 48,581,173</b>	<b>6,173,578</b>	<b>15,485,938</b>	<b>70,240,689</b>



### **3D Maryland: Driving Business Growth through Innovative Products and Processes**

3D Maryland is an initiative of the Howard County Economic Development Authority and the Maryland Center for Entrepreneurship (MCE) geared toward strengthening Maryland's economy by increasing awareness of 3D printing and the competitive advantages these technologies offer. Howard County Government has devoted funding to the 3D Maryland effort and committed 2,000 square feet of space inside MCE to bring 3D manufacturers together and to nurture the ecosystem. Using a state-of-the-art print lab, 3D Maryland will be able to offer entrepreneurs the ability to rapidly manufacture prototypes and projects.

**Required Supplementary  
Information**



**Howard County, Maryland  
Required Supplementary Information  
Pension Trust Funds  
For the Year Ended June 30, 2014**

Required supplementary information (unaudited) for the Howard County Retirement Plan for the years ended June 30, 2012, 2013, and 2014, respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/11	253,098,813	273,668,860	92.5%	20,570,047	86,499,656	23.8%
7/1/12	261,984,721	293,343,118	89.3%	31,358,397	89,896,923	34.9%
7/1/13	281,249,974	326,087,487	86.2%	44,837,513	91,812,274	48.8%

Required supplementary information (unaudited) for the Howard County Police and Fire Employees' Retirement Plan for the years ended June 30, 2012, 2013, and 2014, respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/11	288,375,566	378,296,941	76.2%	89,921,375	55,656,754	161.6%
7/1/12	308,764,110	403,741,233	76.5%	94,977,123	57,602,620	164.9%
7/1/13	337,533,634	449,036,313	75.2%	111,502,679	59,687,553	186.8%

**Howard County, Maryland  
Required Supplementary Information  
Other Post-Employment Benefits Funds  
For the Year Ended June 30, 2014**

Schedule of funding progress (unaudited) for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2014 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/08	\$ 14,000,000	687,464,000	2.0%	673,464,000	627,617,736	107.3%
7/1/10	19,820,099	671,151,000	3.0%	651,330,901	650,701,932	100.1%
7/1/12	27,007,000	744,203,000	3.6%	717,196,000	715,306,223	100.3%

Schedule of employer contributions (unaudited) for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2014 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/12	\$ 61,195,000	17,439,855	28%	266,373,362
6/30/13	71,961,000	20,169,779	28%	316,977,003
6/30/14	73,824,000	27,682,273	37%	361,492,137

## **Combining and Individual Fund Statements and Schedules**

**The Combining and Individual fund statements and schedules provide detailed information concerning financial position and results of operations.**

- **General Fund**
- **Non-Major Governmental Funds**
- **Enterprise Funds-Other**
- **Internal Service Funds**
- **Fiduciary Funds**
- **Capital Assets Used in the Operation of Governmental Funds**
- **Capital Assets Used in the Operation of Enterprise Funds**
- **Long-Term Debt**



## **General Fund**

**The General fund is the general operating fund of the County. This fund is used to account for all financial resources except those required to be accounted for in another fund.**



**Howard County, Maryland**  
**Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
<b>Property taxes:</b>				
Real, personal and corporate	\$ 458,195,258	458,195,258	457,498,299	(696,959)
Payment in lieu of taxes	1,309,952	1,309,952	1,381,953	72,001
Additions and abatements	(500,000)	(500,000)	(792,665)	(292,665)
Interest on taxes	1,300,000	1,300,000	928,362	(371,638)
<b>Total property taxes</b>	<b>460,305,210</b>	<b>460,305,210</b>	<b>459,015,949</b>	<b>(1,289,261)</b>
<b>Other local taxes:</b>				
Local income tax surcharge	370,000,000	370,000,000	392,660,793	22,660,793
Admission tax	2,200,000	2,200,000	2,710,269	510,269
Recordation	20,098,864	20,098,864	18,978,128	(1,120,736)
Mobile home	580,000	580,000	609,002	29,002
Hotel / motel	4,200,000	4,200,000	4,587,836	387,836
Heavy equipment	-	-	286,733	286,733
<b>Total other local taxes</b>	<b>397,078,864</b>	<b>397,078,864</b>	<b>419,832,761</b>	<b>22,753,897</b>
<b>State shared taxes:</b>				
Highway	1,506,000	1,506,000	1,247,317	(258,683)
Corporate	15,000	15,000	-	(15,000)
<b>Total state shared taxes</b>	<b>1,521,000</b>	<b>1,521,000</b>	<b>1,247,317</b>	<b>(273,683)</b>
<b>Revenues from other governments</b>	<b>5,802,100</b>	<b>5,802,100</b>	<b>7,348,107</b>	<b>1,546,007</b>
<b>Charges for services:</b>				
Boarding prisoners	2,536,000	2,536,000	2,033,047	(502,953)
Cable TV franchise fee	5,100,000	5,100,000	5,904,537	804,537
Civil marriage	10,000	10,000	10,370	370
Developer - water and sewer overhead	530,800	530,800	404,447	(126,353)
Development - review fees	1,090,000	1,090,000	1,541,328	451,328
Development - specifications	1,000	1,000	-	(1,000)
Extension development agreement fees	43,000	43,000	29,200	(13,800)
House type revision fees	87,500	87,500	82,700	(4,800)
Master in chancery fees	133,800	133,800	149,039	15,239
IRB and MDFA loan fees	2,000	2,000	-	(2,000)
Other charges for services	11,000	11,000	26,021	15,021
Parking meters	232,000	232,000	144,641	(87,359)
Planning and zoning fees	712,000	712,000	675,764	(36,236)
Police records check	48,000	48,000	38,287	(9,713)
Recreation and parks	100,000	100,000	64,531	(35,469)
Rental housing inspection fees	1,600,000	1,600,000	1,784,113	184,113
Sale of maps and publications	40,000	40,000	62,869	22,869
Sheriff fees	425,000	425,000	388,424	(36,576)
Tax certificates	350,000	350,000	280,372	(69,628)
Weekender inmate fees	40,000	40,000	30,975	(9,025)
Food and beverage	130,000	130,000	136,414	6,414
Other business application fees	150,000	150,000	156,962	6,962
Internal service charges	-	-	22,194	22,194
<b>Total charges for services</b>	<b>13,372,100</b>	<b>13,372,100</b>	<b>13,966,235</b>	<b>594,135</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Interest on investments	\$ 5,259,890	5,259,890	588,981	(4,670,909)
<b>Licenses and permits:</b>				
Animal license	62,500	62,500	60,667	(1,833)
Beer, wine and liquor	263,500	263,500	288,683	25,183
Building	2,670,000	2,670,000	3,456,052	786,052
Electrical	1,025,000	1,025,000	1,262,053	237,053
Marriage license	9,000	9,000	3,095	(5,905)
Marriage license surcharge	65,000	65,000	89,155	24,155
Mobile home park	6,500	6,500	6,550	50
Peddlers and solicitors	12,500	12,500	16,420	3,920
Plumbing	885,000	885,000	1,029,624	144,624
Signs	30,000	30,000	47,425	17,425
Traders	450,500	450,500	436,564	(13,936)
<b>Total licenses and permits</b>	<b>5,479,500</b>	<b>5,479,500</b>	<b>6,696,288</b>	<b>1,216,788</b>
<b>Recoveries for interfund services:</b>				
Streetlight districts	22,000	22,000	12,800	(9,200)
Public works operations - utility pro rata	3,337,384	3,337,384	3,337,384	-
Office of law - self insurance	450,139	450,139	450,139	-
Pension plan	262,456	262,456	211,558	(50,898)
Employee health benefits fund	-	-	47,981	47,981
Public works - water and sewer developer capital projects	400,000	400,000	-	(400,000)
Waste management pro rata share	920,220	920,220	1,175,916	255,696
Public works - water & sewer capital projects pro rata share	300,000	300,000	345,000	45,000
General county Capital projects pro rata share	300,000	300,000	345,000	45,000
Agricultural land preservation fund	809,855	809,855	809,855	-
Fire and rescue fund	4,897,651	4,897,651	4,897,651	-
Housing and community development	296,378	296,378	-	(296,378)
<b>Total recoveries for interfund services</b>	<b>11,996,083</b>	<b>11,996,083</b>	<b>11,633,284</b>	<b>(362,799)</b>
<b>Fines and forfeitures</b>	<b>3,189,500</b>	<b>3,189,500</b>	<b>2,883,410</b>	<b>(306,090)</b>
<b>Component units return of funding:</b>				
Community college	860,804	860,804	818,167	(42,637)
<b>Total component units return of funding</b>	<b>860,804</b>	<b>860,804</b>	<b>818,167</b>	<b>(42,637)</b>
<b>Miscellaneous revenues:</b>				
Commissions, rents and concessions	1,470,000	1,470,000	837,917	(632,083)
Sale of property and equipment	17,700	17,700	20,514	2,814
Other revenue	728,500	2,463,415	1,386,778	(1,076,637)
Miscellaneous program revenue	450,000	450,000	654,775	204,775
Other intergovernmental revenue	-	-	1,602	1,602
<b>Total miscellaneous revenue</b>	<b>2,666,200</b>	<b>4,401,115</b>	<b>2,901,586</b>	<b>(1,499,529)</b>
<b>Total revenues</b>	<b>907,531,251</b>	<b>-</b>	<b>909,266,166</b>	<b>926,932,085</b>
<b>Other sources of financial resources:</b>				
Transfers in:				
Operating transfer	3,275,380	3,275,380	4,008,872	733,492
Public school system debt	8,066,619	8,066,619	8,066,618	(1)
Fire and rescue reserve fund	1,851,379	1,851,379	1,851,378	(1)
Recreation program fund	3,468,748	3,468,748	3,468,747	(1)
Community renewal debt	274,760	274,760	274,760	-
Excise tax debt	4,006,082	4,006,082	4,006,081	(1)
<b>Total transfers in</b>	<b>20,942,968</b>	<b>20,942,968</b>	<b>21,676,456</b>	<b>733,488</b>
<b>Appropriation from fund balance</b>	<b>46,325,000</b>	<b>46,325,000</b>	<b>14,734,222</b>	<b>(31,590,778)</b>
<b>Total revenues and other sources of financial resources</b>	<b>\$ 974,799,219</b>	<b>976,534,134</b>	<b>963,342,763</b>	<b>(13,191,371)</b>

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>General Government</b>						
Office of the County Executive	\$ 1,121,974	1,127,974	1,092,298	-	1,092,298	35,676
Office of the County Administrator:						
Bureau of staff services:						
Staff services	2,735,597	2,735,597	2,260,536	460,503	2,721,039	14,558
Environmental sustainability	296,077	296,077	281,995	4,900	286,895	9,182
Office of human rights	741,614	741,614	738,848	1,319	740,167	1,447
Workforce development	255,978	255,978	134,677	-	134,677	121,301
<b>Total bureau of staff services</b>	<b>4,029,266</b>	<b>4,029,266</b>	<b>3,416,056</b>	<b>466,722</b>	<b>3,882,778</b>	<b>146,488</b>
Bureau of management services:						
Budget division	706,233	700,233	672,220	10,000	682,220	18,013
Human resources	1,799,214	1,799,214	1,625,027	157,989	1,783,016	16,198
Purchasing division	1,244,626	1,244,626	1,092,511	39,700	1,132,211	112,415
Central services	828,797	828,797	813,947	7,830	821,777	7,020
Public information	1,043,941	1,043,941	961,018	32	961,050	82,891
<b>Total bureau of management services</b>	<b>5,622,811</b>	<b>5,616,811</b>	<b>5,164,723</b>	<b>215,551</b>	<b>5,380,274</b>	<b>236,537</b>
<b>Total Office of the County Administrator</b>	<b>9,652,077</b>	<b>9,646,077</b>	<b>8,580,779</b>	<b>682,273</b>	<b>9,263,052</b>	<b>383,025</b>
Department of economic development	2,113,810	2,113,810	2,113,810	-	2,113,810	-
<b>Total dept of economic development</b>	<b>2,113,810</b>	<b>2,113,810</b>	<b>2,113,810</b>	<b>-</b>	<b>2,113,810</b>	<b>-</b>
Department of finance:						
Office of the Director	2,254,434	2,370,434	2,129,946	78,082	2,208,028	162,406
Bureau of accounting	2,087,394	2,186,501	2,010,838	5,973	2,016,811	169,690
Bureau of revenue and customer service	1,631,850	1,631,850	1,475,049	33,764	1,508,813	123,037
Utility and miscellaneous billing	535,877	535,877	497,420	5,137	502,557	33,320
Bureau of payroll / disbursements	899,153	899,153	825,994	2,925	828,919	70,234
PAYGO grants	-	13,699,893	5,901,610	7,798,236	13,699,846	47
<b>Total department of finance</b>	<b>7,408,708</b>	<b>21,323,708</b>	<b>12,840,857</b>	<b>7,924,117</b>	<b>20,764,974</b>	<b>558,734</b>
Office of law	3,566,274	3,566,274	3,559,369	6,900	3,566,269	5
Technology and communication services	235,846	235,846	201,239	-	201,239	34,607
General fund contingency	2,000,000	-	-	-	-	-
Non-departmental	13,047,000	13,047,000	12,974,754	-	12,974,754	72,246
<b>Total General Government</b>	<b>39,145,689</b>	<b>51,060,689</b>	<b>41,363,106</b>	<b>8,613,290</b>	<b>49,976,396</b>	<b>1,084,293</b>
<b>Legislative and Judicial</b>						
Legislative:						
County council	2,348,568	2,348,568	2,235,232	175	2,235,407	113,161
County auditor	983,226	983,226	782,405	112,569	894,974	88,252
Board of license commissioners	106,905	106,905	101,140	-	101,140	5,765
Zoning board	122,205	122,205	101,749	-	101,749	20,456
Board of appeals	141,325	141,325	79,790	-	79,790	61,535
<b>Total legislative</b>	<b>3,702,229</b>	<b>3,702,229</b>	<b>3,300,316</b>	<b>112,744</b>	<b>3,413,060</b>	<b>289,169</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>Judicial:</b>						
Circuit court	\$ 2,481,225	2,521,225	2,503,927	112	2,504,039	17,186
Orphan's court	56,885	56,885	49,384	-	49,384	7,501
Sheriff's department	6,947,419	6,947,419	6,759,179	2,188	6,761,367	186,052
State attorney's office	7,358,404	7,358,404	7,237,837	400	7,238,237	120,167
<b>Total judicial</b>	<b>16,843,933</b>	<b>16,883,933</b>	<b>16,550,327</b>	<b>2,700</b>	<b>16,553,027</b>	<b>330,906</b>
<b>Board of election supervisors</b>	<b>1,444,142</b>	<b>1,444,142</b>	<b>1,427,879</b>	<b>-</b>	<b>1,427,879</b>	<b>16,263</b>
<b>Election expense</b>	<b>1,167,597</b>	<b>1,167,597</b>	<b>685,685</b>	<b>58,160</b>	<b>743,845</b>	<b>423,752</b>
<b>Total Legislative and Judicial</b>	<b>23,157,901</b>	<b>23,197,901</b>	<b>21,964,207</b>	<b>173,604</b>	<b>22,137,811</b>	<b>1,060,090</b>
<u><b>Public Works</b></u>						
<b>Department of public works:</b>						
Office of the director	4,436,100	4,150,600	4,135,430	10,662	4,146,092	4,508
<b>Total office of the director</b>	<b>4,436,100</b>	<b>4,150,600</b>	<b>4,135,430</b>	<b>10,662</b>	<b>4,146,092</b>	<b>4,508</b>
<b>Bureau of engineering:</b>						
Administrative management division	534,467	522,640	501,811	-	501,811	20,829
Transportation & watershed management	1,197,406	1,280,658	1,189,194	-	1,189,194	91,464
Construction inspection division	2,816,154	2,612,705	2,611,771	130	2,611,901	804
Survey and drafting division	845,294	840,856	835,410	-	835,410	5,446
<b>Total bureau of engineering</b>	<b>5,393,321</b>	<b>5,256,859</b>	<b>5,138,186</b>	<b>130</b>	<b>5,138,316</b>	<b>118,543</b>
<b>Bureau of highways:</b>						
Operations	1,088,265	1,147,657	1,116,226	-	1,116,226	31,431
Highway maintenance division	17,773,885	19,291,700	16,913,442	2,313,729	19,227,171	64,529
Traffic engineering division	1,626,034	1,434,737	894,469	539,206	1,433,675	1,062
<b>Total bureau of highways</b>	<b>20,488,184</b>	<b>21,874,094</b>	<b>18,924,137</b>	<b>2,852,935</b>	<b>21,777,072</b>	<b>97,022</b>
<b>Bureau of facilities:</b>						
Administration	7,517,863	7,627,125	7,562,713	63,685	7,626,398	727
Building and ground maintenance	7,459,240	8,486,030	8,391,718	94,312	8,486,030	-
<b>Total bureau of facilities</b>	<b>14,977,103</b>	<b>16,113,155</b>	<b>15,954,431</b>	<b>157,997</b>	<b>16,112,428</b>	<b>727</b>
<b>Bureau of environmental services:</b>						
Stormwater management	939,444	839,444	772,816	20	772,836	66,608
<b>Total bureau of environmental services</b>	<b>939,444</b>	<b>839,444</b>	<b>772,816</b>	<b>20</b>	<b>772,836</b>	<b>66,608</b>
<b>Total department of public works</b>	<b>46,234,152</b>	<b>48,234,152</b>	<b>44,925,000</b>	<b>3,021,744</b>	<b>47,946,744</b>	<b>287,408</b>
<b>Department of inspections, licenses and permits:</b>						
Operations division	2,073,010	2,073,010	1,731,652	103,777	1,835,429	237,581
Inspection and enforcement division	3,180,227	3,180,227	3,117,525	-	3,117,525	62,702
Plan review division	1,076,520	1,076,520	1,058,585	-	1,058,585	17,935
Licenses and permits division	656,934	656,934	618,971	-	618,971	37,963
<b>Total department of inspection, license and permits</b>	<b>6,986,691</b>	<b>6,986,691</b>	<b>6,526,733</b>	<b>103,777</b>	<b>6,630,510</b>	<b>356,181</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>Department of planning and zoning:</b>						
Office of the director	\$ 1,521,215	1,631,215	1,435,022	127,899	1,562,921	68,294
Division of land development	1,234,711	1,176,411	1,143,899	-	1,143,899	32,512
Division of research	932,581	892,581	844,842	-	844,842	47,739
Public service and zoning administration	998,272	998,272	985,620	-	985,620	12,652
Environmental and community planning	820,853	835,853	810,140	35,842	845,982	(10,129)
Development engineering division	1,063,847	1,067,147	1,064,701	-	1,064,701	2,446
Conservation easements program	377,914	347,914	332,744	426	333,170	14,744
<b>Total department of planning and zoning</b>	<b>6,949,393</b>	<b>6,949,393</b>	<b>6,616,968</b>	<b>164,167</b>	<b>6,781,135</b>	<b>168,258</b>
Soil conservation district	629,127	629,127	629,127	-	629,127	-
Department of transportation	7,715,078	7,715,078	6,605,858	903,129	7,508,987	206,091
<b>Total Public Works</b>	<b>66,779,526</b>	<b>70,514,441</b>	<b>65,303,686</b>	<b>4,192,817</b>	<b>69,496,503</b>	<b>1,017,938</b>
<b>Public Safety</b>						
<b>Police department:</b>						
Animal control division	1,619,607	1,629,607	1,410,331	22,334	1,432,665	196,942
Office of the chief	4,583,031	4,843,031	4,750,508	-	4,750,508	92,523
Administrative command	569,994	623,494	612,591	-	612,591	10,903
Command operations	38,607,575	38,419,242	38,220,757	1,011	38,221,768	197,474
Bureau of criminal investigations	13,945,747	13,705,747	13,263,921	8,091	13,272,012	433,735
Special operations bureau	7,768,655	7,957,355	7,180,938	241,223	7,422,161	535,194
Information and technology bureau	15,317,069	14,931,069	14,335,574	121,114	14,456,688	474,381
Human resource bureau	3,884,073	4,493,406	4,222,797	169,370	4,392,167	101,239
Management services bureau	10,045,148	9,737,948	8,985,425	18,134	9,003,559	734,389
Investigations and special operations	273,775	273,775	234,357	-	234,357	39,418
<b>Total police department</b>	<b>96,614,674</b>	<b>96,614,674</b>	<b>93,217,199</b>	<b>581,277</b>	<b>93,798,476</b>	<b>2,816,198</b>
Department of corrections	15,621,589	15,621,589	15,531,134	33,323	15,564,457	57,132
<b>Total Public Safety</b>	<b>112,236,263</b>	<b>112,236,263</b>	<b>108,748,333</b>	<b>614,600</b>	<b>109,362,933</b>	<b>2,873,330</b>
<b>Recreation and Parks</b>						
Department of recreation and parks	17,046,021	17,046,021	16,942,431	101,310	17,043,741	2,280
<b>Total Recreation and Parks</b>	<b>17,046,021</b>	<b>17,046,021</b>	<b>16,942,431</b>	<b>101,310</b>	<b>17,043,741</b>	<b>2,280</b>
<b>Community Services</b>						
Department of social services	532,589	532,589	466,060	-	466,060	66,529
Citizen services administration	6,786,160	6,921,453	6,851,518	59,202	6,910,720	10,733
Consumer affairs division	428,109	374,506	374,056	-	374,056	450
Office on aging	2,249,688	2,167,998	2,165,332	-	2,165,332	2,666
Mental health authority	400,000	400,000	400,000	-	400,000	-
Cooperative extension services	450,011	450,011	446,708	423	447,131	2,880
Health department	894,290	894,290	894,290	-	894,290	-

