



Howard County, Maryland

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013



Howard County, Maryland

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Certain Appointed Officials

Lonnie 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



County Council

Jennifer Terrasa
Chairperson



Mary Kay Sigaty
Vice Chairperson



Calvin Ball
Council Member



Greg Fox
Council Member



Courtney Watson
Council Member



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



Prepared by the Department of Finance

Howard County, Maryland



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Listing of County Officials

County Executive and Council

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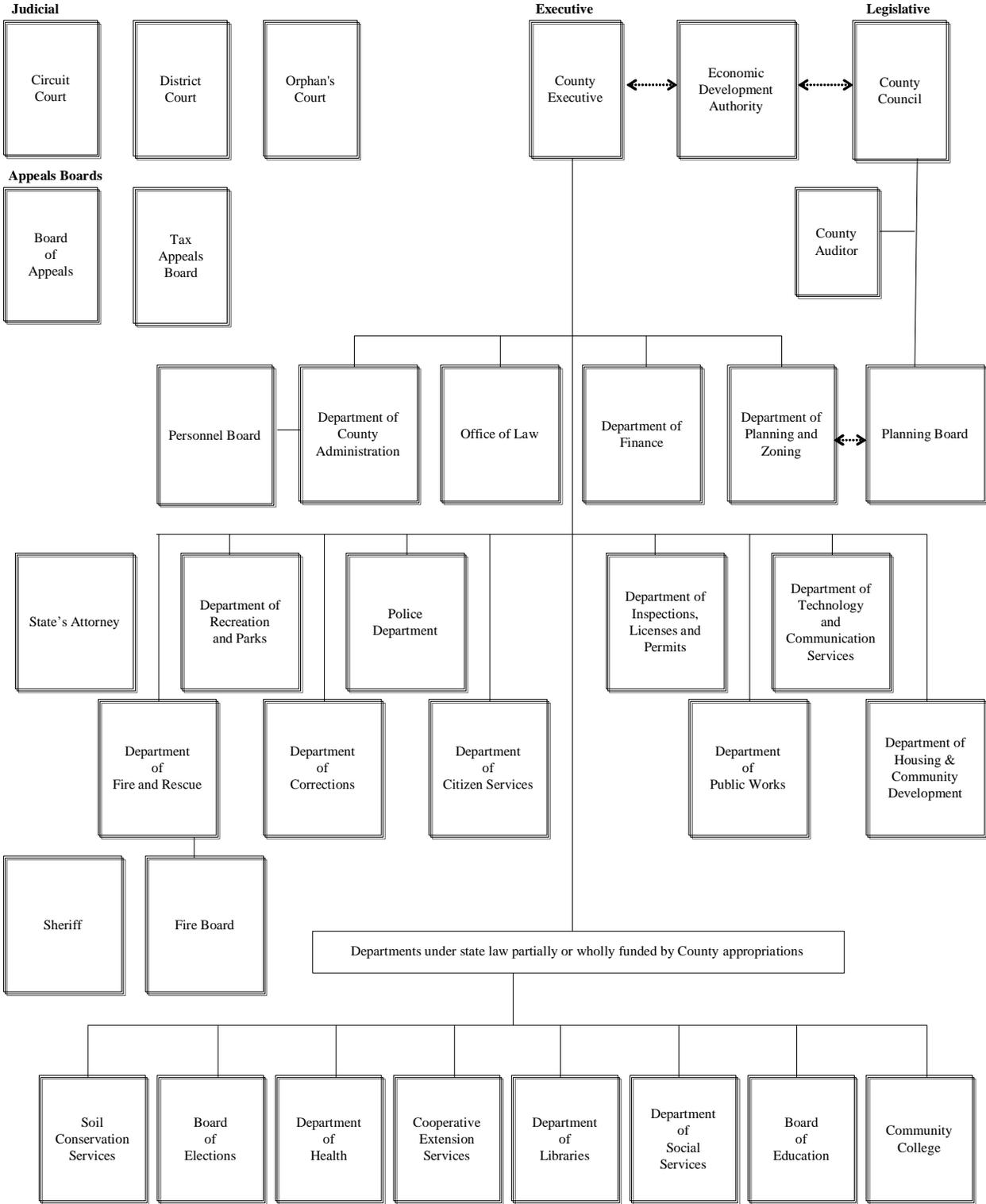
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HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





HOWARD COUNTY DEPARTMENT OF FINANCE

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November 27, 2013

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, 2013, 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, 2013. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

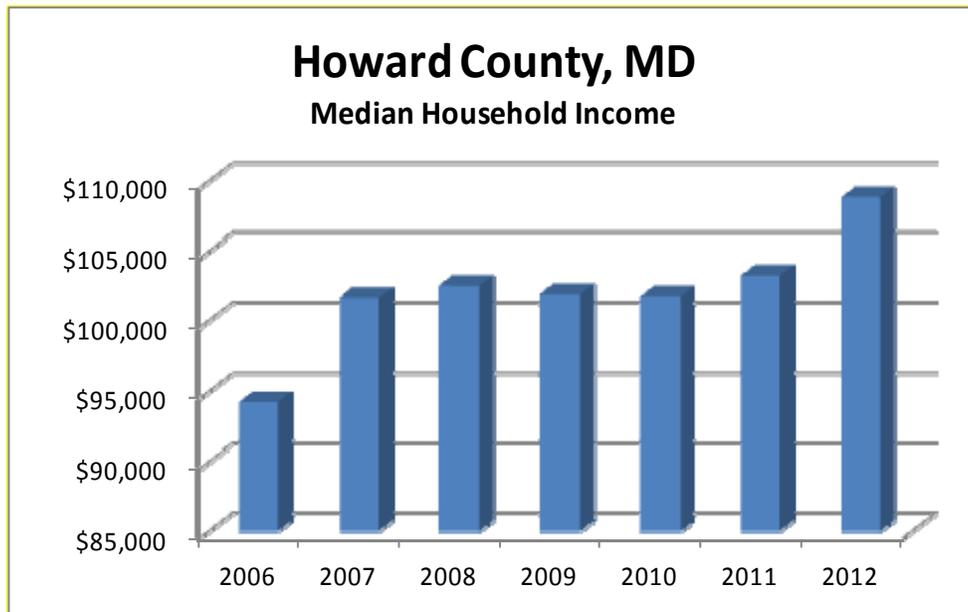
Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with 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 297,378 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 third 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 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

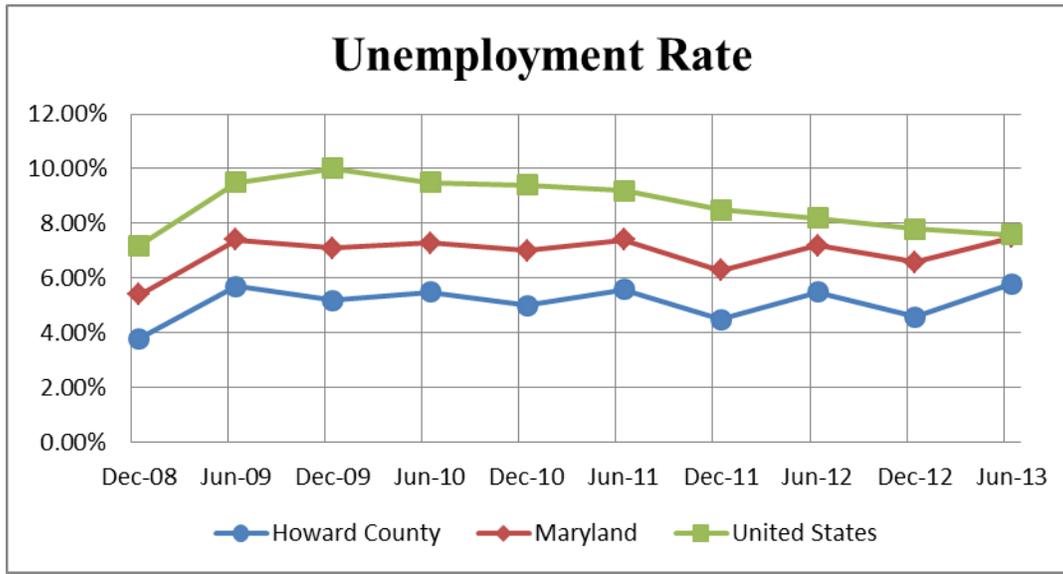
The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five year spending projections), the capital budget and capital program, and the budget 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 (7.5%) and national (7.6%) levels as evidenced by the June 2013 rate of 5.8%.



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

LOCAL ECONOMY

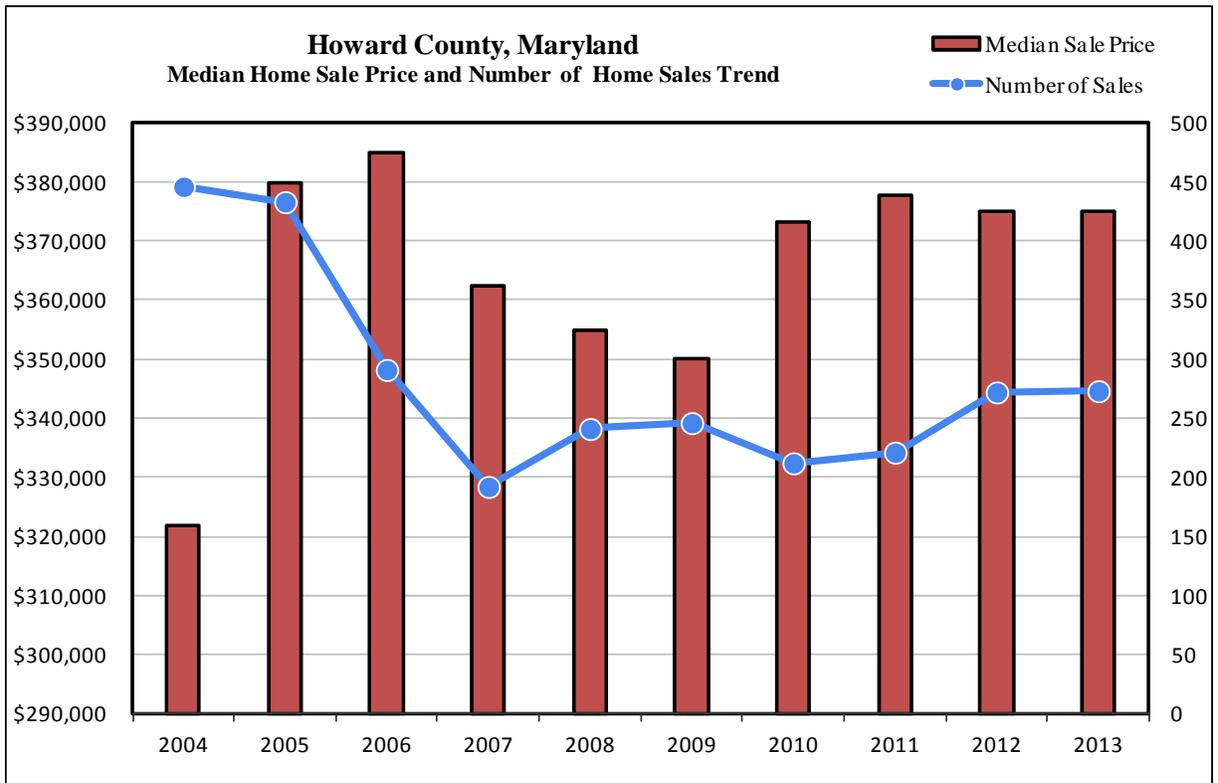
Because of Howard County's ideal geographic location, substantial growth in a wide variety of industries has resulted. Over 9,515 businesses in Howard County employ 156,400 workers in industries such as technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing and in multinational corporations. The service sector is the largest industry in the County, employing 75% 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) 2013 property tax collections increased 1.4% above the previous fiscal year. In its FY 2014 budget Howard County projected a 2.3% 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 4.8% when compared to the actual for FY 2012. Due to increases in the number of employed residents and median incomes, the FY 2014 projection for income tax collections represents an 8.1% increase from what was budgeted in FY 2013.

County revenues related to housing activity picked up in FY 2013. The decline in the real estate market that began in FY 2006 continued to have an effect in FY 2013. Recordation tax, a leading indicator of the health of the local real estate market, increased 36.9% from the previous year yet was still 21.6% below the FY 2006 level. The FY 2014 budget projected no change in recordation tax collections compared to FY 2013. Another indicator of the continued struggling economy is investment income. Revenue from this source increased 0.1% in FY 2013 and is still 93% below FY 2008 revenue. The FY 2014 budget anticipated no increase in interest rates resulting in level budgeted investment earnings.



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

The County had a surplus in FY 2013 as a result of focusing on opportunities to reduce spending and increase efficiencies. Looking forward, overall economic performance is expected to improve slightly in FY 2014. Revenues are expected to increase which will allow County employees to receive their first cost of living increase in 5 years.

It is anticipated that the FY 2014 gross assessable base of Howard County will increase by 0.6%. Due to decreasing Homestead Tax Credits, the net taxable assessment will increase by approximately 2.5%. 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. Over 50% of homeowner occupied properties in Howard County received this credit in FY13. The demand for real estate is up in Howard County, especially in the residential resale market, where the average time that homes are on the market declined from 83 to 46 days between September 2012 and 2013.

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, 2013 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, 2012. This was the thirty-seventh 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, 2013. This was the twentieth 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 Salomey Awuku, Thompson Betts, Lori Buchman, Sarah Flaig, Dawit Gebregiorgis, Paul German, Yanling Gong, Silvia Gould, Nicole Griffith, Verda Hall, Sean Hollywood, Yusef Ibrahim, Rafiu Ighile, Marvin Miller, Angela Moore, Angela Price, Jennifer Skiratko, Sima Taghavi, and Thomas Wall 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 27, 2013

CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Ken Ulman
County Executive

Honorable Members of the County Council

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

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, 2013. 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



Each year, Housing hosts the annual “Come Home to Howard County” Housing Fair. This premier event features exhibitors with information showcasing everything individuals and families need to know about buying or renting a home in Howard County.



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, 2012

Executive Director/CEO

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

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, 2013, 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 38 percent, 68 percent and 46 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 financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities is based on the report of 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. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, 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.

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 reports 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Agricultural Land Preservation fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 65 through 66 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 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

As fully described in note 17 of the financial statements, certain errors were noted which resulted in the restatement of prior year balances.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 assets 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. In our opinion, the combining and individual nonmajor fund financial statements 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.



Baltimore, Maryland
November 27, 2013

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, 2013. 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 \$619.7 million. That amount is net of a \$613.2 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 \$441.7 million and for college projects is \$80.9 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 \$991.6 million.
- The \$55.4 million decrease in the government's total net position is primarily due to a reduction in fixed assets for a write-off of construction in progress, an increase in the County's funding of education expenses (Board of Education 7% and Library 6%), a decrease in grant funding (operating grant 25.4% and capital grants 46.4%), mostly due to near completion of capital projects such as the Inter-County Broadband Network (ICBN) project and a decrease in fair value of U.S. Treasury Strips investments (3.1%) in the Agricultural Land Preservation Fund.
- The County's property tax and recordation tax revenues increased this year by \$18.5 million or 4% and \$6.0 million or 37%, respectively, due to an improvement in the general economy.
- Approximately 60.3% of the total governmental fund balance, \$166.7 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 \$133.7 million, or 15.5% of total General Fund expenditures.
- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$276.5 million, an increase of about \$30.9 million in comparison with the prior year. Specifically, the fund balance of the General Fund increased by \$21.8 million due to an increase in income tax revenue of \$17.0 million. In addition, the fund balance of the General Capital Projects Fund increased by \$7.1 million primarily due to receiving bond funding of \$74.3 million.
- The reserve for the budget stabilization account balance is \$57.2 million, an increase of \$0.9 million or 6.6% of fiscal year 2013 general fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2011 expenditures). We have reached that target and assigned \$4.0 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 \$54.4 million (4.6%) during the current fiscal year. The major factors in this increase were the issuance of \$97.9 million in Consolidated Public Improvement (CPI) Project Bonds and \$39.2 million in Metropolitan (Metro) District Project Bonds. The County refunded \$6.7 million in CPI bonds and \$10.9 million in Metro bonds and retired \$52.3, \$6.5, and \$4.3 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$378,000 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 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, highway capital projects, 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 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 and for the public golf course, both of which are 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 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 31-64.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information is located on pages 65-66 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 67 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 97- 99. Schedules providing additional long-term debt detail start on page 101. The Statistical Section begins on page 113.