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
County grants in-aid:						
Arts & tourism grants:						
Center of African-American culture	\$ 34,600	34,600	34,600	-	34,600	-
Patapsco Heritage greenway	75,000	75,000	60,000	-	60,000	15,000
Local / regional arts grants	766,875	766,875	766,875	-	766,875	-
Tourism council	800,000	800,000	800,000	-	800,000	-
<b>Total arts &amp; tourism grants</b>	<b>1,676,475</b>	<b>1,676,475</b>	<b>1,661,475</b>	<b>-</b>	<b>1,661,475</b>	<b>15,000</b>
Civic grants:						
Historical society	30,000	30,000	30,000	-	30,000	-
<b>Total civic grants</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>-</b>
Community service partnerships human service grants	6,390,099	6,390,099	6,069,464	309,638	6,379,102	10,997
<b>Total County grants in-aid</b>	<b>8,096,574</b>	<b>8,096,574</b>	<b>7,760,939</b>	<b>309,638</b>	<b>8,070,577</b>	<b>25,997</b>
<b>Total Community Services</b>	<b>19,837,421</b>	<b>19,837,421</b>	<b>19,358,903</b>	<b>369,263</b>	<b>19,728,166</b>	<b>109,255</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>Education</b>						
Public schools	\$ 497,485,719	497,485,719	497,485,719	-	497,485,719	-
Community college	29,131,683	29,131,683	29,131,683	-	29,131,683	-
Library	17,676,124	17,676,124	17,676,124	-	17,676,124	-
<b>Total education</b>	<b>544,293,526</b>	<b>544,293,526</b>	<b>544,293,526</b>	<b>-</b>	<b>544,293,526</b>	<b>-</b>
<b>Debt Service</b>						
<b>Principal:</b>						
Police	621,349	621,349	621,348	-	621,348	1
Schools	26,781,542	26,781,542	26,781,542	-	26,781,542	-
Community college	3,865,271	3,865,271	3,865,270	-	3,865,270	1
Fire	1,021,826	1,021,826	1,021,826	-	1,021,826	-
General County projects	14,987,906	14,987,906	14,987,905	-	14,987,905	1
Recreation and parks	2,059,241	2,059,241	2,059,240	-	2,059,240	1
Community renewal	456,771	456,771	456,770	-	456,770	1
Storm drainage	1,232,250	1,232,250	1,232,250	-	1,232,250	-
Excise bonds	2,503,003	2,503,003	2,503,002	-	2,503,002	1
DILP technology	3,600	3,600	3,600	-	3,600	-
School surcharge	4,882,247	4,882,247	4,882,247	-	4,882,247	-
Tax increment financing	210,000	60,000	-	-	-	60,000
<b>Total principal</b>	<b>58,625,006</b>	<b>58,475,006</b>	<b>58,415,000</b>	<b>-</b>	<b>58,415,000</b>	<b>60,000</b>
<b>Interest:</b>						
Police	293,467	293,467	293,467	-	293,467	-
Schools	16,570,634	16,570,634	16,570,630	-	16,570,630	4
Community college	3,595,743	3,595,743	3,595,742	-	3,595,742	1
Fire	829,553	829,553	829,553	-	829,553	-
General County projects	10,320,801	10,320,801	10,320,801	-	10,320,801	-
Recreation and parks	1,409,507	1,409,507	1,409,507	-	1,409,507	-
Community renewal	92,749	92,749	92,749	-	92,749	-
Storm drainage	872,233	872,233	872,233	-	872,233	-
Excise bonds	1,503,079	1,503,079	1,503,078	-	1,503,078	1
DILP technology	180	180	180	-	180	-
School surcharge	3,184,372	3,184,372	3,184,371	-	3,184,371	1
Short-term construction note	4,660,000	4,660,000	465,827	-	465,827	4,194,173
Tax increment financing	90,000	90,000	-	-	-	90,000
<b>Total interest</b>	<b>43,422,318</b>	<b>43,422,318</b>	<b>39,138,138</b>	<b>-</b>	<b>39,138,138</b>	<b>4,284,180</b>
<b>Total Debt Service</b>	<b>102,047,324</b>	<b>101,897,324</b>	<b>97,553,138</b>	<b>-</b>	<b>97,553,138</b>	<b>4,344,186</b>
<b>Total expenditures and encumbrances</b>	<b>926,278,586</b>	<b>940,083,586</b>	<b>915,527,330</b>	<b>14,064,884</b>	<b>929,592,214</b>	<b>10,491,372</b>
<b>Transfers Out:</b>						
Health department	8,190,548	8,190,548	8,190,548	-	8,190,548	-
PAYGO other	42,025,000	28,260,000	25,560,000	-	25,560,000	2,700,000
County share circuit court administration	40,000	-	-	-	-	-
<b>Total Transfers Out</b>	<b>50,255,548</b>	<b>36,450,548</b>	<b>33,750,548</b>	<b>-</b>	<b>33,750,548</b>	<b>2,700,000</b>
<b>Total Expenditures and Encumbrances</b>	<b>\$ 976,534,134</b>	<b>976,534,134</b>	<b>949,277,878</b>	<b>14,064,884</b>	<b>963,342,762</b>	<b>13,191,372</b>

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



### **Renovated Savage Branch Library Touts Environmentally Friendly and HiTech STEM Features**

The recently renovated Howard County Library System Savage Branch is the newest and most modern building in a system ranked No. 1 in North America. After an 18-month, \$6.1 million renovation, the new 24,000 square foot branch houses 100,000 items, including books, audio books, e-books, films, music and specialized online research tools. The 51 computers available to the public represent a 100 percent increase. The Savage Branch also features a STEM (Science, Technology, Engineering, and Mathematics) Education Center where visitors can explore and engineer robots, hovercraft, game apps and multimedia productions using the latest software and hardware.

## **Non-Major Governmental Funds**

**Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.**

**Capital project funds are used to account for the construction of major capital facilities. These funds are generally financed by bond issues, intergovernmental revenue, and contributions.**



**Howard County, Maryland  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2014**

	Special Revenue Funds	Capital Project Funds	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 9,189,753	-	9,189,753
Other receivables	83,503	-	83,503
<b>Restricted assets:</b>			
Pooled cash and cash equivalents	45,458,249	68,093,279	113,551,528
Prepaid expense	1,248,500	-	1,248,500
Economic development loans	240,823	-	240,823
Housing loans	14,560,905	-	14,560,905
Property taxes	630,924	-	630,924
Materials and supplies	586,155	-	586,155
Due from other governments	8,813,887	2,778,278	11,592,165
Due from other funds	-	1,348,503	1,348,503
Other	417,213	23,170	440,383
<b>Total assets</b>	<b>81,229,912</b>	<b>72,243,230</b>	<b>153,473,142</b>
<b>LIABILITIES</b>			
Due to other funds	-	1,348,503	1,348,503
Accounts payable / accrued liabilities	3,911,682	11,101,847	15,013,529
Accrued wages and benefits	3,235,714	15,000	3,250,714
Bond anticipation notes	-	11,294,090	11,294,090
Deposits and connection fees	435,780	-	435,780
Unearned revenue	6,636,269	19,000	6,655,269
<b>Total liabilities</b>	<b>14,219,445</b>	<b>23,778,440</b>	<b>37,997,885</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property taxes	492,385	-	492,385
Unavailable fees	180,000	-	180,000
Unavailable grant revenues	2,619,638	1,357,630	3,977,268
<b>Total deferred inflows</b>	<b>3,292,023</b>	<b>1,357,630</b>	<b>4,649,653</b>
<b>Total liabilities and deferred inflows</b>	<b>17,511,468</b>	<b>25,136,070</b>	<b>42,647,538</b>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventory	586,155	-	586,155
Prepaid Items	1,248,500	-	1,248,500
<b>Long-term receivables:</b>			
Noncurrent economic development loans	240,823	-	240,823
Noncurrent housing loans receivable	14,560,905	-	14,560,905
<b>Restricted for:</b>			
Forest conservation	4,075,553	-	4,075,553
Fire & rescue services	17,377,066	-	17,377,066
Speed enforcement	366,097	-	366,097
Catalyst loan program	357,032	-	357,032
Middle Patuxent environmental area program	44,773	-	44,773
Economic development initiatives	1,028,414	-	1,028,414
Parkland watershed facilities	-	8,719,759	8,719,759
Program open space	-	337,786	337,786
Public road facilities	-	51,595,732	51,595,732
Storm water construction	-	672,662	672,662
<b>Committed for:</b>			
Community renewal programs	3,624,343	-	3,624,343
Environmental services	16,537,702	-	16,537,702
Health department	4,776,633	-	4,776,633
Recreation programs	471,398	-	471,398
Fire house & training facilities	-	4,827,971	4,827,971
Assigned for capital projects	-	3,615,127	3,615,127
Unassigned	(1,576,950)	(22,661,877)	(24,238,827)
<b>Total fund balances</b>	<b>63,718,444</b>	<b>47,107,160</b>	<b>110,825,604</b>
<b>Total liabilities and fund balances</b>	<b>\$ 81,229,912</b>	<b>72,243,230</b>	<b>153,473,142</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds	Capital Project Funds	Total
<b>REVENUES</b>			
Property taxes	\$ 80,304,125	-	80,304,125
Other local taxes	3,363,473	17,179,165	20,542,638
Revenues from other governments	16,462,961	3,436,498	19,899,459
Charges for services	39,201,946	-	39,201,946
Investment income:			
Interest on investments	89,981	78,262	168,243
Installment interest from housing loans	220,274	-	220,274
Fines and forfeitures	980,312	-	980,312
Developer contributions	300,905	1,136,330	1,437,235
Rental of property	177,814	-	177,814
Miscellaneous program revenue	4,027,846	857,783	4,885,629
<b>Total revenues</b>	<b>145,129,637</b>	<b>22,688,038</b>	<b>167,817,675</b>
<b>EXPENDITURES</b>			
Current:			
General government	3,425,196	-	3,425,196
Legislative and judicial	601,917	-	601,917
Public works	24,840,274	-	24,840,274
Public safety	83,002,390	-	83,002,390
Recreation and parks	18,284,103	-	18,284,103
Community services	25,938,320	-	25,938,320
Capital improvements	-	68,816,727	68,816,727
<b>Total expenditures</b>	<b>156,092,200</b>	<b>68,816,727</b>	<b>224,908,927</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(10,962,563)</b>	<b>(46,128,689)</b>	<b>(57,091,252)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond premium	132,210	2,575,523	2,707,733
Capital-related debt issued	-	27,722,604	27,722,604
Refunding bonds issued	1,404,155	809,152	2,213,307
Payment to bond refunding escrow agent	(107,269)	(970,531)	(1,077,800)
Transfers in	8,397,975	21,948,947	30,346,922
Transfers out	(3,592,838)	(9,337,637)	(12,930,475)
<b>Total other financing sources</b>	<b>6,234,233</b>	<b>42,748,058</b>	<b>48,982,291</b>
<b>Net change in fund balances</b>	<b>(4,728,330)</b>	<b>(3,380,631)</b>	<b>(8,108,961)</b>
<b>Fund balances - beginning</b>	<b>68,446,774</b>	<b>50,487,791</b>	<b>118,934,565</b>
<b>Fund balances - ending</b>	<b>\$ 63,718,444</b>	<b>47,107,160</b>	<b>110,825,604</b>

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

**Howard County, Maryland  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2014**

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
<b>ASSETS</b>									
Pooled cash and cash equivalents	\$ -	-	-	-	-	3,348,509	5,362,857	478,387	9,189,753
Other receivables	-	-	-	-	-	-	83,503	-	83,503
Permanently restricted assets:									
Pooled cash and cash equivalents	3,194,491	17,456,788	4,090,901	19,813,029	903,040	-	-	-	45,458,249
Prepaid expense	-	-	-	1,248,000	500	-	-	-	1,248,500
Economic development loans	-	-	-	-	240,823	-	-	-	240,823
Housing loans	14,560,905	-	-	-	-	-	-	-	14,560,905
Property taxes	-	27,789	-	603,135	-	-	-	-	630,924
Materials and supplies	-	-	-	448,411	-	-	137,744	-	586,155
Due from other governments	736,006	-	-	-	5,582,281	2,495,600	-	-	8,813,887
Other	-	379,185	-	-	32,829	-	-	5,199	417,213
<b>Total assets</b>	<b>18,491,402</b>	<b>17,863,762</b>	<b>4,090,901</b>	<b>22,112,575</b>	<b>6,759,473</b>	<b>5,844,109</b>	<b>5,584,104</b>	<b>483,586</b>	<b>81,229,912</b>
<b>LIABILITIES</b>									
Accounts payable / accrued liabilities	12,027	1,047,918	2,135	155,707	947,394	670,775	968,594	107,132	3,911,682
Accrued wages and benefits	114,127	135,393	13,213	2,391,006	91,347	12,574	467,697	10,357	3,235,714
Deposits and connection fees	-	142,749	-	-	266,289	-	26,742	-	435,780
Unearned revenue	-	-	-	-	2,740,213	384,127	3,511,929	-	6,636,269
<b>Total liabilities</b>	<b>126,154</b>	<b>1,326,060</b>	<b>15,348</b>	<b>2,546,713</b>	<b>4,045,243</b>	<b>1,067,476</b>	<b>4,974,962</b>	<b>117,489</b>	<b>14,219,445</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable property taxes	-	-	-	492,385	-	-	-	-	492,385
Unavailable fees	180,000	-	-	-	-	-	-	-	180,000
Unavailable grant revenues	-	-	-	-	2,619,638	-	-	-	2,619,638
<b>Total deferred inflows of resources</b>	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>492,385</b>	<b>2,619,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,292,023</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>306,154</b>	<b>1,326,060</b>	<b>15,348</b>	<b>3,039,098</b>	<b>6,664,881</b>	<b>1,067,476</b>	<b>4,974,962</b>	<b>117,489</b>	<b>17,511,468</b>
<b>FUND BALANCES</b>									
Nonspendable:									
Inventory	-	-	-	448,411	-	-	137,744	-	586,155
Prepaid items	-	-	-	1,248,000	500	-	-	-	1,248,500
Long-term receivables:									
Noncurrent economic development loans	-	-	-	-	240,823	-	-	-	240,823
Noncurrent housing loans	14,560,905	-	-	-	-	-	-	-	14,560,905
Restricted for:									
Forest conservation	-	-	4,075,553	-	-	-	-	-	4,075,553
Fire & rescue services	-	-	-	17,377,066	-	-	-	-	17,377,066
Speed enforcement	-	-	-	-	-	-	-	366,097	366,097
Catalyst loan program	-	-	-	-	357,032	-	-	-	357,032
Middle Patuxent environmental area program	-	-	-	-	44,773	-	-	-	44,773
Economic development initiatives	-	-	-	-	1,028,414	-	-	-	1,028,414
Committed for:									
Community renewal programs	3,624,343	-	-	-	-	-	-	-	3,624,343
Environmental services	-	16,537,702	-	-	-	-	-	-	16,537,702
Health department	-	-	-	-	-	4,776,633	-	-	4,776,633
Recreation programs	-	-	-	-	-	-	471,398	-	471,398
Unassigned	-	-	-	-	(1,576,950)	-	-	-	(1,576,950)
<b>Total fund balances</b>	<b>18,185,248</b>	<b>16,537,702</b>	<b>4,075,553</b>	<b>19,073,477</b>	<b>94,592</b>	<b>4,776,633</b>	<b>609,142</b>	<b>366,097</b>	<b>63,718,444</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 18,491,402</b>	<b>17,863,762</b>	<b>4,090,901</b>	<b>22,112,575</b>	<b>6,759,473</b>	<b>5,844,109</b>	<b>5,584,104</b>	<b>483,586</b>	<b>81,229,912</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2014**

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
<b>REVENUES</b>									
Property taxes	\$ -	41,704	-	80,262,421	-	-	-	-	80,304,125
Other local taxes	3,363,473	-	-	-	-	-	-	-	3,363,473
Revenues from other agencies (grants)	-	15,068	-	15,899	16,416,267	-	15,727	-	16,462,961
Charges for services	-	21,629,402	31,591	116,673	505,392	709,234	16,209,654	-	39,201,946
<b>Investment Income:</b>									
Interest on investments	-	25,439	5,368	42,320	6,530	5,373	4,644	307	89,981
Installment interest from housing loans	220,274	-	-	-	-	-	-	-	220,274
Fines and forfeitures	-	-	31,932	3,250	-	-	2,627	942,503	980,312
Developer contributions	-	-	300,905	-	-	-	-	-	300,905
Rental of property	-	-	-	-	-	-	177,814	-	177,814
Miscellaneous program revenue	1,521,371	(2,672)	-	51,601	1,952,134	477,046	9,303	19,063	4,027,846
<b>Total revenues</b>	<b>5,105,118</b>	<b>21,708,941</b>	<b>369,796</b>	<b>80,492,164</b>	<b>18,880,323</b>	<b>1,191,653</b>	<b>16,419,769</b>	<b>961,873</b>	<b>145,129,637</b>
<b>EXPENDITURES</b>									
<b>Current:</b>									
General government	-	-	-	-	3,425,196	-	-	-	3,425,196
Legislative and judicial	-	-	-	-	601,917	-	-	-	601,917
Public works	-	21,693,469	-	-	3,146,805	-	-	-	24,840,274
Public safety	-	-	-	78,362,956	3,949,332	-	-	690,102	83,002,390
Recreation and parks	-	-	529,446	-	47,688	-	17,706,969	-	18,284,103
Community services	4,127,477	-	-	-	7,105,778	14,705,065	-	-	25,938,320
<b>Total expenditures</b>	<b>4,127,477</b>	<b>21,693,469</b>	<b>529,446</b>	<b>78,362,956</b>	<b>18,276,716</b>	<b>14,705,065</b>	<b>17,706,969</b>	<b>690,102</b>	<b>156,092,200</b>
Excess (deficiency) of revenues over expenditures	977,641	15,472	(159,650)	2,129,208	603,607	(13,513,412)	(1,287,200)	271,771	(10,962,563)
<b>OTHER FINANCING SOURCES (USES)</b>									
Bond premium	132,210	-	-	-	-	-	-	-	132,210
Refunding bonds issued	1,404,155	-	-	-	-	-	-	-	1,404,155
Payment to bond refunding escrow agent	(107,269)	-	-	-	-	-	-	-	(107,269)
Transfers in	200,000	-	1,224	-	4,177	8,192,574	-	-	8,397,975
Transfers out	(277,076)	(25,439)	-	(542,320)	(4,180)	(2,700,000)	(43,516)	(307)	(3,592,838)
<b>Total other financing sources (uses)</b>	<b>1,352,020</b>	<b>(25,439)</b>	<b>1,224</b>	<b>(542,320)</b>	<b>(3)</b>	<b>5,492,574</b>	<b>(43,516)</b>	<b>(307)</b>	<b>6,234,233</b>
<b>Net change in fund balances</b>	<b>2,329,661</b>	<b>(9,967)</b>	<b>(158,426)</b>	<b>1,586,888</b>	<b>603,604</b>	<b>(8,020,838)</b>	<b>(1,330,716)</b>	<b>271,464</b>	<b>(4,728,330)</b>
<b>Fund balances - beginning</b>	<b>15,855,587</b>	<b>16,547,669</b>	<b>4,233,979</b>	<b>17,486,589</b>	<b>(509,012)</b>	<b>12,797,471</b>	<b>1,939,858</b>	<b>94,633</b>	<b>68,446,774</b>
<b>Fund balances - ending</b>	<b>\$ 18,185,248</b>	<b>16,537,702</b>	<b>4,075,553</b>	<b>19,073,477</b>	<b>94,592</b>	<b>4,776,633</b>	<b>609,142</b>	<b>366,097</b>	<b>63,718,444</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budgetary Basis**  
**Community Renewal Program Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local taxes	\$ 3,375,000	3,375,000	3,363,473	(11,527)
Miscellaneous	1,970,160	1,970,160	1,521,371	(448,789)
Installment interest from housing loans	85,000	85,000	217,957	132,957
<b>Total revenues</b>	<b>5,430,160</b>	<b>5,430,160</b>	<b>5,102,801</b>	<b>(327,359)</b>
<b>EXPENDITURES</b>				
Community services:				
Housing and community development administration	3,873,330	3,873,330	2,943,905	929,425
Community development committee	6,940	6,940	-	6,940
Housing initiatives	1,775,000	1,775,000	1,768,842	6,158
Contingency reserve	124,444	124,444	-	124,444
<b>Total expenditures</b>	<b>5,779,714</b>	<b>5,779,714</b>	<b>4,712,747</b>	<b>1,066,967</b>
Excess (deficiency) of revenues over expenditures	(349,554)	(349,554)	390,054	739,608
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	624,314	624,314	-	(624,314)
Transfers in	-	-	200,000	200,000
Transfers out	(274,760)	(274,760)	(274,760)	-
<b>Total other financing sources (uses)</b>	<b>349,554</b>	<b>349,554</b>	<b>(74,760)</b>	<b>(424,314)</b>
Net change in fund balance	-	-	315,294	315,294
Fund balance - beginning			16,956,887	-
<b>Fund balance - ending</b>			<b>\$ 17,272,181</b>	<b>315,294</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budgetary Basis**  
**Environmental Services Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 20,653,000	20,653,000	21,629,402	976,402
Property taxes	-	-	41,704	41,704
Revenue from other agencies	-	-	15,068	15,068
Miscellaneous	2,500	2,500	14,644	12,144
Contingency	5,010,657	5,010,657	-	(5,010,657)
<b>Total revenues</b>	<b>25,666,157</b>	<b>25,666,157</b>	<b>21,700,818</b>	<b>(3,965,339)</b>
<b>EXPENDITURES</b>				
<b>Waste management:</b>				
Administrative services	2,186,040	2,186,040	2,117,404	68,636
Operations	11,334,106	11,334,106	10,784,836	549,270
Collections	5,246,639	5,246,639	4,464,389	782,250
Recycling	6,199,372	6,199,372	5,213,121	986,251
Contingency	700,000	700,000	-	700,000
<b>Total expenditures</b>	<b>25,666,157</b>	<b>25,666,157</b>	<b>22,579,750</b>	<b>3,086,407</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>(878,932)</b>	<b>(878,932)</b>
Net change in fund balance	-	-	(878,932)	(878,932)
Fund balance - beginning			15,096,793	-
Fund balance - ending			\$ 14,217,861	(878,932)

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budgetary Basis**  
**Forest Conservation Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Developer contributions - mitigation	\$ 457,000	457,000	300,905	(156,095)
Developer contributions - inspections	-	-	31,591	31,591
Fines & forfeitures	100,000	100,000	31,932	(68,068)
Interest on investments	7,500	7,500	5,368	(2,132)
<b>Total revenues</b>	<b>564,500</b>	<b>564,500</b>	<b>369,796</b>	<b>(194,704)</b>
<b>EXPENDITURES</b>				
<b>Public Works:</b>				
Forest mitigation	949,557	949,557	526,325	423,232
<b>Total expenditures</b>	<b>949,557</b>	<b>949,557</b>	<b>526,325</b>	<b>423,232</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(385,057)</b>	<b>(385,057)</b>	<b>(156,529)</b>	<b>228,528</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	385,057	385,057	156,529	(228,528)
<b>Total other financing sources (uses)</b>	<b>385,057</b>	<b>385,057</b>	<b>156,529</b>	<b>(228,528)</b>
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(156,529)	-
<b>Fund balance - beginning</b>			<b>4,241,514</b>	-
<b>Fund balance - ending</b>			<b>\$ 4,084,985</b>	-

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

**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, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 82,017,442	82,017,442	80,766,155	(1,251,287)
Revenues from other agencies	-	-	15,899	15,899
Charges for services	125,000	125,000	116,673	(8,327)
Interest on investments	50,000	50,000	-	(50,000)
Miscellaneous	20,000	20,000	54,851	34,851
<b>Total revenues</b>	<b>82,212,442</b>	<b>82,212,442</b>	<b>80,953,578</b>	<b>(1,258,864)</b>
<b>EXPENDITURES</b>				
<b>Public safety:</b>				
Metro fire district	87,910,277	87,910,277	80,504,588	(7,405,689)
<b>Total expenditures</b>	<b>87,910,277</b>	<b>87,910,277</b>	<b>80,504,588</b>	<b>(7,405,689)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,697,835)</b>	<b>(5,697,835)</b>	<b>448,990</b>	<b>6,146,825</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	6,197,835	6,197,835	-	(6,197,835)
Transfers out	(500,000)	(500,000)	(500,000)	-
<b>Total other financing sources (uses)</b>	<b>5,697,835</b>	<b>5,697,835</b>	<b>(500,000)</b>	<b>5,197,835</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(51,010)</b>	<b>11,344,660</b>
<b>Fund balance - beginning</b>			<b>20,435,859</b>	<b>-</b>
<b>Fund balance - ending</b>			<b>\$ 20,384,849</b>	<b>11,344,660</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budgetary Basis**  
**Grants Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Revenue from other agencies:				
Grants from federal government	\$ 15,127,535	15,195,396	6,783,071	(8,412,325)
Grants from state government	8,212,426	8,228,985	7,857,360	(371,625)
Other local grants	54,000	54,000	399,519	345,519
<b>Total revenue from other agencies</b>	<b>23,393,961</b>	<b>23,478,381</b>	<b>15,039,950</b>	<b>(8,438,431)</b>
Interest on investments	-	-	2,350	2,350
Charges for services	220,000	220,000	505,392	285,392
Contingency	5,183,687	4,915,580	-	(4,915,580)
Miscellaneous	5,153,344	4,987,031	1,947,904	(3,039,127)
<b>Total revenues</b>	<b>33,950,992</b>	<b>33,600,992</b>	<b>17,495,596</b>	<b>(16,105,396)</b>
<b>EXPENDITURES</b>				
General government	6,059,606	7,861,154	3,536,854	4,324,300
Legislative & judicial	769,603	786,162	599,395	186,767
Public works	2,964,462	2,964,462	3,001,391	(36,929)
Public safety	4,305,312	4,305,312	4,357,301	(51,989)
Recreation & parks	132,800	132,800	47,686	85,114
Community services	13,535,522	13,535,522	7,125,899	6,409,623
Contingency	5,183,687	4,915,580	-	4,915,580
<b>Total expenditures</b>	<b>32,950,992</b>	<b>34,500,992</b>	<b>18,668,526</b>	<b>15,832,466</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,000,000</b>	<b>(900,000)</b>	<b>(1,172,930)</b>	<b>(272,930)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,000,000)	(100,000)	-	100,000
Appropriation from fund balance	1,000,000	1,000,000	-	(1,000,000)
<b>Total other financing sources (uses)</b>	<b>(1,000,000)</b>	<b>900,000</b>	<b>-</b>	<b>(900,000)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(1,172,930)</b>	<b>(1,172,930)</b>
Fund balance - beginning			(705,369)	-
<b>Fund balance - ending</b>			<b>\$ (1,878,299)</b>	<b>(1,172,930)</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budgetary Basis**  
**Health Department Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Revenue from other agencies	\$ 9,084,838	894,290	-	(894,290)
Charges for services	925,000	925,000	709,234	(215,766)
Interest on investments	-	-	5,373	5,373
Miscellaneous	2,131,660	1,033,057	477,046	(556,011)
<b>Total revenues</b>	<b>12,141,498</b>	<b>2,852,347</b>	<b>1,191,653</b>	<b>(1,660,694)</b>
<b>EXPENDITURES</b>				
Community services:				
General local health services	15,536,087	15,600,087	13,518,720	2,081,367
Grant programs	1,517,961	589,358	294,502	294,856
<b>Total expenditures</b>	<b>17,054,048</b>	<b>16,189,445</b>	<b>13,813,222</b>	<b>2,376,223</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,912,550)</b>	<b>(13,337,098)</b>	<b>(12,621,569)</b>	<b>715,529</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	7,612,550	7,612,550	7,131,021	(481,529)
Transfers in	-	8,190,548	8,190,548	-
PAYGO	(2,700,000)	(2,700,000)	(2,700,000)	-
<b>Total other financing sources (uses)</b>	<b>4,912,550</b>	<b>13,103,098</b>	<b>12,621,569</b>	<b>(481,529)</b>
Net change in fund balance	-	(234,000)	-	234,000
Less appropriation from fund balance			(7,131,021)	-
Fund balance - beginning			10,409,202	-
<b>Fund balance - ending</b>			<b>\$ 3,278,181</b>	<b>234,000</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budgetary Basis**  
**Recreation Program Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 18,009,499	18,009,499	16,209,654	(1,799,845)
Revenue from other governments	-	-	15,727	15,727
Fines and forfeitures	-	-	2,593	2,593
Rental of property	190,000	190,000	187,150	(2,850)
<b>Total revenues</b>	<b>18,199,499</b>	<b>18,199,499</b>	<b>16,415,124</b>	<b>(1,784,375)</b>
<b>EXPENDITURES</b>				
Recreation and parks:				
Administration	19,978,174	19,939,302	17,788,755	2,150,547
Contingency	153,213	153,213	-	153,213
<b>Total expenditures</b>	<b>20,131,387</b>	<b>20,092,515</b>	<b>17,788,755</b>	<b>2,303,760</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,931,888)</b>	<b>(1,893,016)</b>	<b>(1,373,631)</b>	<b>519,385</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(38,872)	(38,872)	-
Appropriation from fund balance	1,931,888	1,931,888	1,412,503	(519,385)
<b>Total other financing sources(uses)</b>	<b>1,931,888</b>	<b>1,893,016</b>	<b>1,373,631</b>	<b>(519,385)</b>
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(1,412,503)	-
Fund balance - beginning			2,285,907	-
<b>Fund balance - ending</b>			<b>\$ 873,404</b>	<b>-</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budgetary Basis**  
**Speed Enforcement Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines & forfeitures	\$ 1,320,748	1,320,748	942,503	(378,245)
Other	7,000	7,000	19,063	12,063
<b>Total revenues</b>	<b>1,327,748</b>	<b>1,327,748</b>	<b>961,566</b>	<b>(366,182)</b>
<b>EXPENDITURES</b>				
Public safety	1,177,748	1,177,748	796,409	381,339
<b>Total expenditures</b>	<b>1,177,748</b>	<b>1,177,748</b>	<b>796,409</b>	<b>381,339</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>150,000</b>	<b>150,000</b>	<b>165,157</b>	<b>15,157</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	47,525	47,525	-	47,525
Transfers out	(197,525)	(197,525)	-	(197,525)
<b>Total other financing sources (uses)</b>	<b>(150,000)</b>	<b>(150,000)</b>	<b>-</b>	<b>(150,000)</b>
Net change in fund balance	-	-	165,157	165,157
Fund balance - beginning			6,468	-
<b>Fund balance - ending</b>			<b>\$ 171,625</b>	<b>165,157</b>

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

**Howard County, Maryland  
Combining Balance Sheet  
Non-Major Capital Project Funds  
June 30, 2014**

	Highway Fund	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
<b>RESTRICTED ASSETS</b>						
Equity in pooled cash and cash equivalents	\$ 58,828,095	7,147,930	-	2,117,254	-	68,093,279
Due from other governments	1,357,630	353,898	-	988,367	78,383	2,778,278
Due from other funds	-	590,652	-	757,851	-	1,348,503
Other	23,170	-	-	-	-	23,170
<b>Total assets</b>	<b>60,208,895</b>	<b>8,092,480</b>	<b>-</b>	<b>3,863,472</b>	<b>78,383</b>	<b>72,243,230</b>
<b>LIABILITIES</b>						
Due to other funds	-	-	757,851	-	590,652	1,348,503
Accounts payable/acrued liability	3,908,019	136,083	1,351,399	2,294,900	3,411,446	11,101,847
Accrued wages and benefits	7,011	-	-	7,989	-	15,000
Bond anticipation notes	1,470,063	1,383,739	2,756,150	4,005,138	1,679,000	11,294,090
Unearned revenue	-	-	-	-	19,000	19,000
<b>Total liabilities</b>	<b>5,385,093</b>	<b>1,519,822</b>	<b>4,865,400</b>	<b>6,308,027</b>	<b>5,700,098</b>	<b>23,778,440</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable grant revenues	1,357,630	-	-	-	-	1,357,630
<b>Total liabilities and deferred inflows of resources</b>	<b>6,742,723</b>	<b>1,519,822</b>	<b>4,865,400</b>	<b>6,308,027</b>	<b>5,700,098</b>	<b>25,136,070</b>
<b>FUND BALANCES</b>						
Restricted for:						
Parkland watershed facilities	-	-	-	8,719,759	-	8,719,759
Program open space	-	-	-	337,786	-	337,786
Public road facilities	51,595,732	-	-	-	-	51,595,732
Storm water construction	-	-	-	-	672,662	672,662
Committed for firehouse & training facilities	-	4,827,971	-	-	-	4,827,971
Assigned for capital projects	1,870,440	1,744,687	-	-	-	3,615,127
Unassigned	-	-	(4,865,400)	(11,502,100)	(6,294,377)	(22,661,877)
<b>Total fund balances</b>	<b>53,466,172</b>	<b>6,572,658</b>	<b>(4,865,400)</b>	<b>(2,444,555)</b>	<b>(5,621,715)</b>	<b>47,107,160</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 60,208,895</b>	<b>8,092,480</b>	<b>-</b>	<b>3,863,472</b>	<b>78,383</b>	<b>72,243,230</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**For the Year Ended June 30, 2014**

	Highway Fund	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
<b>REVENUES</b>						
Other local taxes	\$ 7,088,747	3,363,472	-	6,726,946	-	17,179,165
Revenues from other agencies	-	-	-	-	-	-
Revenues from other governments	1,527,333	500,000	-	736,333	672,832	3,436,498
Interest on investments	66,831	6,881	-	3,037	1,513	78,262
Developer contributions	1,031,505	-	-	42,000	62,825	1,136,330
Miscellaneous program revenues	187,782	-	665,001	5,000	-	857,783
<b>Total revenues</b>	<b>9,902,198</b>	<b>3,870,353</b>	<b>665,001</b>	<b>7,513,316</b>	<b>737,170</b>	<b>22,688,038</b>
<b>EXPENDITURES</b>						
Capital improvements	32,832,188	1,718,295	6,462,986	17,328,517	10,474,741	68,816,727
<b>Total expenditures</b>	<b>32,832,188</b>	<b>1,718,295</b>	<b>6,462,986</b>	<b>17,328,517</b>	<b>10,474,741</b>	<b>68,816,727</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(22,929,990)</b>	<b>2,152,058</b>	<b>(5,797,985)</b>	<b>(9,815,201)</b>	<b>(9,737,571)</b>	<b>(46,128,689)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond premium	1,625,943	249,364	107,074	466,110	127,032	2,575,523
Capital related debt issued	18,755,882	2,404,491	1,235,135	4,530,456	796,640	27,722,604
Refunding bonds issued	-	165,097	-	359,773	284,282	809,152
Payment to bond refunding escrow agent	-	(198,024)	-	(431,527)	(340,980)	(970,531)
Transfers in	14,098,375	-	572	-	7,850,000	21,948,947
Transfers out	(4,006,081)	(1,858,259)	-	(3,471,784)	(1,513)	(9,337,637)
<b>Total other financing sources (uses)</b>	<b>30,474,119</b>	<b>762,669</b>	<b>1,342,781</b>	<b>1,453,028</b>	<b>8,715,461</b>	<b>42,748,058</b>
<b>Net change in fund balances</b>	<b>7,544,129</b>	<b>2,914,727</b>	<b>(4,455,204)</b>	<b>(8,362,173)</b>	<b>(1,022,110)</b>	<b>(3,380,631)</b>
<b>Fund balances - beginning</b>	<b>45,922,043</b>	<b>3,657,931</b>	<b>(410,196)</b>	<b>5,917,618</b>	<b>(4,599,605)</b>	<b>50,487,791</b>
<b>Fund balances - ending</b>	<b>\$ 53,466,172</b>	<b>6,572,658</b>	<b>(4,865,400)</b>	<b>(2,444,555)</b>	<b>(5,621,715)</b>	<b>47,107,160</b>

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

## **Non-major Enterprise Funds**

**Enterprise funds are used to account for services for which customers are charged a fee.**



**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2014**

	Watershed Protection and Restoration	Special Recreation Facility	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Equity in pooled cash and cash equivalents	\$ 1,667,926	119,060	1,786,986
<b>Receivables:</b>			
Service billings	17,506	-	17,506
Other receivables	-	2,107	2,107
Materials and supplies	-	35,665	35,665
<b>Restricted assets:</b>			
Equity in pooled cash and cash equivalents	-	560,000	560,000
<b>Total current assets</b>	<b>1,685,432</b>	<b>716,832</b>	<b>2,402,264</b>
<b>Noncurrent assets:</b>			
Other receivables	-	280,000	280,000
<b>Capital assets:</b>			
Land	-	8,684,896	8,684,896
Buildings and improvements, net	-	676,948	676,948
Machinery and equipment, net	285,648	61,323	346,971
<b>Total noncurrent assets</b>	<b>285,648</b>	<b>9,703,167</b>	<b>9,988,815</b>
<b>Total assets</b>	<b>1,971,080</b>	<b>10,419,999</b>	<b>12,391,079</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred refunding amount	-	288,307	288,307
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>288,307</b>	<b>288,307</b>
<b>Total assets and deferred outflows of resources</b>	<b>1,971,080</b>	<b>10,708,306</b>	<b>12,679,386</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	258,199	431,698	689,897
Accrued wages and benefits	17,299	-	17,299
<b>Current liabilities</b>	<b>275,498</b>	<b>431,698</b>	<b>707,196</b>
<b>Current liabilities payable from restricted assets:</b>			
Note payable	-	450,000	450,000
<b>Current liabilities payable from restricted assets</b>	<b>-</b>	<b>450,000</b>	<b>450,000</b>
<b>Total current liabilities</b>	<b>275,498</b>	<b>881,698</b>	<b>1,157,196</b>
<b>Noncurrent liabilities:</b>			
Refunding revenue note payable	-	4,133,000	4,133,000
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>4,133,000</b>	<b>4,133,000</b>
<b>Total liabilities</b>	<b>275,498</b>	<b>5,014,698</b>	<b>5,290,196</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<b>Total liabilities and deferred inflows of resources</b>	<b>275,498</b>	<b>5,014,698</b>	<b>5,290,196</b>
<b>NET POSITION</b>			
Net investment in capital assets	285,648	5,128,474	5,414,122
<b>Restricted for:</b>			
Debt service	-	560,000	560,000
Unrestricted	1,409,934	5,134	1,415,068
<b>Total net position</b>	<b>\$ 1,695,582</b>	<b>5,693,608</b>	<b>7,389,190</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenses and Change in Net Position**  
**Enterprise Funds**  
**June 30, 2014**