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 \$619.7 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, 2013, debt outstanding for education projects is \$441.7 million and for college projects is \$80.9 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 \$727.3 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of \$311.7 million.

An additional portion of the County's net position (\$149.6 million or 24.1%) represents resources subject to external restrictions on their usage.

Summary of Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012 *	2013	2012 *	2013	2012
Current and other assets	\$ 493,685,497	495,092,695	208,290,679	192,803,478	701,976,176	687,896,173
Capital assets	1,199,706,075	1,168,880,697	596,436,426	581,705,955	1,796,142,501	1,750,586,652
Deferred outflows of resources	4,880,141	6,009,096	418,746	640,482	5,298,887	6,649,578
Total assets	1,698,271,713	1,669,982,488	805,145,851	775,149,915	2,503,417,564	2,445,132,403
Long-term liabilities						
outstanding	1,425,531,692	1,320,866,201	259,937,058	239,565,016	1,685,468,750	1,560,431,217
Other liabilities	164,411,369	172,703,572	15,917,236	16,438,923	180,328,605	189,142,495
Deferred inflows of resources	374,729	241,404	17,519,046	20,161,973	17,893,775	20,403,377
Total liabilities	1,590,317,790	1,493,811,177	293,373,340	276,165,912	1,883,691,130	1,769,977,089
Net position:						
Invested in capital assets						
net of related debt	740,258,162	745,358,936	343,029,639	352,371,984	1,083,287,801	1,097,730,920
Restricted	94,955,786	82,432,184	54,677,366	60,755,862	149,633,152	143,188,046
Unrestricted	(727,260,025)	(651,619,809)	114,065,506	85,856,157	(613,194,519)	(565,763,652)
Total net position	\$ 107,953,923	176,171,311	511,772,511	498,984,003	619,726,434	675,155,314

* Restated for prior period adjustments (see Note 17).

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 \$55.4 million during the current fiscal year as the result of a \$68.2 million decrease in governmental activities and a \$12.8 million increase in business-type activities. The governmental activities decrease is primarily due to a write-off of construction in progress of \$76.0 million and a \$28.0 million increase in funding for education expenses. The business-type activities increase is due to \$10.0 million in contributed capital and the accumulation of ad valorem revenues to fund future capital projects.

The deficit in unrestricted net position for governmental activities increased by \$75.6 million this year as a result of: write-off of \$76.0 million construction in progress, \$19.5 million increase in public safety - mostly due to the increased personnel cost associated with the opening of Glenwood fire station and the activation of Emergency Operations Center, \$28.0 million increase in funding for education expenses.

Changes in Net Position

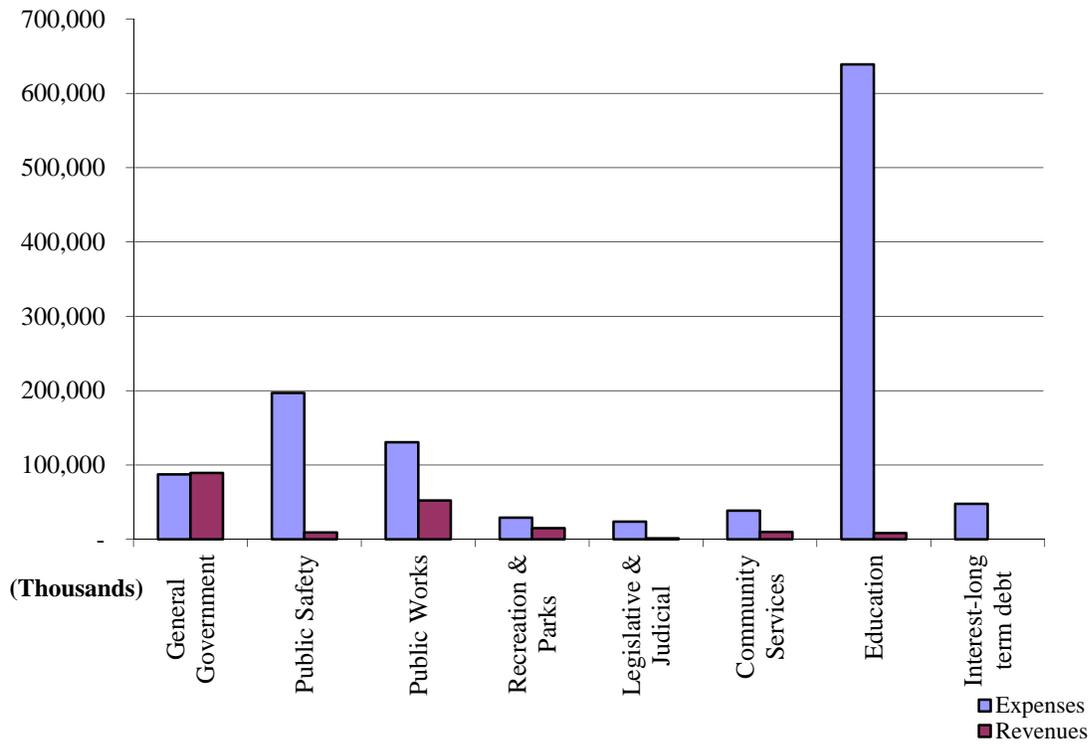
	Governmental activities		Business-type activities		Total	
	2013	2012 *	2013	2012 *	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 114,688,497	112,892,996	56,781,940	52,864,646	171,470,437	165,757,642
Operating grants and contributions	27,837,622	46,323,888	29,006,605	29,880,497	56,844,227	76,204,385
Capital grants and contributions	42,575,352	86,630,204	16,285,260	21,398,629	58,860,612	108,028,833
General revenues						
Property taxes	523,266,142	504,771,008	-	-	523,266,142	504,771,008
Local Income taxes	360,251,116	358,356,561	-	-	360,251,116	358,356,561
Other taxes	61,337,101	54,343,807	-	-	61,337,101	54,343,807
Other	2,064,478	11,633,238	169,180	170,617	2,233,658	11,803,855
Total revenues	1,132,020,308	1,174,951,702	102,242,985	104,314,389	1,234,263,293	1,279,266,091
Expenses						
General government	87,405,901	100,551,972	-	-	87,405,901	100,551,972
Public safety	196,950,283	179,515,184	-	-	196,950,283	179,515,184
Public works	130,500,653	197,575,976	-	-	130,500,653	197,575,976
Recreation and parks	29,210,799	35,104,460	-	-	29,210,799	35,104,460
Legislative and judicial	23,682,923	22,248,551	-	-	23,682,923	22,248,551
Community services	38,506,895	39,358,593	-	-	38,506,895	39,358,593
State highways	7,225,028	2,900,053	-	-	7,225,028	2,900,053
Education	639,025,259	611,024,673	-	-	639,025,259	611,024,673
Interest on long term-debt	47,729,955	53,851,902	-	-	47,729,955	53,851,902
Water & Sewer	-	-	87,569,376	150,388,912	87,569,376	150,388,912
Golf course	-	-	1,885,101	1,921,518	1,885,101	1,921,518
Total expenses	1,200,237,696	1,242,131,364	89,454,477	152,310,430	1,289,692,173	1,394,441,794
Increase (decrease) in net position	(68,217,388)	(67,179,662)	12,788,508	(47,996,041)	(55,428,880)	(115,175,703)
Transfers	-	(586,842)	-	586,842	-	-
Increase (decrease) in net position	(68,217,388)	(67,766,504)	12,788,508	(47,409,199)	(55,428,880)	(115,175,703)
Net position beginning	176,171,311	243,937,815	498,984,003	546,393,202	675,155,314	790,331,017
Net position ending	\$ 107,953,923	176,171,311	511,772,511	498,984,003	619,726,434	675,155,314

* Restated for prior period adjustments (see Note 17).