	Watershed Protection and Restoration	Special Recreation Facility	Total
<b>Operating revenues:</b>			
User charges	\$ 10,272,437	-	10,272,437
Greens and cart fees	-	1,428,456	1,428,456
Range fees	-	105,083	105,083
Merchandise	-	115,919	115,919
Food and beverage	-	334,183	334,183
Miscellaneous sales and services	28,458	26,064	54,522
<b>Total operating revenues</b>	<b>10,300,895</b>	<b>2,009,705</b>	<b>12,310,600</b>
<b>Operating expenses:</b>			
Salaries and employee benefits	439,538	-	439,538
Contractual services	651,726	1,570,610	2,222,336
Supplies and materials	6,284	-	6,284
Business and travel	125	-	125
Share of County administrative expenses	999	-	999
Other administrative	129,811	-	129,811
Depreciation expense	3,806	41,565	45,371
<b>Total operating expenses</b>	<b>1,232,289</b>	<b>1,612,175</b>	<b>2,844,464</b>
<b>Operating income</b>	<b>9,068,606</b>	<b>397,530</b>	<b>9,466,136</b>
<b>Nonoperating revenues (expenses):</b>			
Interest on investments	1,976	447	2,423
Interest expense	-	(119,351)	(119,351)
Other, net	-	(130,439)	(130,439)
<b>Total nonoperating revenues (expenses)</b>	<b>1,976</b>	<b>(249,343)</b>	<b>(247,367)</b>
<b>Net income before contributions and transfers</b>	<b>9,070,582</b>	<b>148,187</b>	<b>9,218,769</b>
Transfers in	-	30,000	30,000
Transfers out	(7,375,000)	-	(7,375,000)
<b>Change in net position</b>	<b>1,695,582</b>	<b>178,187</b>	<b>1,873,769</b>
Net position - beginning	-	5,515,421	5,515,421
Net position - ending	\$ 1,695,582	5,693,608	7,389,190

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

**Howard County, Maryland**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**June 30, 2014**

	Watershed Protection and Restoration	Special Recreation Facility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 10,283,389	2,012,169	12,295,558
Cash paid to suppliers	(374,605)	(1,485,235)	(1,859,840)
Cash paid to / for employees	(422,364)	-	(422,364)
Cash paid for inter-fund services used	(155,017)	-	(155,017)
Other operating cash receipts	(999)	-	(999)
Net cash provided by (used for) operating activities	9,330,404	526,934	9,857,338
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating subsidies and transfers out to other funds	(7,375,000)	30,000	(7,345,000)
Net cash provided by (used for) noncapital financing activities	(7,375,000)	30,000	(7,345,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(289,454)	-	(289,454)
Payment of long-term debt principal	-	(439,000)	(439,000)
Interest paid on long-term debt	-	(119,351)	(119,351)
Net cash provided by (used for) capital and related financing activities	(289,454)	(558,351)	(847,805)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	1,976	447	2,423
Net cash provided by investing activities	1,976	447	2,423
Net increase (decrease) in cash and cash equivalents	1,667,926	(970)	1,666,956
Cash and cash equivalents - beginning	-	680,030	680,030
Cash and cash equivalents - ending	1,667,926	679,060	2,346,986
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income	9,068,606	397,530	9,466,136
Adjustments to reconcile operating income to net cash:			
Depreciation expense	3,806	41,565	45,371
Change in assets and liabilities:			
(Increase) decrease in accounts and other receivables	(17,506)	2,464	(15,042)
(Increase) decrease in inventories	-	5,491	5,491
(Decrease) increase in operating accounts payable	275,498	79,884	355,382
Total adjustments	261,798	129,404	391,202
Net cash provided by (used for) operating activities	\$ 9,330,404	526,934	9,857,338

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



## **Internal Service Funds**

**Internal service funds are used to account for the financing, on a cost-reimbursement basis, of goods and services provided by one department to other departments within the County.**



**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2014**

	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
<b>ASSETS</b>					
<b>Current assets:</b>					
Equity in pooled cash and cash equivalents	\$ 6,963,535	52,940	8,499,030	4,748,432	20,263,937
Receivables - other	186,384	347,927	377,727	2,111,399	3,023,437
Materials and supplies	1,253,566	138,397	-	-	1,391,963
<b>Total current assets</b>	<b>8,403,485</b>	<b>539,264</b>	<b>8,876,757</b>	<b>6,859,831</b>	<b>24,679,337</b>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Land	-	-	-	-	-
Construction in progress	-	-	-	-	-
Buildings and improvements, net	65,052	13,869,977	-	-	13,935,029
Machinery and equipment, net	18,598,093	6,245,398	-	-	24,843,491
<b>Total noncurrent assets</b>	<b>18,663,145</b>	<b>20,115,375</b>	<b>-</b>	<b>-</b>	<b>38,778,520</b>
<b>Total assets</b>	<b>27,066,630</b>	<b>20,654,639</b>	<b>8,876,757</b>	<b>6,859,831</b>	<b>63,457,857</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Due to other funds	-	628,456	-	-	628,456
Accounts payable	447,195	849,658	270,306	677,879	2,245,038
Accrued wages and benefits	142,382	322,506	23,917	24,606	513,411
Compensated absences	8,100	43,395	-	-	51,495
Unpaid insurance claims	-	-	4,037,103	2,100,385	6,137,488
Unearned revenue	-	69,800	-	-	69,800
<b>Total current liabilities</b>	<b>597,677</b>	<b>1,913,815</b>	<b>4,331,326</b>	<b>2,802,870</b>	<b>9,645,688</b>
<b>Noncurrent liabilities:</b>					
Compensated absences	226,602	521,042	85,798	11,030	844,472
Unpaid insurance claims	-	-	7,779,662	42,865	7,822,527
<b>Total noncurrent liabilities</b>	<b>226,602</b>	<b>521,042</b>	<b>7,865,460</b>	<b>53,895</b>	<b>8,666,999</b>
<b>Total liabilities</b>	<b>824,279</b>	<b>2,434,857</b>	<b>12,196,786</b>	<b>2,856,765</b>	<b>18,312,687</b>
<b>NET POSITION</b>					
Net investment in capital assets	18,663,145	20,115,375	-	-	38,778,520
Unrestricted (deficit)	7,579,206	(1,895,593)	(3,320,029)	4,003,066	6,366,650
<b>Total net position</b>	<b>\$ 26,242,351</b>	<b>18,219,782</b>	<b>(3,320,029)</b>	<b>4,003,066</b>	<b>45,145,170</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2014**

	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
<b>Operating revenues:</b>					
User charges	\$ 17,574,727	21,233,683	5,872,858	42,343,838	87,025,106
Insurance recoveries	-	-	118,725	407,172	525,897
Miscellaneous sales and services	262,711	1,014,759	-	267,867	1,545,337
<b>Total operating revenues</b>	<b>17,837,438</b>	<b>22,248,442</b>	<b>5,991,583</b>	<b>43,018,877</b>	<b>89,096,340</b>
<b>Operating expenses:</b>					
Salaries and employee benefits	3,755,599	8,038,170	877,672	280,964	12,952,405
Contractual services	1,764,610	10,990,069	267,992	-	13,022,671
Supplies and materials	412,685	4,272,664	10,062	721	4,696,132
Business and travel	3,191	61,568	2,813	-	67,572
Vehicle fuels and supplies	7,421,196	75,874	4,453	-	7,501,523
Share of County administrative expenses	257,421	7,258	549,325	2,497	816,501
Insurance claims	1,020	-	4,007,297	41,276,015	45,284,332
Other administrative	-	-	950,160	1,805,111	2,755,271
Depreciation	3,827,032	2,857,813	196	-	6,685,041
<b>Total operating expenses</b>	<b>17,442,754</b>	<b>26,303,416</b>	<b>6,669,970</b>	<b>43,365,308</b>	<b>93,781,448</b>
<b>Operating income (loss)</b>	<b>394,684</b>	<b>(4,054,974)</b>	<b>(678,387)</b>	<b>(346,431)</b>	<b>(4,685,108)</b>
<b>Nonoperating revenues (expenses)</b>					
Interest on investments	6,110	116	8,300	8,203	22,729
<b>Total nonoperating revenues</b>	<b>6,110</b>	<b>116</b>	<b>8,300</b>	<b>8,203</b>	<b>22,729</b>
<b>Net income (loss) before contributions and transfers</b>	<b>400,794</b>	<b>(4,054,858)</b>	<b>(670,087)</b>	<b>(338,228)</b>	<b>(4,662,379)</b>
Capital contributions received (disbursed), net	541,114	12,607,028	(23,354)	-	13,124,788
Transfers out	(6,110)	(116)	-	(4,008,203)	(4,014,429)
<b>Change in net position</b>	<b>935,798</b>	<b>8,552,054</b>	<b>(693,441)</b>	<b>(4,346,431)</b>	<b>4,447,980</b>
<b>Total net position - beginning</b>	<b>25,306,553</b>	<b>9,667,728</b>	<b>(2,626,588)</b>	<b>8,349,497</b>	<b>40,697,190</b>
<b>Total net position - ending</b>	<b>\$ 26,242,351</b>	<b>18,219,782</b>	<b>(3,320,029)</b>	<b>4,003,066</b>	<b>45,145,170</b>

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

**Howard County, Maryland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2014**

	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self-Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 18,031,592	22,074,043	5,795,400	41,901,362	87,802,397
Cash paid to suppliers	(7,855,243)	(8,572,484)	(4,674,703)	(42,715,434)	(63,817,864)
Cash paid to / for employees	(3,846,983)	(8,015,006)	(814,191)	(384,477)	(13,060,657)
Cash paid for quasi-external transactions	(1,853,053)	(5,585,441)	(561,267)	(104,938)	(8,104,699)
Other operating cash receipts (disbursements)	-	65,859	118,725	-	184,584
Net cash provided by (used in) operating activities	<u>4,476,313</u>	<u>(33,029)</u>	<u>(136,036)</u>	<u>(1,303,487)</u>	<u>3,003,761</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating subsidies and transfers to other funds	(6,110)	(116)	-	(4,000,000)	(4,006,226)
Net cash used in noncapital financing activities	<u>(6,110)</u>	<u>(116)</u>	<u>-</u>	<u>(4,000,000)</u>	<u>(4,006,226)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(4,775,507)	(1,142,232)	(23,551)	-	(5,941,290)
Capital contributions	25,413	-	-	-	25,413
Net cash (used in) provided by capital and related financing activities	<u>(4,750,094)</u>	<u>(1,142,232)</u>	<u>(23,551)</u>	<u>-</u>	<u>(5,915,877)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	6,110	116	8,300	-	14,526
Net cash provided by investing activities	<u>6,110</u>	<u>116</u>	<u>8,300</u>	<u>-</u>	<u>14,526</u>
Net increase (decrease) in cash and cash equivalents	(273,781)	(1,175,261)	(151,287)	(5,303,487)	(6,903,816)
Cash and cash equivalents - beginning of the year	7,237,316	1,228,201	8,650,317	10,051,919	27,167,753
Cash and cash equivalents - end of the year	<u>6,963,535</u>	<u>52,940</u>	<u>8,499,030</u>	<u>4,748,432</u>	<u>20,263,937</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	394,684	(4,054,974)	(678,387)	(346,431)	(4,685,108)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation expense	3,827,032	2,857,813	196	-	6,685,041
<b>Change in assets and liabilities:</b>					
(Increase) decrease in accounts and other receivables	194,154	(174,399)	(124,246)	(1,117,515)	(1,222,006)
(Increase) decrease in inventories	(5,201)	230,258	-	-	225,057
(Decrease) increase in operating accounts payable	175,007	1,098,312	238,531	236,914	1,748,764
(Decrease) increase in compensated absences and unpaid claims	(109,363)	9,961	427,870	(76,455)	252,013
Total adjustments	<u>4,081,629</u>	<u>4,021,945</u>	<u>542,351</u>	<u>(957,056)</u>	<u>7,688,869</u>
Net cash provided by (used in) operating activities	<u>\$ 4,476,313</u>	<u>(33,029)</u>	<u>(136,036)</u>	<u>(1,303,487)</u>	<u>3,003,761</u>

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



### **Howard County's Emergency Services Command Unit**

Purchased in 2006 with Homeland Security Grant funding, the County's Emergency Service Command Unit serves as our Emergency Operations Center (EOC) on wheels. This mobile EOC provides County agencies with a highly technical platform for incident command on-scene versus the stationary EOC confines of the County Government complex, as was the case with the January 2014 active shooter event at The Mall in Columbia. The unit responds to significant emergency incidents, exercises and planned events throughout Howard County and the Baltimore region.

## **Fiduciary Funds**

**Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.**



**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Pension and Other Post-Employment Benefits Trust Funds**  
**June 30, 2014**

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total
<b>ASSETS</b>				
<b>Receivables:</b>				
Interest and dividends	\$ 483,390	583,973	13	1,067,376
Employer contributions	629,143	900,923	-	1,530,066
Employee contributions	154,188	275,033	-	429,221
Sale of investments	4,420	5,340	-	9,760
Other	2,721	3,287	-	6,008
<b>Investments, at fair value:</b>				
Cash	-	-	27,527	27,527
Equities	180,819,372	218,444,063	-	399,263,435
Alternative Investments	41,699,078	50,375,775	-	92,074,853
Mutual funds	-	-	53,965,714	53,965,714
Money market funds	6,561,920	7,714,607	236,411	14,512,938
Fixed income securities	96,271,166	116,303,162	-	212,574,328
Real estate	13,820,800	16,696,616	-	30,517,416
Prepaid insurance	409	409	-	818
<b>Total assets</b>	<b>340,446,607</b>	<b>411,303,188</b>	<b>54,229,665</b>	<b>805,979,460</b>
<b>LIABILITIES</b>				
<b>Accounts payable</b>				
Investments purchased	580,566	701,370	-	1,281,936
Other	289,761	331,202	657,150	1,278,113
<b>Total liabilities</b>	<b>870,327</b>	<b>1,032,572</b>	<b>657,150</b>	<b>2,560,049</b>
<b>Net position held in trust for pension and other post-employment benefits</b>	<b>\$ 339,576,280</b>	<b>410,270,616</b>	<b>53,572,515</b>	<b>803,419,411</b>

**Howard County, Maryland**  
**Combining Statement of Changes in Net Position**  
**Pension and Other Post-Employment Benefits Trust Funds**  
**For the Year Ended June 30, 2014**

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total
<b>ADDITIONS</b>				
<b>Contributions:</b>				
Employer	\$ 12,778,495	20,822,339	27,682,273	61,283,107
Member	2,979,366	6,525,501	-	9,504,867
<b>Total contributions</b>	<b>15,757,861</b>	<b>27,347,840</b>	<b>27,682,273</b>	<b>70,787,974</b>
<b>Investment income (expense):</b>				
Net change in fair value of investments	38,699,797	46,022,344	5,486,557	90,208,698
Interest	2,154,583	2,580,183	203	4,734,969
Dividends	6,192,061	7,422,106	1,379,195	14,993,362
Other	27,963	23,887	-	51,850
Investment expense	(1,118,661)	(1,315,242)	(113,141)	(2,547,044)
<b>Net investment income</b>	<b>45,955,743</b>	<b>54,733,278</b>	<b>6,752,814</b>	<b>107,441,835</b>
<b>Total additions</b>	<b>61,713,604</b>	<b>82,081,118</b>	<b>34,435,087</b>	<b>178,229,809</b>
<b>DEDUCTIONS</b>				
Benefits	11,139,258	15,679,515	16,126,790	42,945,563
Administrative expenses	283,093	270,550	6,032	559,675
<b>Total deductions</b>	<b>11,422,351</b>	<b>15,950,065</b>	<b>16,132,822</b>	<b>43,505,238</b>
<b>Change in net position</b>	<b>50,291,253</b>	<b>66,131,053</b>	<b>18,302,265</b>	<b>134,724,571</b>
<b>Net position - beginning</b>	<b>289,285,027</b>	<b>344,139,563</b>	<b>35,270,250</b>	<b>668,694,840</b>
<b>Net position - ending</b>	<b>\$ 339,576,280</b>	<b>410,270,616</b>	<b>53,572,515</b>	<b>803,419,411</b>

**Howard County, Maryland**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2014**

	Street Light District Fund	State Property Tax and Interest Fund	Road Surety Deposit Fund	Multifarious Fund	Total
<b>ASSETS</b>					
Equity in pooled cash and cash equivalents	\$ 2,128,629	1,162,518	2,967,915	1,008,963	7,268,025
Property taxes receivable	-	518,732	-	-	518,732
<b>Total assets</b>	<b>2,128,629</b>	<b>1,681,250</b>	<b>2,967,915</b>	<b>1,008,963</b>	<b>7,786,757</b>
<b>LIABILITIES</b>					
Accounts payable	74,772	1,681,250	-	19,265	1,775,287
Deposits	2,053,857	-	2,967,915	982,091	6,003,863
Other	-	-	-	7,607	7,607
<b>Total liabilities</b>	<b>\$ 2,128,629</b>	<b>1,681,250</b>	<b>2,967,915</b>	<b>1,008,963</b>	<b>7,786,757</b>

**Howard County, Maryland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>Street Light District Fund</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 1,963,281	483,000	317,652	2,128,629
Total assets	1,963,281	483,000	317,652	2,128,629
<b>LIABILITIES</b>				
Accounts payable	-	1,102,501	1,027,729	74,772
Deposits	1,963,281	483,000	392,424	2,053,857
Total liabilities	1,963,281	1,585,501	1,420,153	2,128,629
<b><u>State Property Tax and Interest Fund</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	1,117,438	295,386,486	295,341,406	1,162,518
Property taxes receivable	547,663	221,221,112	221,250,043	518,732
Total assets	1,665,101	516,607,598	516,591,449	1,681,250
<b>LIABILITIES</b>				
Accounts payable	1,665,101	223,149,095	223,132,946	1,681,250
Total liabilities	1,665,101	223,149,095	223,132,946	1,681,250
<b><u>Road Surety Deposit Fund</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	2,762,865	677,789	472,739	2,967,915
Total assets	2,762,865	677,789	472,739	2,967,915
<b>LIABILITIES</b>				
Accounts payable	27,025	1,349,164	1,376,189	-
Deposits	2,735,840	670,919	438,844	2,967,915
Total liabilities	2,762,865	2,020,083	1,815,033	2,967,915
<b><u>Multifarious Fund</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	917,686	353,954	262,677	1,008,963
Total assets	917,686	353,954	262,677	1,008,963
<b>LIABILITIES</b>				
Accounts payable	-	124,244	104,979	19,265
Deposits	909,132	251,646	178,687	982,091
Other liabilities	8,554	-	947	7,607
Total liabilities	917,686	375,890	284,613	1,008,963
<b><u>Totals - All Agency Funds</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	6,761,270	296,901,229	296,394,474	7,268,025
Property taxes receivable	547,663	221,221,112	221,250,043	518,732
Total assets	7,308,933	518,122,341	517,644,517	7,786,757
<b>LIABILITIES</b>				
Accounts payable	1,692,126	225,725,004	225,641,843	1,775,287
Deposits	5,608,253	1,405,565	1,009,955	6,003,863
Other liabilities	8,554	-	947	7,607
Total liabilities	\$ 7,308,933	227,130,569	226,652,745	7,786,757

**Capital Assets Used in the Operation of  
Governmental Funds**



**Howard County, Maryland**  
**Schedule by Function and Activity**  
**Capital Assets Used in the Operation of Governmental Funds**  
**For the Year Ended June 30, 2014**

Function and Activity	Land and Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
<b>General government:</b>						
County executive	\$ -	-	7,314	-	-	7,314
Technology and communication	-	-	-	7,484,898	-	7,484,898
Finance	-	-	-	3,391,679	-	3,391,679
County administration	-	-	32,457,859	631,783	-	33,089,642
<b>Total general government</b>	<b>-</b>	<b>-</b>	<b>32,465,173</b>	<b>11,508,360</b>	<b>-</b>	<b>43,973,533</b>
<b>Public safety:</b>						
Corrections	-	-	-	77,383	-	77,383
Fire	5,710,331	32,153,831	3,151,608	37,926,366	-	78,942,136
Police	-	6,940,341	1,581,822	9,605,854	-	18,128,017
<b>Total public safety</b>	<b>5,710,331</b>	<b>39,094,172</b>	<b>4,733,430</b>	<b>47,609,603</b>	<b>-</b>	<b>97,147,536</b>
<b>Public facilities:</b>						
Public works	314,699,074	171,028,163	470,934,957	8,446,719	-	965,108,913
Planning and zoning	13,476	-	323,225	401,496	-	738,197
Inspections, licenses and permits	-	-	-	2,779,384	-	2,779,384
Transportation	2,679,368	369,000	249,995	8,655,804	-	11,954,167
<b>Total public facilities</b>	<b>317,391,918</b>	<b>171,397,163</b>	<b>471,508,177</b>	<b>20,283,403</b>	<b>-</b>	<b>980,580,661</b>
<b>Legislative and judicial:</b>						
Board of elections	-	-	-	12,295	-	12,295
Circuit court	-	-	-	76,983	-	76,983
State's attorney	-	-	-	59,229	-	59,229
Sheriff	-	-	-	145,582	-	145,582
<b>Total legislative and judicial</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>294,089</b>	<b>-</b>	<b>294,089</b>
<b>Community services:</b>						
Citizen services	-	-	-	188,983	-	188,983
Health department	-	-	-	1,266,498	-	1,266,498
Housing and community development	490,900	3,400,119	-	-	-	3,891,019
Library	2,843,227	57,197,754	44,523	121,181	-	60,206,685
<b>Total community services</b>	<b>3,334,127</b>	<b>60,597,873</b>	<b>44,523</b>	<b>1,576,662</b>	<b>-</b>	<b>65,553,185</b>
<b>Recreation and parks:</b>						
Recreation and parks	112,004,716	49,668,377	68,712,275	3,310,162	-	233,695,530
<b>Total recreation and parks</b>	<b>112,004,716</b>	<b>49,668,377</b>	<b>68,712,275</b>	<b>3,310,162</b>	<b>-</b>	<b>233,695,530</b>
<b>Agricultural land preservation:</b>						
Agricultural land easements	115,797,106	-	-	-	-	115,797,106
<b>Total agricultural land preservation</b>	<b>115,797,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,797,106</b>
Construction in progress	-	-	-	-	64,728,234	64,728,234
<b>Total governmental funds capital assets</b>	<b>\$ 554,238,198</b>	<b>320,757,585</b>	<b>577,463,578</b>	<b>84,582,279</b>	<b>64,728,234</b>	<b>1,601,769,874</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**Howard County, Maryland**  
**Schedule of Changes by Function and Activity**  
**Capital Assets Used in the Operation of Governmental Funds**  
**For the Year Ended June 30, 2014**

Function and Activity	Balances		Assets		Balances	Allowance for Depreciation		Balances	
	June 30, 2013		Additions	Deductions	June 30, 2014	June 30, 2013	Additions	Deductions	June 30, 2014
<b>General government:</b>									
County executive	\$ 7,314	-	-	-	7,314	3,408	488	-	3,896
Technology and communication	7,484,898	-	-	-	7,484,898	6,245,740	1,177,626	-	7,423,366
Finance	3,358,640	33,039	-	-	3,391,679	3,274,902	6,393	-	3,281,295
County administration	33,096,155	45,083	51,596	-	33,089,642	21,737,091	1,619,181	51,596	23,304,676
<b>Total general government</b>	<b>43,947,007</b>	<b>78,122</b>	<b>51,596</b>	<b>-</b>	<b>43,973,533</b>	<b>31,261,141</b>	<b>2,803,688</b>	<b>51,596</b>	<b>34,013,233</b>
<b>Public safety:</b>									
Corrections	77,383	-	-	-	77,383	52,250	3,529	-	55,779
Fire	78,682,953	1,406,602	1,147,419	-	78,942,136	25,796,918	3,819,230	996,439	28,619,709
Police	17,355,147	836,409	63,539	-	18,128,017	7,691,713	741,032	58,128	8,374,617
<b>Total public safety</b>	<b>96,115,483</b>	<b>2,243,011</b>	<b>1,210,958</b>	<b>-</b>	<b>97,147,536</b>	<b>33,540,881</b>	<b>4,563,791</b>	<b>1,054,567</b>	<b>37,050,105</b>
<b>Public facilities:</b>									
Public works	930,601,458	35,541,694	1,034,239	-	965,108,913	233,768,314	20,152,258	188,659	253,731,913
Planning and zoning	735,782	2,415	-	-	738,197	334,007	39,894	27,397	346,504
Inspections, licenses and permits	2,887,533	-	108,149	-	2,779,384	2,887,533	-	108,149	2,779,384
Transportation	10,988,002	1,217,154	250,989	-	11,954,167	4,219,130	1,313,740	250,989	5,281,881
<b>Total public facilities</b>	<b>945,212,775</b>	<b>36,761,263</b>	<b>1,393,377</b>	<b>-</b>	<b>980,580,661</b>	<b>241,208,984</b>	<b>21,505,892</b>	<b>575,194</b>	<b>262,139,682</b>
<b>Legislative and judicial:</b>									
Board of elections	12,295	-	-	-	12,295	12,295	-	-	12,295
Circuit court	76,983	-	-	-	76,983	68,365	1,803	-	70,168
States attorney	59,229	-	-	-	59,229	59,230	-	-	59,230
Sheriff	119,582	26,000	-	-	145,582	44,230	21,028	-	65,258
<b>Total legislative and judicial</b>	<b>268,089</b>	<b>26,000</b>	<b>-</b>	<b>-</b>	<b>294,089</b>	<b>184,120</b>	<b>22,831</b>	<b>-</b>	<b>206,951</b>
<b>Community services:</b>									
Citizen services	165,433	23,550	-	-	188,983	127,599	4,003	-	131,602
Health department	759,796	506,702	-	-	1,266,498	570,758	83,496	-	654,254
Housing and community development	3,998,343	-	107,324	-	3,891,019	2,009,373	68,002	107,324	1,970,051
Library	60,206,685	-	-	-	60,206,685	13,914,639	1,143,955	-	15,058,594
<b>Total community services</b>	<b>65,130,257</b>	<b>530,252</b>	<b>107,324</b>	<b>-</b>	<b>65,553,185</b>	<b>16,622,369</b>	<b>1,299,456</b>	<b>107,324</b>	<b>17,814,501</b>
<b>Recreation and parks:</b>									
Recreation and parks	223,651,756	10,222,396	178,622	-	233,695,530	39,028,867	4,149,765	43,608	43,135,024
<b>Total recreation and parks</b>	<b>223,651,756</b>	<b>10,222,396</b>	<b>178,622</b>	<b>-</b>	<b>233,695,530</b>	<b>39,028,867</b>	<b>4,149,765</b>	<b>43,608</b>	<b>43,135,024</b>
<b>Agricultural land preservation:</b>									
Agricultural land easements	106,332,949	9,464,157	-	-	115,797,106	-	-	-	-
<b>Total agricultural land preservation</b>	<b>106,332,949</b>	<b>9,464,157</b>	<b>-</b>	<b>-</b>	<b>115,797,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total county government</b>	<b>1,480,658,316</b>	<b>59,325,201</b>	<b>2,941,877</b>	<b>-</b>	<b>1,537,041,640</b>	<b>361,846,362</b>	<b>34,345,423</b>	<b>1,832,289</b>	<b>394,359,496</b>
Construction in progress	54,471,224	80,777,637	70,520,627	-	64,728,234	-	-	-	-
<b>Total governmental funds capital assets</b>	<b>\$ 1,535,129,540</b>	<b>140,102,838</b>	<b>73,462,504</b>	<b>-</b>	<b>1,601,769,874</b>	<b>361,846,362</b>	<b>34,345,423</b>	<b>1,832,289</b>	<b>394,359,496</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**Capital Assets Used in the Operation of  
Enterprise Funds**



**Howard County, Maryland**  
**Capital Assets and Depreciation**  
**Capital Assets Used in the Operation of Enterprise Funds**  
**For the Year Ended June 30, 2014**

	Balances		Assets		Balances		Balances		Allowance for Depreciation		Balances	
	June 30, 2013		Additions	Deductions	June 30, 2014	June 30, 2013	Additions	Deductions	June 30, 2014			
<b>Land:</b>												
Utility	\$ 2,692,204		-	-	2,692,204	-	-	-	-	-	-	-
Golf course	8,684,896		-	-	8,684,896	-	-	-	-	-	-	-
<b>Total land</b>	<b>11,377,100</b>		<b>-</b>	<b>-</b>	<b>11,377,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Buildings:</b>												
Utility	230,729,227	4,351,040	-	-	235,080,267	64,314,489	4,581,268	-	68,895,757			
Golf course	1,058,133	-	-	-	1,058,133	442,810	21,162	-	463,972			
<b>Total buildings</b>	<b>231,787,360</b>	<b>4,351,040</b>	<b>-</b>	<b>-</b>	<b>236,138,400</b>	<b>64,757,299</b>	<b>4,602,430</b>	<b>-</b>	<b>69,359,729</b>			
<b>Improvements other than buildings:</b>												
Utility	59,712,875	3,691,644	-	-	63,404,519	34,166,672	2,203,190	-	36,369,862			
Golf course	148,004	-	-	-	148,004	57,817	7,400	-	65,217			
<b>Total improvements</b>	<b>59,860,879</b>	<b>3,691,644</b>	<b>-</b>	<b>-</b>	<b>63,552,523</b>	<b>34,224,489</b>	<b>2,210,590</b>	<b>-</b>	<b>36,435,079</b>			
<b>Infrastructure</b>												
Utility	613,825,830	17,121,100	-	-	630,946,930	245,099,018	11,655,173	-	256,754,191			
Golf course	-	-	-	-	-	-	-	-	-			
<b>Total improvements</b>	<b>613,825,830</b>	<b>17,121,100</b>	<b>-</b>	<b>-</b>	<b>630,946,930</b>	<b>245,099,018</b>	<b>11,655,173</b>	<b>-</b>	<b>256,754,191</b>			
<b>Machinery and equipment:</b>												
Utility	7,284,209	510,605	93,722	7,701,092	2,319,679	542,079	93,722	2,768,036				
Golf course	337,997	-	-	337,997	263,672	13,002	-	276,674				
Watershed Protection	-	289,454	-	289,454	-	3,806	-	3,806				
<b>Total machinery and equipment</b>	<b>7,622,206</b>	<b>800,059</b>	<b>93,722</b>	<b>8,328,543</b>	<b>2,583,351</b>	<b>558,887</b>	<b>93,722</b>	<b>3,048,516</b>				
<b>Grand total</b>	<b>\$ 924,473,375</b>	<b>25,963,843</b>	<b>93,722</b>	<b>950,343,496</b>	<b>346,664,157</b>	<b>19,027,080</b>	<b>93,722</b>	<b>365,597,515</b>				

Does not include \$32,582,245 of construction in progress.



### **Working to Reduce Transportation Greenhouse Gas Emissions**

As part of the County's initiative to reduce greenhouse gas emissions from the transportation sector, the County has installed 10 electric vehicle (EV) charging stations at various County Government buildings for the public and employees, like the Office of the Sheriff, to use. EV drivers now have the ability to charge their vehicle for free when working or visiting the County's George Howard Building, Thomas Dorsey Building, two Highways shops and the Circuit Courthouse. Since installation, the stations have received positive feedback from employees and the public, and a demand for more. In an effort to meet that demand and expand the network, the County is in the process of taking advantage of a State rebate program for EV charging stations.

## **Long-Term Debt**

**Liabilities of the County represented by outstanding general obligation bonds and other long-term debt.**



**Howard County, Maryland**  
**Schedule of General Long-Term Debt - General County Bonds**  
**Long-Term Obligations**  
**For the Year Ended June 30, 2014**

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
<b>General improvement bonds:</b>						
06-29-99	2000-2016	2.41	\$ 14,210,000	2,830,000	232,966	3,062,966
02-01-04	2004-2024	2.00 - 5.00	37,724,019	13,669,793	2,057,271	15,727,064
03-15-07	2007-2027	4.00 - 5.00	16,490,227	5,689,376	2,094,891	7,784,267
12-19-07	2009-2019	3.75 - 5.00	29,567,105	4,976,893	419,159	5,396,052
02-27-08	2009-2028	3.00 - 5.00	46,633,639	23,106,870	9,241,917	32,348,787
03-23-09	2010-2029	3.50 - 5.00	20,124,587	16,602,693	6,655,573	23,258,266
12-08-09	2011-2022	2.00 - 5.00	24,381,235	24,378,395	5,441,046	29,819,441
03-16-10	2011-2023	3.00 - 5.00	10,746,917	8,205,720	1,841,425	10,047,145
03-16-10	2024-2030	5.00 - 5.55	6,245,844	6,245,844	4,341,125	10,586,969
03-09-11	2012-2031	4.00 - 5.00	46,678,279	41,933,365	17,971,284	59,904,649
11-17-11	2012-2031	3.00 - 5.00	60,388,465	56,336,507	22,418,342	78,754,849
04-11-12	2013-2032	2.00 - 4.00	31,238,087	28,884,992	11,953,324	40,838,316
04-04-13	2014-2038	2.375-4.00	12,289,366	11,868,530	4,630,474	16,499,004
04-03-14	2015-2034	3.00-5.00	38,040,396	38,040,396	17,800,090	55,840,486
<b>Total general improvement bonds</b>			<b>394,758,166</b>	<b>282,769,374</b>	<b>107,098,887</b>	<b>389,868,261</b>
<b>Storm drain bonds:</b>						
02-01-04	2004-2024	2.00 - 5.00	2,214,872	920,842	135,769	1,056,611
03-15-07	2007-2027	4.00 - 5.00	2,465,000	989,594	405,410	1,395,004
12-19-07	2009-2019	3.75 - 5.00	897,891	151,138	12,729	163,867
02-27-08	2009-2028	3.00 - 5.00	1,344,420	731,746	308,412	1,040,158
03-23-09	2010-2029	3.50 - 5.00	1,920,227	1,585,708	635,667	2,221,375
12-08-09	2011-2022	2.00 - 5.00	1,639,668	1,639,477	365,917	2,005,394
03-16-10	2011-2023	3.00 - 5.00	2,357,743	1,800,235	403,986	2,204,221
03-09-11	2012-2031	4.00 - 5.00	3,314,757	2,977,807	1,276,192	4,253,999
11-17-11	2012-2031	3.00 - 5.00	3,011,673	2,805,810	1,084,101	3,889,911
04-11-12	2013-2032	2.00 - 4.00	847,964	784,088	324,475	1,108,563
04-04-13	2014-2038	2.375-4.00	4,673,944	4,501,791	1,857,130	6,358,921
04-03-14	2015-2034	3.00-5.00	1,080,921	1,080,921	487,716	1,568,637
<b>Total storm drain bonds</b>			<b>25,769,080</b>	<b>19,969,157</b>	<b>7,297,504</b>	<b>27,266,661</b>
<b>Police department bonds:</b>						
02-01-04	2004-2024	2.00 - 5.00	2,754,040	563,300	82,356	645,656
03-15-07	2007-2027	4.00 - 5.00	176,319	70,789	29,000	99,789
12-19-07	2009-2019	3.75 - 5.00	472,855	79,592	6,703	86,295
02-27-08	2009-2028	3.00 - 5.00	16,000	8,718	3,673	12,391
03-23-09	2010-2029	3.50 - 5.00	357,459	295,187	118,332	413,519
12-08-09	2011-2022	2.00 - 5.00	544,524	544,460	121,519	665,979
03-16-10	2011-2023	3.00 - 5.00	161,000	122,930	27,586	150,516
03-16-10	2024-2030	5.00 - 5.55	623,000	623,000	433,011	1,056,011
03-09-11	2012-2031	4.00 - 5.00	157,000	141,040	60,446	201,486
11-17-11	2012-2031	3.00 - 5.00	2,799,054	2,593,810	882,799	3,476,609
04-11-12	2013-2032	2.00 - 4.00	4,671	4,320	1,787	6,107
04-04-13	2014-2038	2.375-4.00	230,618	228,873	131,429	360,302
04-03-14	2015-2034	3.00-5.00	212,052	212,052	81,481	293,533
<b>Total police department bonds</b>			<b>8,508,592</b>	<b>5,488,071</b>	<b>1,980,122</b>	<b>7,468,193</b>
<b>Fire department bonds:</b>						
02-01-04	2004-2024	2.00 - 5.00	1,060,772	560,070	82,719	642,789
03-15-07	2007-2027	4.00 - 5.00	134,000	53,795	22,038	75,833
12-19-07	2009-2019	3.75 - 5.00	1,127,193	189,735	15,980	205,715
02-27-08	2009-2028	3.00 - 5.00	559,000	304,260	128,237	432,497
03-23-09	2010-2029	3.50 - 5.00	6,022,000	4,972,912	1,993,509	6,966,421
12-08-09	2011-2022	2.00 - 5.00	252,171	252,141	56,276	308,417
03-16-10	2011-2023	3.00 - 5.00	630,000	481,031	107,947	588,978
03-16-10	2024-2030	5.00 - 5.55	955,000	955,000	663,765	1,618,765
03-09-11	2012-2031	4.00 - 5.00	1,088,000	977,403	418,883	1,396,286
11-17-11	2012-2031	3.00 - 5.00	1,842,900	1,723,027	718,066	2,441,093
04-11-12	2013-2032	2.00 - 4.00	924,559	854,913	353,784	1,208,697
04-04-13	2014-2038	2.375-4.00	8,317,794	8,009,470	3,227,153	11,236,623
04-03-14	2015-2034	3.00-5.00	2,569,588	2,569,588	1,205,804	3,775,392
<b>Total fire department bonds</b>			<b>\$ 25,482,977</b>	<b>21,903,345</b>	<b>8,994,161</b>	<b>30,897,506</b>

(Continued)

**Howard County, Maryland**  
**Schedule of General Long-Term Debt - General County Bonds**  
**Long-Term Obligations**  
**For the Year Ended June 30, 2014**