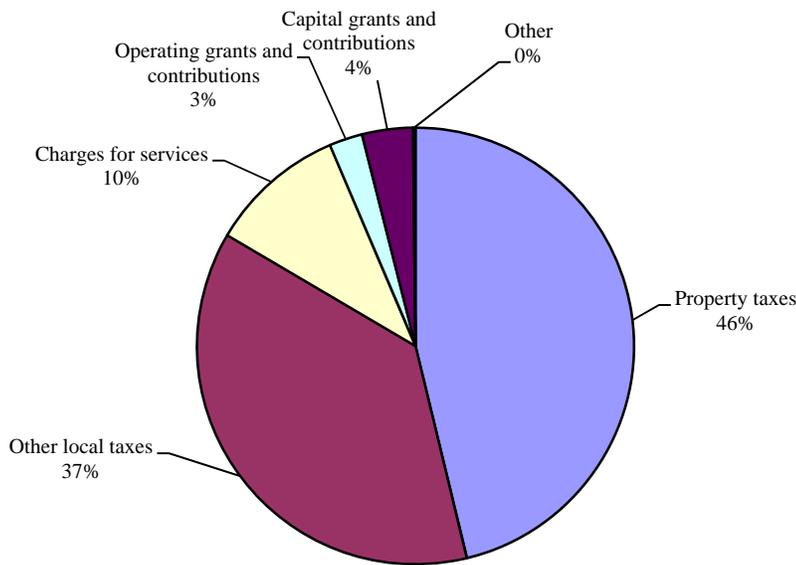
Governmental activities. Governmental activities decreased the County's net position by \$68.2 million. Key elements of this decrease are as follows:

- Fixed assets were reduced by \$100.9 million to write off the construction in progress and to record depreciation on capital assets for prior years.
- Education expenses increased by \$28.0 million.
- Capital grants decreased due to the combination of the ICBN project being nearly completed (decrease in grant revenue of \$8.9 million) and the recognition of donated land to the County for \$18.2 million as a prior period adjustment (increase in prior year revenue.)

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



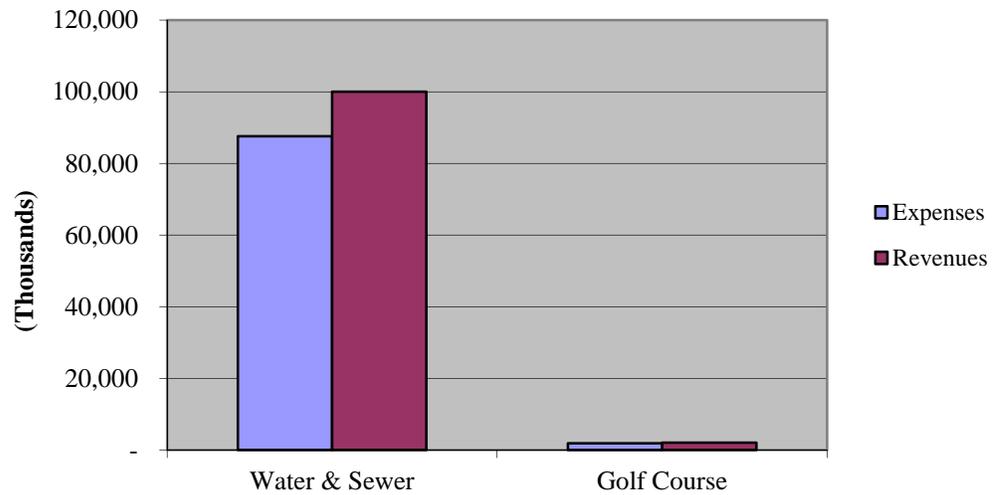
Business-type activities. Business-type activities increased the County’s net position by \$12.8 million. The components of this increase are as follows:

- Charges for services increased by \$3.9 million due to a 9% rate increase for water and sewer usage.
- Operating grants and contributions, which totaled \$29.0 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.

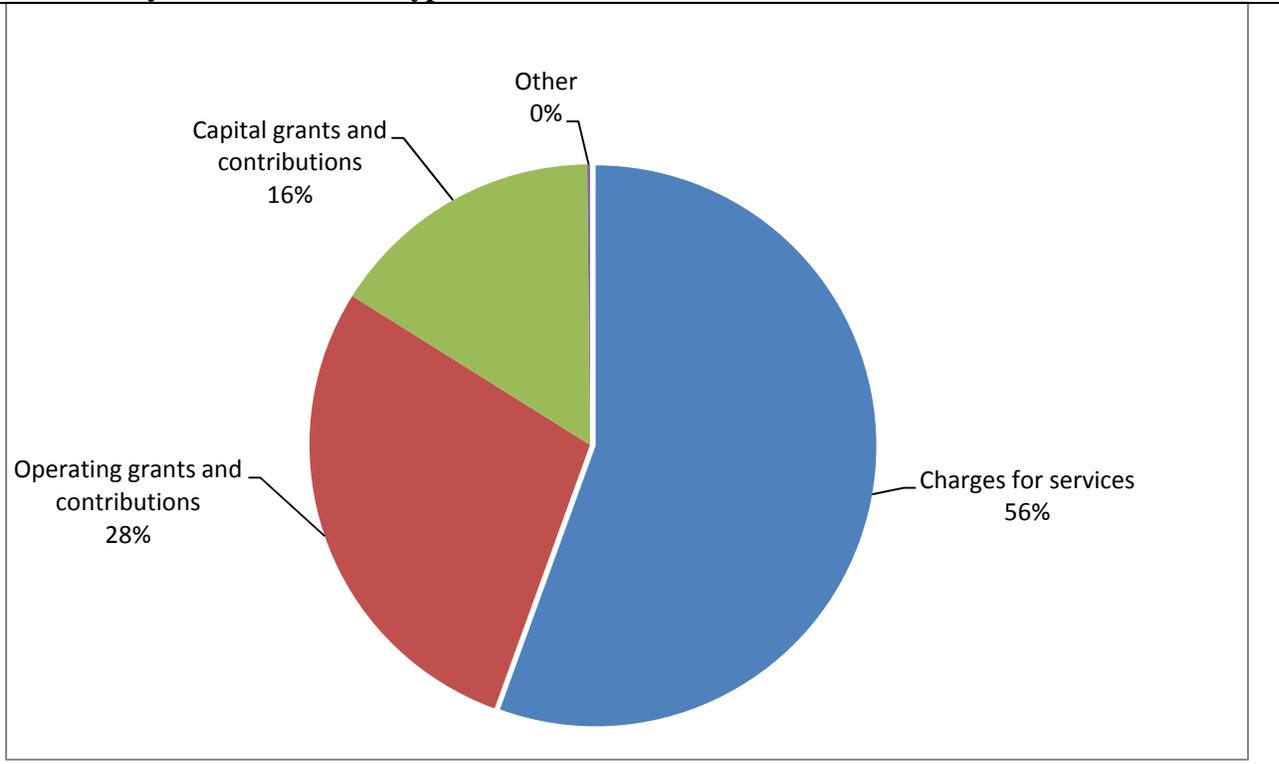
- Capital grants and contributions mainly consisted of the receipt of \$6.0 million in grant funding from the State of Maryland to fund improvements to reduce nitrogen discharge in the reclaimed water system. In addition, \$10.3 million was received in capital contributions. This revenue includes the 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 \$5.1 million from fiscal year 2012.

Business-type activities are shown comparing costs to revenues generated by related services. Both water and sewer and the golf course activities 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 \$276.5 million, an increase of \$30.9 million in comparison with the prior year. Of this fund balance, \$14.9 million is nonspendable, \$95.0 million is restricted by enabling legislation, \$105.0 million is committed by the County, at the highest level of authority, \$130.3 million is assigned, and (\$68.7) 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 \$133.7 million, \$21.8 million or 19.5% more than the prior year, due to a \$17.0 million increase in local income tax revenue.

The \$73.3 million total fund balance of the Agricultural Land Preservation Fund is a \$3.6 million decrease from the prior year. The decrease is the result of decreases in fair value of U.S. Treasury Strips investments.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a \$49.4 million deficit. This is a timing issue due to capital project expenditures occurring before revenues are recognized.

The highway capital projects fund is used to track the construction of bridges, roads, sidewalks, and intersections. \$47.7 million of fund balance is restricted for public road facilities.

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 and the Special Recreation Facility Fund (golf course), 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 \$504.4 million, and \$5.5 million for the golf course operation. Net position of the Water and Sewer Proprietary Fund decreased \$69.8 million mainly due to a write-off of \$76.0 million of construction in progress (see Note 17 for more information). The net position of the Special Recreation Facility Fund increased by \$0.2 million due to an improvement in the general economy.

General Fund Budgetary Highlights

The original general fund expenditure and revenue budgets did not change in total during the current fiscal year.