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
<b>School bonds:</b>						
02-01-04	2004-2024	2.00 - 5.00	78,248,341	34,542,767	5,124,194	39,666,961
03-15-07	2007-2027	4.00 - 5.00	59,669,454	24,348,337	10,152,907	34,501,244
12-19-07	2009-2019	3.75 - 5.00	42,951,282	7,229,788	608,900	7,838,688
02-27-08	2009-2028	3.00 - 5.00	48,722,941	26,513,799	11,174,887	37,688,686
03-23-09	2010-2029	3.50 - 5.00	28,734,289	23,726,350	9,511,255	33,237,605
12-08-09	2011-2022	2.00 - 5.00	48,771,399	48,765,719	10,884,085	59,649,804
03-16-10	2011-2023	3.00 - 5.00	30,940,242	23,624,167	5,301,440	28,925,607
03-16-10	2011-2017	0.60 - 3.70	12,590,000	5,615,000	386,600	6,001,600
03-16-10	2024-2030	5.00 - 5.55	21,799,156	21,799,156	15,151,333	36,950,489
03-09-11	2012-2031	4.00 - 5.00	42,719,327	38,376,846	16,447,075	54,823,921
11-17-11	2012-2031	3.00 - 5.00	95,852,551	89,059,346	32,340,954	121,400,300
04-11-12	2013-2032	2.00 - 4.00	2,909,215	2,690,070	1,113,217	3,803,287
04-04-13	2014-2038	2.375-4.00	53,206,380	51,333,665	20,450,191	71,783,856
04-03-14	2015-2034	3.00-5.00	60,182,024	60,182,024	27,647,482	87,829,506
<b>Total school bonds</b>			<b>627,296,601</b>	<b>457,807,034</b>	<b>166,294,520</b>	<b>624,101,554</b>
<b>Community renewal bonds:</b>						
02-01-04	2004-2024	2.00 - 5.00	684,423	291,075	42,924	333,999
12-19-07	2009-2019	3.75 - 5.00	3,139,952	528,533	44,514	573,047
12-08-09	2011-2022	2.00 - 5.00	64,052	64,044	14,294	78,338
11-17-11	2012-2031	3.00 - 5.00	461,017	461,017	156,878	617,895
04-04-13	2014-2038	2.375-4.00	75,675	75,675	7,938	83,613
04-03-14	2015-2034	3.00-5.00	1,404,155	1,404,155	658,985	2,063,140
<b>Total community renewal bonds</b>			<b>5,829,274</b>	<b>2,824,499</b>	<b>925,533</b>	<b>3,750,032</b>
<b>Recreation and parks bonds:</b>						
02-01-04	2004-2024	2.00 - 5.00	3,247,873	1,115,480	164,185	1,279,665
03-15-07	2007-2027	4.00 - 5.00	3,328,000	1,336,046	547,343	1,883,389
12-19-07	2009-2019	3.75 - 5.00	6,253,677	1,052,652	88,655	1,141,307
02-27-08	2009-2028	3.00 - 5.00	59,000	32,113	13,537	45,650
03-23-09	2010-2029	3.50 - 5.00	533,230	440,337	176,519	616,856
12-08-09	2011-2022	2.00 - 5.00	1,322,416	1,322,262	295,117	1,617,379
03-16-10	2011-2023	3.00 - 5.00	6,000	4,581	1,028	5,609
03-16-10	2024-2030	5.00 - 5.55	1,047,000	1,047,000	727,709	1,774,709
03-09-11	2012-2031	4.00 - 5.00	9,657,518	8,675,817	3,718,175	12,393,992
11-17-11	2012-2031	3.00 - 5.00	10,998,403	10,291,069	4,357,725	14,648,794
04-11-12	2013-2032	2.00 - 4.00	1,369,411	1,266,255	524,007	1,790,262
04-04-13	2014-2038	2.375-4.00	2,865,357	2,765,612	1,092,520	3,858,132
04-03-14	2015-2034	3.00-5.00	4,890,229	4,890,229	2,290,647	7,180,876
<b>Total recreation and parks bonds</b>			<b>45,578,114</b>	<b>34,239,453</b>	<b>13,997,167</b>	<b>48,236,620</b>
<b>Community college bonds:</b>						
02-01-04	2004-2024	2.00 - 5.00	7,370,659	3,211,671	473,705	3,685,376
03-15-07	2007-2027	4.00 - 5.00	17,737,000	7,212,060	2,998,411	10,210,471
12-19-07	2009-2019	3.75 - 5.00	3,010,045	506,667	42,672	549,339
02-27-08	2009-2028	3.00 - 5.00	10,165,000	5,532,509	2,331,817	7,864,326
03-23-09	2010-2029	3.50 - 5.00	12,028,208	9,931,808	3,981,395	13,913,203
12-08-09	2011-2022	2.00 - 5.00	8,884,535	8,883,500	1,982,720	10,866,220
03-16-10	2011-2023	3.00 - 5.00	4,173,098	3,186,335	715,037	3,901,372
03-16-10	2024-2030	5.00 - 5.55	8,735,000	8,735,000	6,071,194	14,806,194
03-09-11	2012-2031	4.00 - 5.00	7,500,119	6,737,721	2,887,569	9,625,290
11-17-11	2012-2031	3.00 - 5.00	6,664,456	6,219,415	2,493,199	8,712,614
04-11-12	2013-2032	2.00 - 4.00	76,094	70,362	29,118	99,480
04-04-13	2014-2038	2.375-4.00	16,250,869	15,636,385	6,583,551	22,219,936
04-03-14	2015-2034	3.00-5.00	8,745,634	8,745,634	4,065,824	12,811,458
<b>Total community college bonds</b>			<b>111,340,717</b>	<b>84,609,067</b>	<b>34,656,212</b>	<b>119,265,279</b>
<b>Total bonds</b>			<b>\$ 1,244,563,521</b>	<b>909,610,000</b>	<b>341,244,106</b>	<b>1,250,854,106</b>

**Howard County, Maryland**  
**Schedule of Changes in Long-Term Debt**  
**Long-Term Obligations**  
**For the Year Ended June 30, 2014**

	Balance June 30, 2013	Issued	Refunded	Retired	Balance June 30, 2014
<b>General county bonds:</b>					
General improvement	\$ 265,798,702	38,040,396	3,575,217	17,494,507	282,769,374
Storm drain	20,458,982	1,080,921	338,496	1,232,250	19,969,157
Police department	6,141,134	212,052	252,492	612,623	5,488,071
Fire department	20,560,891	2,569,588	196,582	1,030,552	21,903,345
School bonds	441,672,045	60,182,024	12,383,247	31,663,788	457,807,034
Community renewal bonds	1,983,602	1,404,155	106,488	456,770	2,824,499
Recreation and parks bonds	31,836,848	4,890,230	428,385	2,059,240	34,239,453
Community college bonds	80,897,796	8,745,634	1,169,093	3,865,270	84,609,067
<b>Total bonds</b>	<b>869,350,000</b>	<b>117,125,000</b>	<b>18,450,000</b>	<b>58,415,000</b>	<b>909,610,000</b>
<b>Other long-term debt:</b>					
Tax increment financing bonds	-	17,000,000	-	-	17,000,000
Compensated absences	22,672,471	1,291,308	-	2,028,401	21,935,378
Capital leases	5,191,356	-	-	129,243	5,062,113
Landfill closure obligation	31,819,000	297,000	-	-	32,116,000
Agricultural land preservation program	92,695,395	4,951,615	-	2,018,375	95,628,635
<b>Total other long-term debt</b>	<b>152,378,222</b>	<b>23,539,923</b>	<b>-</b>	<b>4,176,019</b>	<b>171,742,126</b>
<b>Total long-term debt</b>	<b>\$ 1,021,728,222</b>	<b>140,664,923</b>	<b>18,450,000</b>	<b>62,591,019</b>	<b>1,081,352,126 *</b>

\* Does not include deferred refunding premium liability of \$82,254,698, unpaid claims of \$14,493,749, other non-current liabilities of \$74,481 and net OPEB obligation of \$355,245,547 included in the Statement of Net Position.

**Howard County, Maryland**  
**Schedule of Bonded and Other Long-Term Debt**  
**Enterprise Fund**  
**For the Year Ended June 30, 2014**

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
<b>Metropolitan district bonds:</b>						
01-01-05	2005-2034	3.00-4.50	4,000,000	105,000	3,675	108,675
01-15-06	2006-2035	3.50-4.40	3,000,000	1,735,000	1,156,778	2,891,778
03-15-07	2007-2037	4.00-4.50	10,000,000	7,985,000	4,917,761	12,902,761
12-19-07	2009-2029	3.75-4.375	11,980,000	10,085,000	3,319,148	13,404,148
02-27-08	2009-2038	3.00-4.375	4,095,000	3,600,000	2,237,163	5,837,163
03-23-09	2010-2029	3.00-5.00	26,240,000	21,500,000	7,918,664	29,418,664
12-08-09	2011-2030	1.00-4.00	7,255,000	7,170,000	2,863,497	10,033,497
03-16-10	2011-2015	2.00-4.00	5,520,000	1,175,000	47,000	1,222,000
03-09-11	2012-2041	4.00-4.75	49,990,000	47,145,000	35,725,338	82,870,338
11-17-11	2012-2041	3.00-5.00	36,245,000	33,935,000	15,165,266	49,100,266
04-11-12	2013-2037	3.00-4.00	19,970,000	18,790,000	9,334,944	28,124,944
04-04-13	2014-2038	2.375-4.00	39,155,000	38,290,000	16,416,400	54,706,400
04-03-14	2015-2044	2.00-4.00	22,055,000	22,055,000	10,933,021	32,988,021
<b>Total metropolitan district bonds</b>			<b>239,505,000</b>	<b>213,570,000</b>	<b>110,038,655</b>	<b>323,608,655</b>
MD water quality 10/10/95	1995-2015	4.33	1,985,344	148,399	14,064	162,463
MD water quality 10/18/00	2000-2022	2.40	34,000,000	15,557,011	2,552,145	18,109,156
MD water quality 1/29/02	2002-2024	2.00	21,329,372	11,414,971	1,825,748	13,240,719
MD water quality 10/1/08	2009-2029	2.30	1,197,362	847,870	212,905	1,060,775
MD water quality 11/19/09	2010-2031	1.00	3,443,711	2,962,064	423,757	3,385,821
<b>Total water quality</b>			<b>61,955,789</b>	<b>30,930,315</b>	<b>5,028,619</b>	<b>35,958,934</b>
Special recreation facility bonds	2012-2022	2.475	5,400,000	4,583,000	537,664	5,120,664
Compensated absences	n/a	n/a	n/a	751,248	n/a	751,248
Major water and sewer agreements	n/a	n/a	n/a	49,308	n/a	49,308
<b>Total debt</b>			<b>\$ 306,860,789</b>	<b>249,883,871</b>	<b>** 115,604,938</b>	<b>365,488,809</b>

\* Includes administrative fees.

\*\* Does not include deferred refunding premium of \$7,096,887 included in the Statement of Net Position. Also, does not include net OPEB obligation of \$6,246,590 or developer agreement rebates of \$46,516 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County).

**Howard County, Maryland**  
**Schedule of Changes in Bonded Long-Term Debt**  
**Enterprise Fund**  
**For the Year Ended June 30, 2014**

Date of Issue	Balance June 30, 2013	Issued	Refunded	Retired	Balance June 30, 2014
<b>Metropolitan district bonds:</b>					
06-01-03	\$ 1,150,000	-	-	1,150,000	-
02-01-04	6,470,000	-	5,820,000	650,000	-
01-01-05	210,000	-	-	105,000	105,000
01-15-06	2,015,000	-	205,000	75,000	1,735,000
03-15-07	8,215,000	-	-	230,000	7,985,000
12-19-07	10,510,000	-	-	425,000	10,085,000
02-27-08	3,690,000	-	-	90,000	3,600,000
03-23-09	22,540,000	-	-	1,040,000	21,500,000
12-08-09	7,215,000	-	-	45,000	7,170,000
03-16-10	2,305,000	-	-	1,130,000	1,175,000
03-09-11	48,080,000	-	-	935,000	47,145,000
11-17-11	35,895,000	-	-	1,960,000	33,935,000
04-11-12	19,335,000	-	-	545,000	18,790,000
04-04-13	39,155,000	-	-	865,000	38,290,000
04-03-14	-	22,055,000	-	-	22,055,000
<b>Total metropolitan district bonds</b>	<b>206,785,000</b>	<b>-</b>	<b>22,055,000</b>	<b>-</b>	<b>6,025,000</b>
				<b>9,245,000</b>	<b>-</b>
					<b>213,570,000</b>
<b>MD water quality 10/10/95</b>	<b>290,638</b>	<b>-</b>	<b>-</b>	<b>142,239</b>	<b>148,399</b>
<b>MD water quality 10/18/00</b>	<b>17,302,211</b>	<b>-</b>	<b>-</b>	<b>1,745,200</b>	<b>15,557,011</b>
<b>MD water quality 1/29/02</b>	<b>12,497,065</b>	<b>-</b>	<b>-</b>	<b>1,082,094</b>	<b>11,414,971</b>
<b>MD water quality 10/1/08</b>	<b>895,489</b>	<b>-</b>	<b>-</b>	<b>47,629</b>	<b>847,860</b>
<b>MD water quality 11/19/09</b>	<b>3,124,213</b>	<b>-</b>	<b>-</b>	<b>162,149</b>	<b>2,962,064</b>
<b>Total water quality</b>	<b>34,109,616</b>	<b>-</b>	<b>-</b>	<b>3,179,311</b>	<b>30,930,305</b>
<b>Special recreation facility bonds</b>	<b>5,022,000</b>	<b>-</b>	<b>-</b>	<b>439,000</b>	<b>4,583,000</b>
<b>Compensated absences</b>	<b>817,858</b>	<b>37,058</b>	<b>-</b>	<b>103,668</b>	<b>751,248</b>
<b>Major water and sewer agreements</b>	<b>885,642</b>	<b>71,000</b>	<b>-</b>	<b>907,334</b>	<b>49,308</b>
<b>Total debt</b>	<b>\$ 247,620,116</b>	<b>22,163,058</b>	<b>6,025,000</b>	<b>13,874,313</b>	<b>249,883,861</b> *

\*\* Does not include deferred refunding premium of \$7,096,888 included in the Statement of Net Position. Also, does not include net OPEB obligation of \$6,246,590 or developer agreement rebates of \$46,516 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County).



### Howard County's Mobile Market: The Roving Radish

Part of a broad food initiative to develop a comprehensive approach to nutrition and sustainability unveiled by County Executive Ken Ulman in 2013, The Roving Radish is a new effort to bring fresh, affordable and healthy meals to more people. The Roving Radish mobile market delivers reasonably priced, ready-to-prepare meals to participants at five drop-off sites throughout Howard County. Each kit provides all of the ingredients and instructions for two flavorful and fresh meals for a family of four. Food is provided by regional farmers and prepared for distribution at the Howard County Detention Center, where inmates receive job skill training.

**Independent Auditor's Report on  
Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in  
Accordance with *Government Auditing Standards***



Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards*

To the Honorable Members of the County Council  
Howard County, Maryland

We have audited the 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, 2014, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 24, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Howard County, Maryland, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howard County, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness.

## Capital Assets

During the audit we noted material journal entries that were required to be posted in the current fiscal year to Capital Assets. We noted the County is in the process of implementing a procedure to track the status of capital projects, including identifying Finance Department personnel to meet with Project Managers on a quarterly basis to discuss project status, identify costs to be expensed, placed in service or remain in construction in progress, prepare reconciliations for every project and identify a Finance Department supervisor to review all quarterly reconciliations.

We recommend the County continue to improve upon the process and effectively implement the procedures as outlined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Management Response

Management agrees with the recommendation. We have created a Division of Capital Projects/Fixed Assets and hired a supervisor for the division to assist in managing the periodic reviews and reconciliations.

We noted certain matters that we reported to management of Howard County, Maryland, in a separate letter dated November 24, 2014.

The County's response to the findings identified in our audit is described above. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, County Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Baltimore, Maryland  
November 24, 2014

## **Statistical Section**

**The Statistical Section provides detailed information for the primary government as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. The tables in this section are unaudited because they often present data from outside accounting records.**



## 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)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 453,682,183	437,104,153	420,387,445	581,284,859	669,410,210	735,346,804	780,074,223	716,222,072	740,258,162	755,904,065
Restricted (a)	109,514,508	119,756,349	139,763,814	147,266,158	161,806,930	163,458,570	83,470,483	82,432,184	94,955,786	97,656,784
Unrestricted (b)	(161,602,748)	(105,399,387)	(110,356,141)	(288,540,789)	(442,781,138)	(629,621,547)	(619,606,891)	(620,794,431)	(727,260,025)	(817,511,788)
Subtotal governmental activities net position	401,593,943	451,461,115	449,795,118	440,010,228 (c)	388,436,002	269,183,827 (d)	243,937,815 (e)	177,859,825 (f)	107,953,923	36,049,061
<b>Business-type activities</b>										
Net investment in capital assets	325,302,549	340,388,015	306,098,965	328,013,443	338,277,158	391,047,153	412,443,596	352,371,984	343,029,639	349,976,408
Restricted (a)	99,171,080	99,161,799	142,022,020	139,098,839	151,228,040	120,266,910	132,071,680	60,755,862	54,677,366	48,248,364
Unrestricted	731,350	938,013	2,381,317	2,575,641	1,928,964	719,135	1,877,926	85,856,157	114,065,506	116,958,985
Subtotal business-type activities net position	425,204,979	440,487,827	450,502,302	469,687,923	491,434,162	512,033,198 (d)	546,393,202 (e)	498,984,003 (f)	511,772,511	515,183,757
<b>Primary government</b>										
Net investment in capital assets	778,984,732	777,492,168	726,486,410	909,298,302	1,007,687,368	1,126,393,957	1,192,517,819	1,068,594,056	1,083,287,801	1,105,880,473
Restricted (a)	208,685,588	218,918,148	281,785,834	286,364,997	313,034,970	283,725,480	215,542,163	143,188,046	149,633,152	145,905,148
Unrestricted	(160,871,398)	(104,461,374)	(107,974,824)	(285,965,148)	(440,852,174)	(628,902,412)	(617,728,965)	(534,938,274)	(613,194,519)	(700,552,803)
Total primary government net position	\$ 826,798,922	891,948,942	900,297,420	909,698,151	879,870,164	781,217,025	790,331,017	676,843,828 (f)	619,726,434	551,232,818

(a) Due to the implementation of GASB Statement 46 in fiscal year 2006, higher restricted net position was reported than in previous years.

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

(c) FY2008 net position of governmental activities were restated in fiscal year 2009.

(d) FY2010 net position of governmental and business-type activities were restated in fiscal year 2011.

(e) FY2011 net position of governmental and business-type activities were restated in fiscal year 2012.

(f) FY2012 net position of governmental and business-type activities were restated in fiscal year 2013.