Due to uncertainty surrounding the economy at the beginning of the fiscal year, the County held back on expenditures and spent \$11.3 million less than the budget. The County collected \$34.4 million more in local income taxes than budgeted due to a recovery in the local jobs market. As a result, budgeted operating transfers from several other funds were not completed.

Total debt service final budget amounts compared to expenditures and encumbrances for the fiscal year show a favorable variance of \$4.4 million. Interest on investments fell short of budgeted revenue by \$4.8 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, 2013 is \$1.8 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 2.6% (a 2.6% increase for governmental activities and a 2.5% increase for business-type activities).

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

- \$11.4 million for the Nitrogen Loading Reduction
- \$ 6.6 million for the new Savage Fire Station
- \$ 3.5 million for the Little Patuxent Water/Wastewater Parallel Sewer
- \$ 3.4 million combined on park systematic improvements
- \$ 2.8 million for the One Maryland Broadband Plan
- \$ 2.6 million for the Marriotsville Road Elevated Tank

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2013	2012 *	2013	2012 **	2013	2012
Land and land improvements	\$ 530,497,318	523,705,917	11,377,100	11,092,403	541,874,418	534,798,320
Buildings	239,832,237	228,325,384	167,030,062	166,945,247	406,862,299	395,270,631
Improvements other than buildings	104,401,625	105,736,521	25,636,389	26,433,222	130,038,014	132,169,743
Equipment	54,839,649	51,239,179	5,038,855	3,326,523	59,878,504	54,565,702
Infrastructure	215,664,022	210,597,590	368,726,812	351,840,629	584,390,834	562,438,219
Construction in progress	54,471,224	49,276,107	18,627,208	22,067,931	73,098,432	71,344,038
Total capital assets	\$ 1,199,706,075	1,168,880,698	596,436,426	581,705,955	1,796,142,501	1,750,586,653

* Restated by \$199,518,761 in assets, \$76,044,175 in expenses from prior years, \$24,812,366 in depreciation and \$18,157,752 in land.

** Restated by \$133,777,138 in assets, \$76,026,191 in expenses, \$5,656,438 in depreciation and \$289,530 in land.

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 \$1.2 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 866,510,000	827,580,000	206,785,000	184,990,000	1,073,295,000	1,012,570,000
State water quality loan	2,840,000	2,850,000	34,109,616	38,364,211	36,949,616	41,214,211
Landfill closure obligation	31,819,000	31,896,000	-	-	31,819,000	31,896,000
Agricultural land preservation program	92,695,395	94,622,770	-	-	92,695,395	94,622,770
Special facility revenue bonds	-	-	5,022,000	5,400,000	5,022,000	5,400,000
Other	5,191,356	4,737,514	885,642	1,004,953	6,076,998	5,742,467
Total outstanding debt	\$ 999,055,751	961,686,284	246,802,258	229,759,164	1,245,858,009	1,191,445,448

The County's total long-term debt increased by \$54.4 million (4.6%) during the current fiscal year. The major factors in this increase were the issuance of \$97.9 million in Consolidated Public Improvement (CPI) Project Bonds and \$39.2 million in Metropolitan (Metro) District Project Bonds. The County refunded \$6.7 million in CPI bonds and \$10.9 million in Metro bonds and retired \$52.3, \$6.5, and \$4.3 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$378,000 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 2013 unemployment rate for the County was 5.8% (the low was 4.6% in December 2012). This compares favorably to the state's unemployment rate of 7.5% and the national rate of 7.6% for the same period. The County's rate was 2.3% in April 2008.
- The occupancy rate for commercial space as of June 2013 was 90.3%, down from 90.5% a year ago. Howard County had 398,330 square feet (SF) of new commercial space come online 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 2014 fiscal year.

The fiscal year 2014 general fund budget is \$71.2 million or 7.9% more than the fiscal year 2013 budget. This increase is the result of a \$4.2 million increase in pay-as-you-go funding of one-time expenditures, a \$21.8 million increase in Education and a \$9.6 million increase for public safety.

The County's property tax and income tax rates remained the same for fiscal year 2014. The Building Excise Tax (used to fund road expansion) rates were increased 4.6% (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 a moderate revenue increase in fiscal year 2014. Fiscal year 2014 income tax received through November 2013 is up 13.6% over fiscal year 2013 and is running ahead of budgeted expectation for that period. All other major revenue sources are on budget for fiscal year 2014.

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



The County's Department of Fire & Rescue Services and Police Department work to educate, protect and serve the residents of, and those who work in and travel through, Howard County. With public safety deemed as one of our top priorities, the County is constantly looking for new community outreach efforts to better safeguard residents. This past year the Police Department held its first Gun Buyback Safety Day in 18 years, resulting in the collection of 631 weapons from county residents. The event featured free gun locks, safety tips and training, as well as provided residents with a way to safely remove unwanted weapons from their homes. All aspects of the event furthered the County's effort to keep its residents safe.

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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and cash equivalents	\$ 167,553,072	10,636,084	178,189,156	72,472,945
Investments	-	-	-	108,581,641
Receivables:				
Property taxes, net	3,338,605	225,690	3,564,295	-
Due from other governments	51,800,002	40,913	51,840,915	15,989,038
Other	1,891,715	11,649,799	13,541,514	4,335,952
Materials and supplies	1,617,020	962,041	2,579,061	2,579,213
Prepays	28,213	-	28,213	1,796,314
Restricted assets:				
Equity in pooled cash and cash equivalents	181,773,019	121,684,068	303,457,087	4,479,974
Investments	49,597,878	-	49,597,878	-
Property taxes	555,299	-	555,299	-
Due from other governments	20,421,492	-	20,421,492	-
Water & sewer assessments receivable	-	60,894,968	60,894,968	-
Other receivables	16,344,618	312,204	16,656,822	5,386,186
Materials and supplies	523,686	-	523,686	-
Prepays	51,346	-	51,346	-
Internal balances	(1,884,912)	1,884,912	-	-
Other assets	74,444	-	74,444	-
Capital assets:				
Land and land improvements	530,497,318	11,377,100	541,874,418	63,566,100
Construction in progress	54,471,224	18,627,208	73,098,432	176,479,411
Buildings and improvements, net	344,233,862	192,666,451	536,900,313	1,047,123,166
Machinery and equipment, net	54,839,649	5,038,855	59,878,504	10,884,844
Infrastructure, net	215,664,022	368,726,812	584,390,834	-
Other capital assets	-	-	-	5,711,548
Other non-current assets	-	-	-	10,539,861
Total assets	1,693,391,572	804,727,105	2,498,118,677	1,529,926,193
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	4,880,141	418,746	5,298,887	-
Interest rate swap	-	-	-	1,260,048
Total deferred outflows of resources	4,880,141	418,746	5,298,887	1,260,048
Total assets and deferred outflows of resources	1,698,271,713	805,145,851	2,503,417,564	1,531,186,241
LIABILITIES				
Accounts payable and other current liabilities	32,423,145	10,477,954	42,901,099	94,273,029
Accrued interest payable	16,090,350	3,262,518	19,352,868	-
Accrued wages and benefits	9,338,980	389,914	9,728,894	1,810,308
Deposits	139,990	1,283,645	1,423,635	454,173
Bond anticipation notes	100,000,000	-	100,000,000	-
Due to primary government	-	-	-	5,301,910
Unearned revenues	6,418,904	503,205	6,922,109	27,482,617
Noncurrent liabilities:				
Due within one year	61,471,343	12,915,377	74,386,720	4,518,369
Due in more than one year, net	1,364,060,349	247,021,681	1,611,082,030	87,474,728
Total liabilities	1,589,943,061	275,854,294	1,865,797,355	221,315,134
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	300,285	-	300,285	-
Unavailable assessments	74,444	17,519,046	17,593,490	-
Interest rate swap	-	-	-	1,260,048
Total deferred inflows of resources	374,729	17,519,046	17,893,775	1,260,048
Total liabilities and deferred inflows of resources	1,590,317,790	293,373,340	1,883,691,130	222,575,182
NET POSITION				
Invested in capital assets, net of related debt	740,258,162	343,029,639	1,083,287,801	1,225,378,098
Restricted for:				
Public school facilities	14,164,311	-	14,164,311	-
Public road facilities	47,712,902	-	47,712,902	-
Forest conservation	4,233,979	-	4,233,979	-
Fire & rescue services	17,089,355	-	17,089,355	-
Park land watershed facilities	9,555,708	-	9,555,708	-
Program open space	295,786	-	295,786	-
Storm water construction	609,837	-	609,837	9,079,957
Speed enforcement	94,633	-	94,633	-
Catalyst loan program	185,156	-	185,156	-
Middle patuxent environmental area program	36,000	-	36,000	-
Economic development initiatives	978,119	-	978,119	-
Debt service	-	54,677,366	54,677,366	5,150,335
Unrestricted	(727,260,025)	114,065,506	(613,194,519)	69,002,669
Total net position	\$ 107,953,923	511,772,511	619,726,434	1,308,611,059

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

**Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2013**

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Gov Activities	Bus Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 87,405,901	46,065,885	8,907,345	34,211,903	1,779,232	-	1,779,232	-
Public safety	196,950,283	5,938,394	3,244,840	-	(187,767,049)	-	(187,767,049)	-
Public works	130,500,653	43,476,909	8,716,605	-	(78,307,139)	-	(78,307,139)	-
Recreation and parks	29,210,799	14,420,583	55,230	517,365	(14,217,621)	-	(14,217,621)	-
Legislative and judicial	23,682,923	910,646	424,382	-	(22,347,895)	-	(22,347,895)	-
Community services	38,506,895	3,876,080	5,926,630	-	(28,704,185)	-	(28,704,185)	-
State highways	7,225,028	-	-	-	(7,225,028)	-	(7,225,028)	-
Education	639,025,259	-	562,590	7,846,084	(630,616,585)	-	(630,616,585)	-
Interest on long-term debt	47,729,955	-	-	-	(47,729,955)	-	(47,729,955)	-
Total governmental activities	1,200,237,696	114,688,497	27,837,622	42,575,352	(1,015,136,225)	-	(1,015,136,225)	-
Business type activities:								
Water and sewer	87,569,376	54,712,858	29,006,605	16,285,260	-	12,435,347	12,435,347	-
Golf course	1,885,101	2,069,082	-	-	-	183,981	183,981	-
Total business-type activities	89,454,477	56,781,940	29,006,605	16,285,260	-	12,619,328	12,619,328	-
Total primary government	1,289,692,173	171,470,437	56,844,227	58,860,612	(1,015,136,225)	12,619,328	(1,002,516,897)	-
Component units:								
Public school system	\$ 852,302,923	13,663,744	122,698,978	98,706,387	-	-	-	(617,233,814)
Community college	98,547,756	37,753,834	799,157	17,073,207	-	-	-	(42,921,558)
Library	20,423,690	952,035	-	-	-	-	-	(19,471,655)
Housing commission	29,768,507	6,334,812	211,308	10,402,814	-	-	-	(12,819,573)
Total component units	\$ 1,001,042,876	58,704,425	123,709,443	126,182,408	-	-	-	(692,446,600)
General revenues:								
Property taxes					\$ 523,266,142	-	523,266,142	527,654,666
Local income taxes					360,251,116	-	360,251,116	-
Transfer tax					25,264,645	-	25,264,645	-
Recordation tax					21,837,593	-	21,837,593	-
Building excise tax					6,990,924	-	6,990,924	-
Hotel / motel tax					4,404,563	-	4,404,563	-
Admission tax					2,136,732	-	2,136,732	-
County development tax					104,136	-	104,136	-
Mobile home tax					598,508	-	598,508	-
Intergovernmental, unrestricted					1,422,086	-	1,422,086	223,644,731
Unrestricted investment income					(552,647)	169,180	(383,467)	966,979
Miscellaneous					1,195,039	-	1,195,039	15,719,796
Total general revenues					946,918,837	169,180	947,088,017	767,986,172
Change in net position					(68,217,388)	12,788,508	(55,428,880)	75,539,572
Net position - beginning of year, as previously reported					263,297,945	581,447,747	844,745,692	1,233,514,184
Adjustment to beginning net position					(87,126,634)	(82,463,744)	(169,590,378)	(442,697)
Net position - beginning of year, as restated					176,171,311	498,984,003	675,155,314	1,233,071,487
Net position - end of year					\$ 107,953,923	511,772,511	619,726,434	1,308,611,059

The accompanying notes to the financial statements are an integral part of this statement.

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2013

	General	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 123,287,884	-	-	-	17,097,435	140,385,319
Receivables:						
Property taxes, net	3,338,605	-	-	-	-	3,338,605
Due from other governments	51,800,002	-	-	-	-	51,800,002
Other	1,125,309	-	-	-	63,219	1,188,528
Restricted assets:						
Pooled cash and cash equivalents	-	22,832,336	51,620,083	51,613,448	55,707,153	181,773,020
Investments	-	49,597,878	-	-	-	49,597,878
Due from other funds	-	-	-	3,228,043	-	3,228,043
Prepaid expense	-	-	-	-	51,346	51,346
Economic development loans	-	-	-	-	87,924	87,924
Housing loans	-	-	-	-	14,266,296	14,266,296
Property taxes	-	-	-	-	555,299	555,299
Materials and supplies	-	-	-	-	523,686	523,686
Due from other governments	-	922,241	6,580,287	572,794	12,265,012	20,340,334
Other	-	-	613,753	23,170	364,599	1,001,522
Total assets	179,551,800	73,352,455	58,814,123	55,437,455	100,981,969	468,137,802
LIABILITIES						
Due to other funds	-	-	-	-	3,228,043	3,228,043
Accounts payable / accrued liabilities	3,467,533	31,225	11,836,866	3,636,554	6,879,972	25,852,150
Accrued wages and benefits	5,905,952	5,426	34,724	3,281	2,962,368	8,911,751
Bond anticipation notes	-	-	90,560,768	5,302,783	-	100,000,000
Deposits and connection fees	4,968,833	-	-	-	475,018	5,443,851
Unearned revenue	-	-	85,008	-	6,299,415	6,384,423
Claims payable	1,083,224	-	-	-	-	1,083,224
Total liabilities	15,425,542	36,651	102,517,366	8,942,618	23,981,265	150,903,442
DEFERRED INFLOWS OF RESOURCES						
Unavailable income taxes	26,140,077	-	-	-	-	26,140,077
Unavailable property taxes	2,949,918	-	-	-	427,472	3,377,390
Unavailable fees	1,076,080	-	-	-	-	1,076,080
Unavailable grant revenues	-	-	5,669,513	572,794	3,560,710	9,803,017
Prepaid taxes	300,285	-	-	-	-	300,285
Total deferred inflows	30,466,360	-	5,669,513	572,794	3,988,182	40,696,849
Total liabilities and deferred inflows	45,891,902	36,651	108,186,879	9,515,412	27,969,447	191,600,291
FUND BALANCES						
Nonspendable:						
Inventory	-	-	-	-	523,686	523,686
Prepaid items	-	-	-	-	51,346	51,346
Long-term receivables:						
Noncurrent economic development loans	-	-	-	-	87,924	87,924
Noncurrent housing loans receivable	-	-	-	-	14,266,296	14,266,296
Restricted for:						
Public school facilities	-	-	14,164,311	-	-	14,164,311
Public road facilities	-	-	-	47,712,902	-	47,712,902
Forest conservation	-	-	-	-	4,233,979	4,233,979
Fire & rescue services	-	-	-	-	17,089,355	17,089,355
Speed enforcement	-	-	-	-	94,633	94,633
Catalyst loan program	-	-	-	-	185,156	185,156
Middle Patuxent environmental area program	-	-	-	-	36,000	36,000
Parkland watershed facilities	-	-	-	-	9,555,708	9,555,708
Economic Development Initiative	-	-	-	-	978,119	978,119
Program open space	-	-	-	-	295,786	295,786
Storm water construction	-	-	-	-	609,837	609,837
Committed for:						
Budget stabilization account	57,209,710	-	-	-	-	57,209,710
Agricultural land preservation	-	10,381,110	-	-	-	10,381,110
Community renewal programs	-	-	-	-	1,589,291	1,589,291
Environmental services	-	-	-	-	16,547,669	16,547,669
Health department	-	-	-	-	12,797,471	12,797,471
Recreation programs	-	-	-	-	1,813,406	1,813,406
Firehouse & training facilities	-	-	-	-	4,738,275	4,738,275
Assigned for:						
Future balloon payments	-	49,597,878	-	-	-	49,597,878
Subsequent year's expenditures	-	13,336,816	-	-	-	13,336,816
Subsequent years' budget stabilization account	4,050,865	-	-	-	-	4,050,865
Other post-employment benefits	12,000,000	-	-	-	-	12,000,000
Funding for one time expenditures	13,765,000	-	-	-	-	13,765,000
Purchase commitments	9,478,467	-	-	-	-	9,478,467
Pay-as-you-go contribution to capital projects	28,060,000	-	-	-	-	28,060,000
Unassigned	9,095,856	-	(63,537,067)	(1,790,859)	(12,481,415)	(68,713,485)
Total fund balances	133,659,898	73,315,804	(49,372,756)	45,922,043	73,012,522	276,537,511
Total liabilities, deferred inflows and fund balances	\$ 179,551,800	73,352,455	58,814,123	55,437,455	100,981,969	468,137,802