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

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>									
General government	\$ 38,174,921	43,401,671	43,441,064	46,844,606	49,015,557	40,551,179	50,599,944	84,025,615 (c)	87,405,901
Public safety	99,797,362	112,396,115	122,208,338	144,114,893	152,639,155	154,381,502	167,113,492	184,324,533	196,950,283
Public works (a)	85,450,609	94,663,945	103,782,948	95,262,350	115,081,550	101,682,165	102,947,974	115,231,452	130,500,653
Recreation and parks	24,309,652	25,296,028	28,304,306	28,335,338	28,490,509	26,909,791	27,086,201	29,974,257	29,210,799
Legislative and judicial	15,630,364	16,347,843	17,935,936	21,577,751	21,414,495	19,917,865	21,684,657	22,248,551	23,682,923
Community services	31,350,625	36,071,390	36,624,968	39,035,177	42,552,461	38,203,641	38,522,217	45,302,315	38,506,895
State highways (a)	1,972,412	302,754	2,244,049	378,464	646,354	2,450,937	1,917,170	2,900,053	7,225,028
Education	423,466,686	510,243,607	538,176,394	587,904,740	560,909,969	557,205,570	605,557,506	610,774,387	639,025,259
Interest on long-term debt	25,949,006	27,669,889	31,436,334	35,419,506	33,065,408	32,759,477	37,102,195	53,851,903	47,729,955
<b>Total governmental activities expenses</b>	<b>746,101,637</b>	<b>866,393,242</b>	<b>924,154,337</b>	<b>998,872,825 (b)</b>	<b>1,003,815,458</b>	<b>974,062,127</b>	<b>1,052,531,356</b>	<b>1,148,633,066</b>	<b>1,200,237,696</b>
<b>Business-type activities:</b>									
Water and sewer	51,271,398	62,881,137	64,479,789	66,966,290	59,226,089	64,845,285	66,636,363	67,635,638	87,569,376
Golf course	1,884,139	1,921,122	1,896,158	1,910,116	1,734,769	1,791,000	1,762,425	1,921,518	1,885,101
Other (d)	-	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>53,155,537</b>	<b>64,802,259</b>	<b>66,375,947</b>	<b>68,876,406</b>	<b>60,960,858</b>	<b>66,636,285</b>	<b>68,398,788</b>	<b>69,557,156</b>	<b>89,454,477</b>
<b>Total primary government expenses</b>	<b>799,257,174</b>	<b>931,195,501</b>	<b>990,530,284</b>	<b>1,067,749,231</b>	<b>1,064,776,316</b>	<b>1,040,698,412</b>	<b>1,120,930,144</b>	<b>1,218,190,222</b>	<b>1,289,692,173</b>
<b>Program revenues</b>									
<b>Governmental activities:</b>									
<b>Charges for services</b>									
General government	22,336,590	19,210,703	19,202,259	21,908,851	22,623,190	29,198,040	33,914,325	42,534,975	46,065,885
Public works	35,564,427	41,819,146	40,699,663	42,589,702	39,248,132	42,937,855	41,652,829	46,145,115	43,476,909
Recreation and parks	9,496,397	11,147,873	11,467,477	12,213,842	13,050,979	12,621,042	13,361,672	13,591,958	14,420,583
Other	6,379,711	6,542,390	6,999,654	6,787,417	8,482,772	7,079,677	8,665,495	22,407,037	10,725,120
Operating grants and contributions	25,895,910	21,919,457	25,128,602	25,331,284	35,559,629	26,732,848	26,559,373	46,323,888	27,837,622
Capital grants and contributions	23,199,688	40,618,331	47,769,364	32,890,596	27,160,200	22,998,508	24,715,975	68,472,451 (e)	42,575,352
<b>Total governmental activities program revenues</b>	<b>122,872,723</b>	<b>141,257,900</b>	<b>151,267,019</b>	<b>141,721,692</b>	<b>146,124,902</b>	<b>141,567,970</b>	<b>148,869,669</b>	<b>239,475,424</b>	<b>185,101,471</b>
<b>Business-type activities:</b>									
<b>Charges for services</b>									
Water and sewer	35,112,827	35,751,512	40,708,994	43,270,127	43,184,222	44,355,147	48,606,394	50,729,734	54,712,858
Golf course	2,084,257	2,320,341	2,294,374	2,257,710	2,103,674	2,149,442	2,056,408	2,134,912	2,069,082
Other (d)	-	-	-	-	-	-	-	-	-
Operating grants and contributions	17,850,331	20,256,749	23,386,096	27,199,512	30,981,090	32,395,714	30,884,327	29,880,497	29,006,605
Capital grants and contributions	12,115,385	19,293,954	5,922,565	13,087,530	6,959,259	9,666,912	24,331,033	21,109,099	16,285,260
<b>Total business-type activities program revenues</b>	<b>67,162,800</b>	<b>77,622,556</b>	<b>72,312,029</b>	<b>85,814,879</b>	<b>83,228,245</b>	<b>88,567,215</b>	<b>105,878,162</b>	<b>103,854,242</b>	<b>102,073,805</b>
<b>Total primary government program revenues</b>	<b>\$ 190,035,523</b>	<b>218,880,456</b>	<b>223,579,048</b>	<b>227,536,571</b>	<b>229,353,147</b>	<b>230,135,185</b>	<b>254,747,831</b>	<b>343,329,666</b>	<b>287,175,276</b>

(continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expenses)/revenue										
Governmental activities	\$ (623,228,914)	(725,135,342)	(772,887,318)	(857,151,133)	(857,690,556)	(832,494,157)	(903,661,687)	(909,157,642)	(1,015,136,225)	(1,085,272,648)
Business-type activities	14,007,263	12,820,297	5,936,082	16,938,473	22,267,387	21,930,930	37,479,374	34,297,086	12,619,328	10,620,954
Total primary government net expenses	<u>(609,221,651)</u>	<u>(712,315,045)</u>	<u>(766,951,236)</u>	<u>(840,212,660)</u>	<u>(835,423,169)</u>	<u>(810,563,227)</u>	<u>(866,182,313)</u>	<u>(874,860,556)</u>	<u>(1,002,516,897)</u>	<u>(1,074,651,694)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	324,785,642	353,894,412	383,551,777	426,302,542	467,389,345	494,218,364	504,884,233	504,771,008	523,266,142	539,731,584
Local income taxes	261,205,355	317,108,241	287,499,387	323,836,591	271,595,421	266,953,624	331,334,252	358,356,561	360,251,116	400,455,701
Other local taxes	63,386,811	79,177,105	67,000,997	53,619,620	40,889,560	47,911,642	46,357,182	54,343,807	61,337,101	61,035,196
Intergovernmental, unrestricted	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168	790,181 (j)	1,089,121	780,358	1,422,086	1,466,960
Unrestricted investment income	10,761,191	9,673,535	18,723,699	24,208,820	10,547,370	6,481,902	2,890,191	9,636,106	(552,647) (k)	2,230,944
Miscellaneous	52,996	50,415	47,835	508,178	589,962	861,084	816,830	1,216,774	1,195,039	1,102,401
Transfers	-	(200,000)	(1,557,550)	703,755	1,695,504	(587,000)	2,995,034	(586,842)	-	7,345,000
Subtotal governmental activities	<u>672,732,557</u>	<u>775,002,514</u>	<u>771,221,321</u>	<u>844,692,683</u>	<u>806,116,330</u>	<u>816,629,797</u>	<u>890,366,843</u>	<u>928,517,772</u>	<u>946,918,837</u>	<u>1,013,367,786</u>
Business-type activities:										
Unrestricted investment income	1,278,838	2,262,551	2,520,843	2,950,903	1,174,356	395,605	196,349	170,617	169,180	135,292
Transfers	-	200,000	1,557,550	(703,755)	(1,695,504)	587,000	(2,995,034)	586,842	-	(7,345,000)
Subtotal business-type activities	<u>1,278,838</u>	<u>2,462,551</u>	<u>4,078,393</u>	<u>2,247,148</u>	<u>(521,148)</u>	<u>982,605</u>	<u>(2,798,685)</u>	<u>757,459</u>	<u>169,180</u>	<u>(7,209,708)</u>
Total primary government	<u>674,011,395</u>	<u>777,465,065</u>	<u>775,299,714</u>	<u>846,939,831</u>	<u>805,595,182</u>	<u>817,612,402</u>	<u>887,568,158</u>	<u>929,275,231</u>	<u>947,088,017</u>	<u>1,006,158,078</u>
Net position balances										
Governmental activities:										
Change in net position, governmental activities	49,503,643	49,867,172	(1,665,997) (h)	(12,458,450)	(51,574,226) (i)	(15,864,360)	(13,294,844)	19,360,130	(68,217,388)	(71,904,862)
Net position, beginning-governmental activities	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923
Restatement	-	-	-	2,673,560	-	4,777,630	(109,543,440)	(10,573,173)	(87,126,634)	-
Net position, ending-governmental activities	<u>401,593,943</u>	<u>451,461,115</u>	<u>449,795,118</u>	<u>440,010,228</u>	<u>388,436,002</u>	<u>377,349,272</u>	<u>254,510,988</u>	<u>263,297,945</u>	<u>107,953,923</u>	<u>36,049,061</u>
Business-type activities:										
Change in net position, business-type activities	15,286,101	15,282,848	10,014,475	19,185,621	21,746,239	22,913,535	34,680,689	35,054,545	12,788,508	3,411,246
Net position, beginning-business-type activities	424,500,600	425,675,557	440,487,827	450,502,302	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511
Restatement	(14,111,144) (g)	(470,578) (f)	-	-	-	-	(2,314,499)	(320,685)	(82,463,744)	-
Net position, ending-business-type activities	<u>425,675,557</u>	<u>440,487,827</u>	<u>450,502,302</u>	<u>469,687,923</u>	<u>491,434,162</u>	<u>514,347,697</u>	<u>546,713,887</u>	<u>581,447,747</u>	<u>511,772,511</u>	<u>515,183,757</u>
Total primary government	<u>\$ 827,269,500</u>	<u>891,948,942</u>	<u>900,297,420</u>	<u>909,698,151</u>	<u>879,870,164</u>	<u>891,696,969</u>	<u>801,224,875</u>	<u>844,745,692</u>	<u>619,726,434</u>	<u>551,232,818</u>

- (a) State highways expenses were misclassified as public works in fiscal years 2006, 2007, and 2008, but have been restated for comparative analysis.
- (b) In fiscal year 2009, the fiscal year 2008 net position of governmental activities was restated due to failure to capitalize all eligible expenditures as work in progress.  
Expenses of governmental activities for fiscal year 2008 were restated, accordingly, for comparative analysis across fiscal years.
- (c) 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.
- (d) Other consists of golf course and watershed restoration and protection.
- (e) The increase from prior period is due to recognizing significant federal grant monies for the ICBN Project.
- (f) Net position of business-type activities was restated in fiscal year 2006 to eliminate internal balances created in prior years to allocate profit and loss in internal service funds since internal service funds operate under the premise of breaking even.
- (g) In fiscal year 2005, net position of business-type activities was restated to eliminate a water treatment plant owned by another entity.
- (h) The decrease from prior period results from a decrease in local income taxes due to a change in the timing of remittance from the State.
- (i) The decrease from prior period is the result of decreases in local taxes and interest income due to the downturn of the national economy.
- (j) In fiscal year 2010, funding from the State government for highway improvements was drastically reduced.
- (k) 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)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General fund</b>										
Nonspendable										3,319
Spendable:										
Restricted										
Committed							56,803,611	56,258,912	57,209,710	59,271,162
Assigned							27,137,601	45,003,053	67,354,332	64,171,013
Unassigned							8,732,004	10,616,787	9,095,856	2,831,645
Reserved	40,621,459	43,460,258	47,836,852	55,005,480	57,940,737	61,447,806				
Unreserved (a), (b)	31,589,257	65,693,657	67,301,953	47,921,532	23,858,483	10,324,543				
<b>Total general fund</b>	<b>72,210,716</b>	<b>109,153,915</b>	<b>115,138,805</b>	<b>102,927,012</b>	<b>81,799,220</b>	<b>71,772,349</b>	<b>92,673,216 (c)</b>	<b>111,878,752 (c)</b>	<b>133,659,898 (c)</b>	<b>126,277,139</b>
<b>All other governmental funds</b>										
Nonspendable							14,244,327	14,620,132	14,929,252	16,636,383
Spendable:										
Restricted							83,470,483	82,432,184	94,955,786	97,656,784
Committed							39,463,332	46,521,229	47,867,222	38,602,234
Assigned							77,104,933	72,761,301	62,934,694	63,615,900
Unassigned							(106,842,248)	(82,621,664)	(77,809,341)	(67,616,626)
Reserved	53,915,005	54,009,879	75,600,981	70,577,773	74,362,241	94,605,498				
Unreserved reported in:										
Special revenue funds	57,450,736	61,095,650	75,624,786	83,717,538	88,000,417	102,795,989				
Capital projects funds	(18,332,249)	(49,450,360)	(73,359,763)	(52,594,957)	(48,107,393)	(54,747,305)				
<b>Total all other governmental funds</b>	<b>93,033,492</b>	<b>65,655,169</b>	<b>77,866,004</b>	<b>101,700,354</b>	<b>114,255,265</b>	<b>142,654,182</b>	<b>107,440,827</b>	<b>133,713,182</b>	<b>142,877,613</b>	<b>148,894,675</b>
<b>Total governmental funds</b>	<b>\$ 165,244,208</b>	<b>\$ 174,809,084</b>	<b>\$ 193,004,809</b>	<b>\$ 204,627,366</b>	<b>\$ 196,054,485</b>	<b>\$ 214,426,531</b>	<b>\$ 200,114,043</b>	<b>\$ 245,591,934</b>	<b>\$ 276,537,511</b>	<b>\$ 275,171,814</b>

## Notes:

Fund balance format for 2011 has been updated due to implementation of GASB Statement No. 54.

- (a) Decrease in the general fund - unreserved fund balance from fiscal years 2007 to 2010 were the result of downturns in the national economy.
- (b) Increase in the general fund - unreserved fund balance from fiscal years 2005 to 2007 were the result of increases in local income, property, and/or recordation taxes received.
- (c) Increases in the total fund balance of the general fund in fiscal years 2011 through 2013 are due to increases in the local income taxes received.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Property taxes (a)	\$ 324,280,297	353,195,328	384,236,664	426,188,822	466,921,737	494,641,029	504,030,717	504,228,502	524,942,040	539,320,074
Other local taxes	315,911,598	362,241,884	360,307,897	370,344,167	358,102,738 (b)	341,954,181 (b)	361,710,858	411,966,798	436,072,090	453,982,722
State shared taxes	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168	790,181 (c)	1,089,121	780,358	1,422,086	1,247,317
Revenues from other governments	31,843,597	27,984,230	43,832,673	39,792,804	46,184,349	30,866,154	40,479,177	80,612,132	73,118,716	37,436,410
Charges for services	38,681,860	39,274,492	39,894,526	42,488,507	45,518,420	47,153,092	49,916,981	49,498,494	51,204,711	53,168,180
Interest on investments	10,614,636	9,193,162	17,655,119	22,647,797	10,347,213	6,435,344	2,394,644	9,487,997	(712,942) (f)	2,010,668
Installment interest from housing loans	-	-	-	-	-	-	495,546	148,109	160,296	220,274
Licenses and permits	7,808,408	7,790,049	7,047,647	6,311,980	4,923,057	5,839,006	5,651,511	5,754,961	6,455,619	6,696,288
Fines and forfeitures	2,466,331	2,667,805	3,154,241	3,607,775	3,602,384	2,983,119	3,393,723	3,534,706	3,462,342	3,863,722
Developer contributions (d)	2,270,854	2,009,027	1,811,520	2,345,464	1,229,577	1,665,829	1,363,545	1,556,906	1,767,910	1,446,618
Rental of property (d)	757,290	1,026,367	991,458	510,315	716,648	206,754	197,100	196,214	159,373	177,814
Recoveries for interfund services	5,424,689	5,391,777	5,418,929	5,932,335	6,009,417	11,457,728	11,734,246	11,720,813	11,553,101	11,633,284
Payments from component units (d)	52,996	50,415	47,835	508,178	589,962	861,084	816,830	817,842	818,144	818,167
Miscellaneous program revenues	7,928,572	10,504,384	8,651,601	9,094,850	8,189,651	8,645,463	8,752,216	22,328,003	13,318,287	14,594,154
<b>Total revenues</b>	<b>760,581,690</b>	<b>836,627,726</b>	<b>889,005,286</b>	<b>945,286,171</b>	<b>965,744,321</b>	<b>953,498,964</b>	<b>992,026,215</b>	<b>1,102,631,835</b>	<b>1,123,741,773</b>	<b>1,126,615,692</b>
<b>Expenditures</b>										
<b>Current:</b>										
General government	19,961,665	20,502,167	23,089,141	23,311,692	23,163,146	21,822,449	23,691,385	25,227,536	33,612,637	45,526,306
Legislative & judicial	15,806,162	16,661,584	18,554,621	20,943,849	21,184,129	20,263,005	20,919,318	21,547,432	21,547,432	22,684,466
Public works	70,906,152	71,953,116	78,994,209	85,529,891	92,855,401	87,553,902	84,173,380	92,598,067	90,672,711	97,867,406
Public safety	100,863,167	114,695,165	128,272,671	141,928,781	147,359,582	148,773,884	156,336,439	168,832,385	175,555,967	191,882,471
Recreation and parks	19,752,579	22,608,386	23,986,622	25,309,800	25,616,451	24,363,103	23,856,314	27,999,911	30,906,131	35,432,626
Community services	30,568,627	35,784,748	33,668,684	40,935,310	43,321,961	37,096,762	36,935,327	36,671,787	37,503,416	45,406,497
Education	361,586,585	506,364,891 (e)	536,256,495	546,950,012	558,271,124	542,819,926	572,584,372	584,322,887	603,534,562	606,673,692
Capital improvements (d)	102,339,370	63,124,243 (e)	62,188,653	93,569,283	63,681,785	79,441,474	129,566,744	146,521,532	101,470,657	106,355,030
<b>Debt service:</b>										
Principal	40,310,999	40,822,000	41,716,000	45,182,000	48,850,000	50,192,000	52,461,000	58,381,930	54,262,375	60,433,375
Interest	24,695,244	26,310,766	30,330,362	33,696,141	34,907,537	33,465,400	37,179,040	40,178,908	43,795,819	45,176,541
<b>Total expenditures</b>	<b>786,790,550</b>	<b>918,827,066</b>	<b>977,057,458</b>	<b>1,057,356,759</b>	<b>1,059,211,116</b>	<b>1,044,899,370</b>	<b>1,137,047,006</b>	<b>1,201,654,261</b>	<b>1,192,861,707</b>	<b>1,257,438,410</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(26,208,860)</b>	<b>(82,199,340)</b>	<b>(88,052,172)</b>	<b>(112,070,588)</b>	<b>(93,466,795)</b>	<b>(91,400,406)</b>	<b>(145,020,791)</b>	<b>(99,022,426)</b>	<b>(69,119,934)</b>	<b>(130,822,718)</b>
<b>Other Financing Sources (Uses)</b>										
Bond premium	(560,100)	108,843	6,736,869	10,319,070	4,104,393	18,974,053	4,604,998	30,560,868	9,283,948	11,979,779
Capital related debt issued	60,000,000	91,375,000	100,000,000	107,500,000	69,720,000	101,010,000	111,115,000	109,310,002	91,930,000	117,315,277
Refunding bonds issued	-	-	-	87,420,000	-	85,860,000	-	110,115,000	5,980,000	16,809,723
Capital lease proceeds	-	-	-	-	-	4,909,012	186,598	-	-	-
Capital lease	-	-	-	-	-	(4,909,012)	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	(92,179,903)	-	(99,078,896)	-	(128,985,283)	(6,714,081)	(32,958,802)
Installment purchase agreements issued (d)	-	-	-	8,369,200	893,000	-	10,274,400	25,253,100	-	4,951,615
Transfers in	34,039,823	61,971,415	68,119,015	89,413,236	94,990,994	35,705,614	39,835,317	38,465,384	45,403,189	66,149,637
Transfers out	(33,893,268)	(61,691,042)	(68,607,987)	(87,148,458)	(87,295,333)	(36,246,056)	(36,788,523)	(40,218,754)	(45,378,817)	(54,790,208)
<b>Total other financing sources and uses</b>	<b>59,586,455</b>	<b>91,764,216</b>	<b>106,247,897</b>	<b>123,693,145</b>	<b>82,413,054</b>	<b>106,224,715</b>	<b>129,227,790</b>	<b>144,500,317</b>	<b>100,504,239</b>	<b>129,457,021</b>
<b>Net change in fund balances</b>	<b>\$ 33,377,595</b>	<b>9,564,876</b>	<b>18,195,725</b>	<b>11,622,557</b>	<b>(11,053,741)</b>	<b>14,824,309</b>	<b>(15,793,001)</b>	<b>45,477,891</b>	<b>31,384,305</b>	<b>(1,365,697)</b>
Debt service as a percentage of noncapital expenditures	9.50%	7.85%	7.88%	8.14%	8.35%	8.67%	8.87%	8.92%	8.61%	8.91%

- (a) Increase in real property taxes is due to steady increases in property values in the County.  
 (b) Other local taxes decreased due to declines in the quantity and value of real estate transactions.  
 (c) Decrease in State shared taxes is due to drastic decline in State highways funding.  
 (d) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.  
 (e) Expenditures on capital projects for the Public School System and Community College were reclassified to the Education function in fiscal year 2006 from the Capital Improvements line in previous years.  
 (f) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.