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, 2013

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

Total fund balances - governmental funds (page 17)		\$ 276,537,511
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.		38,812,278
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	\$ (962,045,395)	
Capital lease	(5,191,356)	
Deferred refunding gain/loss and premium	(72,515,568)	
Accrued interest payable	(16,090,350)	
Compensated absences	(21,755,665)	
Net OPEB obligation	(311,732,720)	
Landfill closure & post closure	<u>(31,819,000)</u>	(1,421,150,054)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,173,283,178
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.		<u>40,471,010</u>
Net position of governmental activities (page 15)		<u><u>\$ 107,953,923</u></u>

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, 2013

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 446,684,305	-	-	-	78,257,735	524,942,040
Other local taxes	403,712,384	6,420,298	6,316,161	6,990,924	12,632,323	436,072,090
State shared taxes	1,422,086	-	-	-	-	1,422,086
Revenues from other governments	5,188,408	-	44,420,761	1,286,448	22,223,099	73,118,716
Charges for services	13,959,951	-	-	-	37,244,760	51,204,711
Investment income:						
Interest on investments	582,502	2,344,444	33,041	74,254	131,995	3,166,236
Decrease in fair value of investments	-	(3,879,178)	-	-	-	(3,879,178)
Installment interest from housing loans	-	-	-	-	160,296	160,296
Licenses and permits	6,455,619	-	-	-	-	6,455,619
Fines and forfeitures	2,717,357	-	-	-	744,985	3,462,342
Developer contributions	-	-	10,926	1,027,922	729,062	1,767,910
Rental of property	-	-	-	-	159,373	159,373
Recoveries for interfund services	11,553,101	-	-	-	-	11,553,101
Payments from component units	818,144	-	-	-	-	818,144
Miscellaneous program revenues	3,607,616	1,000	6,584,401	3,429	3,121,841	13,318,287
Total revenues	896,701,473	4,886,564	57,365,290	9,382,977	155,405,469	1,123,741,773
EXPENDITURES						
Current:						
General government	29,882,847	-	-	-	3,729,790	33,612,637
Legislative & judicial	21,041,113	-	-	-	506,319	21,547,432
Public works	64,391,106	1,109,750	1,269,871	-	23,901,984	90,672,711
Public safety	100,429,425	-	-	-	75,126,542	175,555,967
Recreation and parks	15,180,362	-	-	-	15,725,769	30,906,131
Community services	16,862,577	-	-	-	20,640,839	37,503,416
Education	526,439,322	-	77,095,240	-	-	603,534,562
Capital improvements	-	-	40,464,018	26,788,342	34,218,297	101,470,657
Debt service:						
Principal	52,335,000	1,927,375	-	-	-	54,262,375
Interest	38,318,274	5,477,545	-	-	-	43,795,819
Total expenditures	864,880,026	8,514,670	118,829,129	26,788,342	173,849,540	1,192,861,707
Excess (deficiency) of revenues over expenditures	31,821,447	(3,628,106)	(61,463,839)	(17,405,365)	(18,444,071)	(69,119,934)
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	7,046,473	677,285	1,560,190	9,283,948
Capital related debt issued	-	-	68,982,475	7,142,748	15,804,777	91,930,000
Refunding bonds issued	-	-	5,330,766	-	649,234	5,980,000
Payment to bond refunding escrow agent	-	-	(5,985,150)	-	(728,931)	(6,714,081)
Transfers in	15,579,371	-	2,914,135	11,251,489	15,658,194	45,403,189
Transfers out	(25,619,672)	-	(7,151,786)	(3,730,916)	(8,876,443)	(45,378,817)
Total other financing sources (uses)	(10,040,301)	-	71,136,913	15,340,606	24,067,021	100,504,239
Net change in fund balances	21,781,146	(3,628,106)	9,673,074	(2,064,759)	5,622,950	31,384,305
Fund balances (deficit) - beginning, as previously reported	111,878,752	76,943,910	(56,476,293)	48,620,919	64,624,646	245,591,934
Adjustment to beginning balance	-	-	(2,569,537)	(634,117)	2,764,926	(438,728)
Fund balances (deficit) - beginning of year, as restated	111,878,752	76,943,910	(59,045,830)	47,986,802	67,389,572	245,153,206
Fund balances (deficit) - ending	\$ 133,659,898	73,315,804	(49,372,756)	45,922,043	73,012,522	276,537,511

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, 2013

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) \$ 31,384,305

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

Capital outlays	54,150,282	
Less: Depreciation expense	<u>(33,325,141)</u>	20,825,141

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. (703,867)

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. 12,392,890

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:

Revenues related to prior periods	(15,194,656)	
Revenues that do not provide current financial resources	<u>(10,504,589)</u>	(25,699,245)

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. (46,475,586)

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. (54,081,801)

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. (5,859,225)

Change in net position of governmental activities (page 16). \$ (68,217,388)

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, 2013

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 449,557,015	449,557,015	448,064,888	(1,492,127)
Other local taxes	363,909,120	363,909,120	403,712,384	39,803,264
State shared taxes	1,414,980	1,414,980	1,422,086	7,106
Revenues from other governments	4,491,000	4,491,000	5,188,408	697,408
Charges for services	11,787,800	11,787,800	13,959,671	2,171,871
Interest on investments	5,459,890	5,459,890	686,344	(4,773,546)
Licenses and permits	5,437,450	5,437,450	6,455,619	1,018,169
Recoveries for interfund services	11,228,213	11,228,213	11,553,100	324,887
Fines and forfeitures	3,163,500	3,163,500	2,717,357	(446,143)
Payments from component units	860,782	860,782	818,144	(42,638)
Miscellaneous	8,459,000	8,459,000	3,608,404	(4,850,596)
Total revenues	865,768,750	865,768,750	898,186,405	32,417,655
EXPENDITURES				
Current:				
General government	26,135,140	32,471,630	29,918,805	2,552,825
Legislative & judicial	22,077,242	22,117,242	21,005,592	1,111,650
Public works	65,652,986	66,487,293	65,576,409	910,884
Public safety	102,645,573	102,645,573	100,704,115	1,941,458
Recreation and parks	15,290,660	15,290,660	15,154,999	135,661
Community services	17,169,489	17,169,489	16,885,311	284,178
Education	526,439,322	526,439,322	526,439,322	-
Debt service:				
Principal payments on debt	52,490,005	52,490,005	52,335,000	155,005
Interest payments on debt	42,485,076	42,485,076	38,276,471	4,208,605
Total expenditures	870,385,493	877,596,290	866,296,024	11,300,266
Excess (deficiency) of revenues over expenditures	(4,616,743)	(11,827,540)	31,890,381	43,717,921
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	21,812,885	21,812,885	-	(21,812,885)
Transfers in	16,058,909	16,058,909	15,423,410	(635,499)
Transfers out	(33,255,051)	(26,044,254)	(25,567,553)	476,701
Total other financing sources (uses)	4,616,743	11,827,540	(10,144,143)	(21,971,683)
Net change in fund balance	-	-	21,746,238	21,746,238
Plus prior year encumbrances lapsed	-	-	584,283	-
Fund balances - beginning	-	-	115,963,214	-
Fund balances - ending	\$ -	-	138,293,735	-