**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
2005	19,875,069,165	6,069,882,095	25,944,951,260	1.044	1,331,028,850	2.610	27,275,980,110
2006	23,275,630,570	6,577,363,510	29,852,994,080	1.014	1,391,713,320	2.535	31,244,707,400
2007	28,754,085,178	6,172,812,902	34,926,898,080	1.014	1,468,267,950	2.535	36,395,166,030
2008	34,222,495,933	6,539,516,569	40,762,012,502	1.014	1,496,189,730	2.535	42,258,202,232
2009	39,129,032,552	7,012,754,331	46,141,786,883	1.014	1,497,439,490	2.535	47,639,226,373
2010	41,289,749,176	7,374,511,107	48,664,260,283	1.014	1,588,889,810	2.535	50,253,150,093
2011	39,020,062,724	7,498,201,792	46,518,264,516	1.014	1,623,786,020	2.535	48,142,050,536
2012	36,128,044,459	7,493,817,659	43,621,862,118	1.014	1,555,657,980	2.535	45,177,520,098
2013	35,145,195,556	7,494,536,821	42,639,732,377	1.014	1,561,354,930	2.535	44,201,087,307
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

(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)**

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<b>Howard County Direct Rates</b>		
<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>
2005	1.044	2.610
2006	1.014	2.535
2007	1.014	2.535
2008	1.014	2.535
2009	1.014	2.535
2010	1.014	2.535
2011	1.014	2.535
2012	1.014	2.535
2013	1.014	2.535
2014	1.014	2.535

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

2014			2005		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 345,516,620	0.78%	Baltimore Gas & Electric Company	\$ 260,104,800	0.95%
Mall in Columbia Business Trust	201,569,967	0.45%	Mall in Columbia Business Trust	146,429,833	0.54%
Howard Properties Howard Crossing	137,424,033	0.31%	Verizon-Maryland	112,630,130	0.41%
Verizon-Maryland Inc.	129,183,750	0.29%	Sprint Communications	72,626,330	0.27%
Home Properties Charleston LLC	71,897,167	0.16%	API ColumbiaTown Center LLC	61,115,533	0.22%
KMF Sherwood Crossing LLC	66,226,370	0.15%	Seasons of Laurel LLC	60,209,633	0.22%
API Columbia Town Center LLC	64,549,800	0.14%	Town & Country West Greenview	58,668,630	0.22%
Montpelier III LLC	48,827,000	0.11%	Washington DC SMSA Limited	54,878,629	0.20%
Gateway A 74 & A 76 LLC	44,927,500	0.10%	AT & T Wireless PCS LLC	27,498,410	0.10%
Elm Street Holdings LLC	44,490,100	0.10%	Liberty Property LTD Partnership	25,345,750	0.09%
<b>Total</b>	<b>\$ 1,154,612,307</b>	<b>2.59%</b>	<b>Total</b>	<b>\$ 879,507,678</b>	<b>3.22%</b>

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		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	338,595,522	336,809,362	99.5%	1,779,378	338,588,740	100.0%
2006	384,872,472	382,410,597	99.4%	2,434,519	384,845,116	100.0%
2007	435,502,514	433,853,289	99.6%	1,565,486	435,418,775	100.0%
2008	507,119,578	505,465,702	99.7%	1,349,119	506,814,821	99.9%
2009	569,987,425	568,246,317	99.7%	1,181,314	569,427,631	99.9%
2010	601,068,331	599,327,223	99.7%	1,150,004	600,477,227	99.9%
2011	577,633,399	574,828,923	99.5%	2,489,902	577,318,825	99.9%
2012	541,972,687	540,659,569	99.8%	897,254	541,556,823	99.9%
2013	551,716,941	547,732,006	99.3%	3,463,497	551,195,503	99.9%
2014	555,254,638	550,755,917	99.2%	-	550,755,917	99.2%

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

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)
	General Obligation Bonds	State Water Quality Revolving Loans	Installment Purchase Agreements	Tax Increment Bonds	Capital Leases	Total Governmental Activities	Metropolitan District Bonds	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Capital Leases	Total Business-Type Activities				
	(a)					(a)									
2005	496,358	11,790	52,808	-	-	560,956	91,121	9,405	58,833	32	159,391	720,347	4.93%	2,713	
2006	546,935	11,705	52,581	-	-	611,221	88,432	8,915	56,278	17	153,642	764,863	4.95%	2,888	
2007	611,442	11,555	52,445	-	-	675,442	93,306	8,420	52,831	-	154,557	829,999	4.99%	3,047	
2008	679,878	9,760	60,582	-	-	750,220	89,797	7,915	49,220	32	146,964	897,184	5.03%	3,148	
2009	704,588	7,980	61,240	-	-	773,808	112,281	7,395	46,576	17	166,269	940,077	5.20%	3,214	
2010	771,706	5,795	60,998	-	4,889	843,388	113,712	6,870	43,220	-	163,802	1,007,190	5.52%	3,491	
2011	832,751	4,050	71,122	-	4,945	912,868	157,344	6,330	41,958	-	205,632	1,118,500	5.75%	3,816	
2012	901,586	2,850	94,623	-	4,738	1,003,797	189,930	5,400	38,364	-	233,694	1,237,491	5.86%	4,133	
2013	943,831	2,840	92,695	-	5,191	1,044,557	213,780	5,022	34,110	-	252,912	1,297,469	N/A	N/A	
2014	989,035	2,830	95,629	17,000	5,062	1,109,556	295,825	4,583	30,930	-	331,338	1,440,894	N/A	N/A	

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

(b) See the Demographic and Economic Statistics schedule for personal income and population data.

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

**Howard County, Maryland**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(in thousands of dollars, except per capita amount)**

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>General Obligation Debt (a)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (b)</u>	<u>General Obligation Debt per Capita (c)</u>
2005	272,584	508,179	1.9%	1,864
2006	276,287	558,640	1.8%	2,022
2007	278,900	622,997	1.7%	2,234
2008	282,674	689,638	1.6%	2,440
2009	284,952	712,568	1.5%	2,501
2010	287,907	782,390	1.6%	2,718
2011	291,200	841,746	1.7%	2,891
2012	294,256	909,174	2.0%	3,090
2013	297,732	951,863	2.2%	3,197
2014	302,113	996,897	2.2%	3,300

(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.

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

**Howard County, Maryland  
Legal Debt Margin  
Last Ten Fiscal Years  
(thousands of dollars)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Assessed value</b>			(a)							
Real property	25,944,951	29,852,994	34,926,898	40,762,012	46,141,787	48,664,260	46,518,265	43,621,862	42,639,732	42,990,610
Personal property	1,331,029	1,391,713	1,468,268	1,496,190	1,497,439	1,588,890	1,623,786	1,555,658	1,561,355	1,561,532
Total assessed value	27,275,980	31,244,707	36,395,166	42,258,202	47,639,226	50,253,150	48,142,051	45,177,520	44,201,087	44,552,141
<b>Legal debt margin</b>										
Debt limit (12% of 40% of assessed value of real property)	1,245,358	1,432,944	n/a							
Debt limit (12% of 100% of assessed value of personal property)	159,723	167,006	n/a							
Debt limit (4.8% of assessed value of real property and personal property)	n/a	n/a	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503
Total debt limit	1,405,081	1,599,950	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503
<b>Debt applicable to limit</b>										
General county	477,853	529,619	588,785	648,875	671,881	723,305	783,855	901,586	943,831	989,035
State Water Quality Revolving Loan	11,790	11,705	11,555	9,760	7,980	5,795	4,050	2,850	2,840	2,830
Maryland State Retirement System Liability	762	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	490,405	541,324	600,340	658,635	679,861	729,100	787,905	904,436	946,671	991,865
Legal debt margin	914,676	1,058,626	1,146,628	1,369,759	1,606,822	1,683,051	1,522,913	1,264,085	1,174,981	1,146,638
Total debt applicable to the limit as a percentage of debt limit	34.90%	33.83%	34.36%	32.47%	29.73%	30.23%	34.10%	41.71%	44.62%	46.38%

(a) The County Charter amended the borrowing limits effective Dec 7, 2006, to 4.8% of the assessable base of the County.

(b) The amounts reported for debt include 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	
2005	2,100,092	1,492,518	607,574	475,000	283,073	0.80
2006	2,331,256	1,531,074	800,182	490,000	273,423	1.05
2007	2,308,060	1,516,767	791,293	495,000	263,573	1.04
2008	2,282,219	1,533,517	748,702	505,000	253,573	0.99
2009	2,120,794	1,400,663	720,131	520,000	243,322	0.94
2010	2,174,432	1,460,408	714,024	525,000	232,347	0.94
2011	2,080,177	1,444,807	635,370	540,000	219,822	0.84
2012	2,164,962	1,458,542	706,420	555,000	204,748	0.93
2013	2,091,506	1,482,180	609,326	378,000	135,504	1.19
2014	2,010,152	1,570,610	439,542	439,000	119,351	0.79

**Note:** Operating expenses do not include depreciation or interest paid as part of debt service.

**Howard County, Maryland  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Estimated Population (a)</b>	<b>Personal (thousands of dollars) Income (b)</b>	<b>Per Capita Personal Income (b)</b>	<b>Public School Enrollment (c)</b>	<b>Unemployment Rate (d)</b>
2005	272,584	15,119,598	56,292	47,552	3.2%
2006	276,287	16,326,809	60,071	48,596	3.2%
2007	278,900	17,265,744	62,740	48,222	2.9%
2008	282,674	17,916,377	64,354	48,595	3.2%
2009	284,952	18,008,846	63,622	48,888	6.0%
2010	287,907	18,715,798	64,849	49,683	5.8%
2011	291,200	20,189,734	68,701	49,991	5.7%
2012	294,256	21,119,771	70,533	50,997	5.5%
2013	297,732	N/A	N/A	51,190	5.6%
2014	302,113	N/A	N/A	51,701	4.9%

**Sources:**

- (a) Howard County Department of Planning and Zoning - Estimated population is presented as of July 1st.
- (b) Personal Income and Per Capita Personal Income revised and restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce.
- (c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.
- (d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.

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

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Howard County Public Schools	7,666	1	4.54%	6,368	1	4.69%
Johns Hopkins Applied Physics Laboratory	5,000	2	2.96%	3,300	2	2.43%
Howard County Government	2,952	3	1.75%	2,566	3	1.89%
Verizon Wireless	2,028	4	1.20%	-		0.00%
Lorien Health Systems	2,000	5	1.19%	-		0.00%
Howard County General Hospital	1,777	6	1.05%	1,650	4	1.22%
Howard Community College	1,294	7	0.77%	-		0.00%
Leidos	1,195	8	0.71%	-		0.00%
Coastal Sunbelt Produce	1,050	9	0.62%	-		0.00%
Giant Food	1,050	9	0.62%	1,450	5	1.07%
The Columbia Association	-		0.00%	1,300	6	0.96%
SAIC	-		0.00%	1,100	7	0.81%
Arbitron Inc.	-		0.00%	800	8	0.59%
Ascent One	-		0.00%	800	8	0.59%
W.R. Grace & Co.	-		0.00%	800	8	0.59%
<b>Total</b>	<b>26,012</b>		<b>15.41%</b>	<b>20,134</b>		<b>14.84%</b>

Source:  
Howard County Economic Development Authority

**Howard County, Maryland  
County Government Employees by Function  
Last Ten Fiscal Years**

<b>Function/program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>General government</b>	269	276	283	291	288	287	288	292	299	312
<b>Public safety</b>										
<b>Police</b>	531	538	550	595	623	624	624	634	635	651
<b>Fire</b>	357	329	361	404	405	417	419	419	461	463
<b>Corrections</b>	139	141	141	144	144	144	145	144	144	148
<b>Public works</b>	529	539	556	577	579	579	575	572	577	599
<b>Recreation and parks</b>	232	238	246	251	246	246	252	256	261	268
<b>Legislative and judicial</b>	179	183	188	197	204	202	202	202	202	204
<b>Community services</b>	329	330	366	384	380	358	341	343	299	307
<b>Total</b>	<b>2,565</b>	<b>2,574</b>	<b>2,691</b>	<b>2,843</b>	<b>2,869</b>	<b>2,857</b>	<b>2,846</b>	<b>2,862</b>	<b>2,878</b>	<b>2,952</b>

Source: Howard County Budget Office

## Howard County, Maryland Operating Indicators by Function/Program Last Ten Fiscal Years

Statistical Section

Function/program	Date of incorporation	1851								
	Form of government	Executive/Council								
	Date present charter adopted	1968								
	Area in square miles	251								
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Government</b>										
<b>Finance:</b>										
Real property tax accounts billed	91,172	94,937	92,592	93,712	94,813	95,846	97,099	98,023	98,884	99,034
Business personal property tax accounts billed	10,255	7,960	9,906	11,854	9,613	9,833	11,658	9,809	9,829	8,831
<b>Public Safety</b>										
<b>Police:</b>										
Physical arrests	7,703	9,748	9,160	9,686	9,987	10,383	10,451	10,810	10,315	10,885
Parking violations	8,539	8,639	8,484	8,933	10,556	6,919	5,445	4,415	9,052	9,439
Traffic violations	30,115	52,850	62,730	65,217	80,724	80,735	81,588	84,306	85,682	88,987
<b>Fire:</b>										
Emergency responses	59,679	57,507	63,396	63,598	64,425	65,362	60,183	59,887	58,129	56,925
Inspections	586	549	471	570	610	1,425	1,217	2,173	2,516	2,203
<b>Corrections:</b>										
Average daily prison population	241	247	297	278	284	287	308	320	340	348
<b>Public Works</b>										
<b>Inspections, licenses and permits:</b>										
Construction permits issued	6,553	6,941	6,112	5,835	4,370	5,047	5,249	5,583	6,293	6,007
<b>Environmental services:</b>										
Refuse collected (tons per year)	116,647	124,913	125,494	120,838	107,756	102,492	103,749	102,249	101,912	103,120
Recyclables collected (tons per year)	50,373	55,691	60,317	54,293	60,860	61,993	63,100	64,619	61,974	58,197
<b>Recreation and parks</b>										
Programs operated	4,772	4,162	4,186	4,200	4,226	4,328	3,998	4,479	5,723	6,792
Registrations processed	101,052	94,361	105,665	106,014	101,503	113,354	85,598	84,420	89,345	102,305
<b>Legislative and judicial</b>										
Circuit court cases filed	1,205	1,277	1,182	996	999	957	985	1,021	1,007	1,057
District court cases filed	14,091	10,124	12,373	13,815	12,295	13,193	13,379	13,867	12,685	10,730
<b>Community services</b>										
Senior centers operated	9	9	9	9	9	9	9	7	7	7
Consumer affairs - cases closed	189	194	210	191	223	225	210	278	246	319
Community service partnership grants	29	32	31	32	36	36	33	33	28	28
Assisted living monitoring visits	292	280	205	163	217	172	418	183	205	543
<b>Water and sewer</b>										
Water main breaks	143	123	137	82	137	185	174	172	189	176
Average daily water consumption (thousands of gallons)	22,100	22,500	23,000	22,400	22,000	23,910	24,930	22,610	22,370	23,580
Number of water customers	65,567	66,434	67,868	69,170	69,833	70,646	70,062	72,229	73,121	74,153
Average daily sewage treatment (thousands of gallons)	25,052	18,800	25,600	24,400	26,800	26,530	24,628	26,350	26,860	26,980
Number of sewer customers	62,159	63,022	64,240	65,494	66,096	66,862	68,163	68,872	69,727	70,714
<b>Golf course</b>										
Rounds played	41,360	44,856	41,395	40,455	36,450	35,525	34,309	36,142	35,432	34,197

Sources: Various Howard County Departments

Note: Indicators are not available for the State highways or education functions.

## Howard County, Maryland Capital Asset Statistics by Function Last Ten Fiscal Years

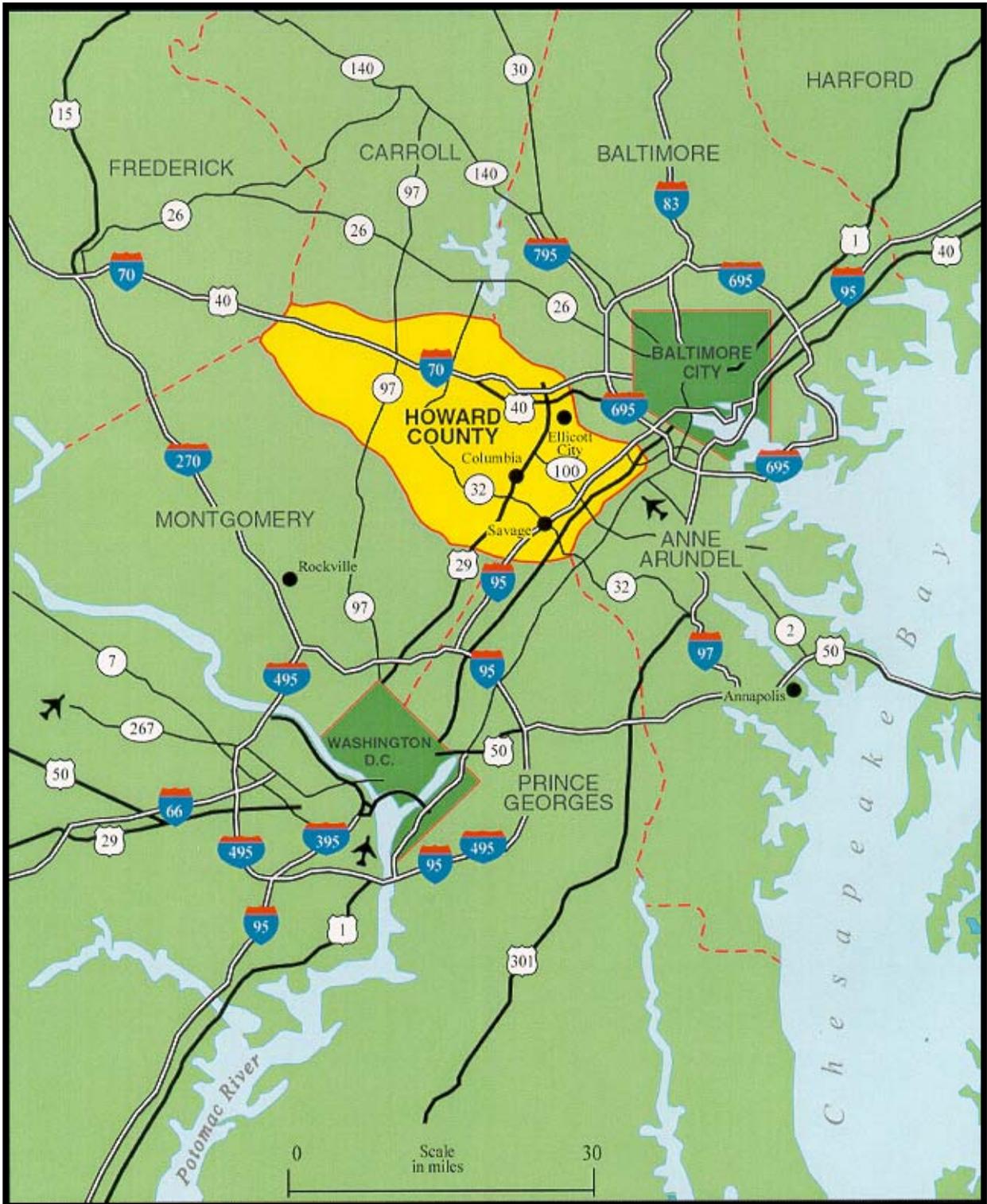
Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Government</b>										
Buildings	10	11	11	12	17	19	20	23	38	40
Vehicles	N/A	42	44	49	60	65	54	57	45	43
<b>Legislative and judicial</b>										
Vehicles	N/A	45	53	58	61	67	66	70	70	77
<b>Public safety</b>										
<b>Police:</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	200	200	207	225	244	265	265	286	292	291
Other vehicles	N/A	196	209	231	250	237	212	250	264	226
<b>Fire:</b>										
Stations	5	5	5	6	6	8	8	9	11	12
Pumpers/tankers	23	29	31	34	32	28	28	29	25	28
Ladder trucks	4	6	6	7	7	5	5	6	6	6
Paramedic units	21	21	24	27	28	30	30	32	34	32
Vehicles	N/A	90	106	118	101	128	133	119	118	119
<b>Public Works</b>										
Buildings	46	46	46	46	49	49	49	54	58	58
Transit buses	47	47	52	53	56	67	58	57	52	57
Vehicles	N/A	214	234	278	279	385	339	354	355	354
Streets (miles)	970	975	980	988	995	1,014	1,015	1,030	1,035	1,116
Streetlights (a)	5,696	5,997	6,153	6,427	6,686	6,944	7,048	7,315	7,558	7,750
Stormwater management facilities	700	719	745	745	770	850	908	933	983	1,123
<b>Recreation and parks</b>										
Buildings	41	44	44	44	44	45	44	59	62	62
Parks and open space acreage	8,169	8,339	8,439	8,678	8,737	8,846	8,850	9,097	9,116	9,173
Playgrounds	31	37	40	41	42	42	40	39	41	43
Vehicles	N/A	64	70	69	63	76	78	85	96	99
<b>Water and sewer</b>										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	905	927	943	960	992	1,005	1,024	1,028	1,041	1,054
Sanitary sewers (miles)	880	892	898	906	955	962	971	980	987	999
<b>Golf course</b>	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 periods 2005 through 2009 and 2012 restated to exclude fixtures that Howard County rented/leased to BGE.

# Howard County Regional Location





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