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, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 5,650,000	5,650,000	6,420,298	770,298
Investment income	1,300,000	1,300,000	(1,534,734)	(2,834,734)
Miscellaneous program revenue	15,000	15,000	1,000	(14,000)
Total revenues	6,965,000	6,965,000	4,886,564	(2,078,436)
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	1,778,860	1,778,860	1,097,515	681,345
Agricultural land preservation board	1,900	1,900	109	1,791
Contingency	27,486,791	27,486,791	-	27,486,791
Total public works	29,267,551	29,267,551	1,097,624	28,169,927
Debt service:				
Principal payments on debt	1,927,375	1,927,375	1,927,375	-
Interest payments on debt	5,477,545	5,477,545	5,477,545	-
Total debt service	7,404,920	7,404,920	7,404,920	-
Total expenditures	36,672,471	36,672,471	8,502,544	28,169,927
Excess (deficiency) of revenues over expenditures	(29,707,471)	(29,707,471)	(3,615,980)	26,091,491
OTHER FINANCING SOURCES				
Appropriation from fund balance	29,707,471	29,707,471	3,615,980	26,091,491
Total other financing sources	29,707,471	29,707,471	3,615,980	26,091,491
Net change in fund balance	-	-	-	-
Less appropriation from fund balance	-	-	(3,615,980)	-
Fund balances - beginning	-	-	76,946,717	-
Fund balances - ending	\$ -	-	73,330,737	-

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

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities			Gov't Activities - Internal Service Funds
	Water and Sewer	Special Recreation Facility	Total	
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 10,516,054	120,030	10,636,084	27,167,753
Prepaid expenses	-	-	-	28,213
Receivables:				
Service billings	11,645,228	-	11,645,228	-
Property taxes	225,690	-	225,690	-
Due from other governments	40,913	-	40,913	-
Other receivables	-	4,571	4,571	1,773,217
Materials and supplies	920,885	41,156	962,041	1,617,020
Restricted assets:				
Equity in pooled cash and cash equivalents	121,124,068	560,000	121,684,068	-
Water and sewer assessments	6,777,602	-	6,777,602	-
Total current assets	151,250,440	725,757	151,976,197	30,586,203
Noncurrent assets:				
Restricted assets:				
Receivables:				
Water and sewer assessments	54,117,366	-	54,117,366	-
Other receivables	32,204	280,000	312,204	-
Capital assets:				
Land	2,692,204	8,684,896	11,377,100	-
Construction in progress	18,627,208	-	18,627,208	-
Buildings and improvements, net	560,687,752	705,511	561,393,263	-
Machinery and equipment, net	4,964,530	74,325	5,038,855	26,422,897
Total noncurrent assets	641,121,264	9,744,732	650,865,996	26,422,897
Total assets	792,371,704	10,470,489	802,842,193	57,009,100
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	-	418,746	418,746	-
Total deferred outflows of resources	-	418,746	418,746	-
Total assets and deferred outflows of resources	792,371,704	10,889,235	803,260,939	57,009,100
LIABILITIES				
Current liabilities:				
Accounts payable	10,126,140	351,814	10,477,954	1,202,892
Accrued wages and benefits	380,877	-	380,877	406,332
Compensated absences	9,037	-	9,037	20,900
Unpaid insurance claims	-	-	-	5,810,574
Unearned revenue	-	-	-	98,717
Current liabilities	10,516,054	351,814	10,867,868	7,539,415
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,283,645	-	1,283,645	-
Developer agreement rebates and deposits	52,075	-	52,075	-
Other debt payable	3,179,302	-	3,179,302	-
Bonds payable	9,245,000	439,000	9,684,000	-
Interest payable	3,262,518	-	3,262,518	-
Current liabilities payable from restricted assets	17,022,540	439,000	17,461,540	-
Total current liabilities	27,538,594	790,814	28,329,408	7,539,415
Noncurrent liabilities:				
Developer agreement rebates and deposits	911,329	-	911,329	-
Net OPEB obligation	5,244,283	-	5,244,283	-
Compensated absences	817,858	-	817,858	916,806
Unpaid insurance claims	-	-	-	7,855,689
Special revenue bonds payable	-	4,583,000	4,583,000	-
Metropolitan district bonds payable	204,534,897	-	204,534,897	-
Unearned revenue	503,205	-	503,205	-
Other long-term debt	30,930,314	-	30,930,314	-
Total noncurrent liabilities	242,941,886	4,583,000	247,524,886	8,772,495
Total liabilities	270,480,480	5,373,814	275,854,294	16,311,910
DEFERRED INFLOWS OF RESOURCES				
Unavailable water and sewer assessments	17,519,046	-	17,519,046	-
Total deferred inflows of resources	17,519,046	-	17,519,046	-
Total liabilities and deferred inflows of resources	287,999,526	5,373,814	293,373,340	16,311,910
NET POSITION				
Invested in capital assets, net of related debt	338,168,161	4,861,478	343,029,639	26,422,897
Restricted:				
For debt service	54,117,366	560,000	54,677,366	-
Unrestricted	112,086,651	93,943	112,180,594	14,274,293
Total net position	\$ 504,372,178	5,515,421	509,887,599	40,697,190
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			1,884,912	
Net position of business-type activities			<u>511,772,511</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, 2013

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Special Recreation Facility	Total	
Operating revenues:				
User charges	\$ 51,015,648	-	51,015,648	78,057,621
Greens and cart fees	-	1,476,760	1,476,760	-
Range fees	-	107,683	107,683	-
Merchandise	-	132,882	132,882	-
Food and beverage	-	325,247	325,247	-
Insurance recoveries	-	-	-	1,269,696
Miscellaneous sales and services	936,712	26,510	963,222	1,501,903
Total operating revenues	51,952,360	2,069,082	54,021,442	80,829,220
Operating expenses:				
Salaries and employee benefits	10,984,550	-	10,984,550	12,031,197
Contractual services	18,469,607	1,482,180	19,951,787	11,154,043
Supplies and materials	1,681,463	-	1,681,463	5,910,383
Business and travel	73,637	-	73,637	73,384
Vehicle fuels and supplies	1,949,490	-	1,949,490	6,261,322
Purchased water and transmission charges	15,114,237	-	15,114,237	-
Sewage treatment charges	7,468,782	-	7,468,782	-
Share of county administrative expenses	3,606,744	-	3,606,744	665,646
Insurance claims	911,242	-	911,242	46,810,918
Other administrative	774	-	774	723,943
Depreciation expense	18,300,074	43,264	18,343,338	6,633,167
Less: house connection and capitalized overhead costs	(46,639)	-	(46,639)	-
Total operating expenses	78,513,961	1,525,444	80,039,405	90,264,003
Operating income (loss)	(26,561,601)	543,638	(26,017,963)	(9,434,783)
Nonoperating revenues (expenses):				
Ad valorem charges	29,006,605	-	29,006,605	-
Water and sewer assessment charges	2,760,499	-	2,760,499	-
Interest on investments	146,756	22,424	169,180	34,909
Interest expense	(8,891,733)	(135,504)	(9,027,237)	-
Gain (loss) on sale of capital assets	(33,059)	-	(33,059)	3,428,352
Other, net	-	(224,153)	(224,153)	-
Total nonoperating revenues (expenses)	22,989,068	(337,233)	22,651,835	3,463,261
Net income (loss) before contributions and transfers	(3,572,533)	206,405	(3,366,128)	(5,971,522)
Capital contributions	16,285,260	-	16,285,260	6,045
Transfers out	-	-	-	(24,372)
Change in net position	12,712,727	206,405	12,919,132	(5,989,849)
Net position - beginning, as previously reported	574,123,195	5,309,016		4,792,239
Adjustment to beginning net position	(82,463,744)	-		41,894,800
Net position - beginning of year, as restated	491,659,451	-		46,687,039
Net position - ending	\$ 504,372,178	5,515,421		40,697,190
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(130,624)	
Change in net position of business - type activities			12,788,508	

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, 2013

	Water & Sewer	Special Recreation Facility	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 57,785,924	2,064,511	59,850,435	81,153,074
Cash paid to suppliers	(45,466,949)	(1,531,873)	(46,998,822)	(62,270,084)
Cash paid to / for employees	(10,129,275)	-	(10,129,275)	(12,127,291)
Cash paid for interfund services used	(4,933,830)	-	(4,933,830)	(7,959,557)
Other operating cash receipts	109,227	-	109,227	310,928
Other operating disbursements	-	-	-	(11,937)
Net cash (used in) provided by operating activities	(2,634,903)	532,638	(2,102,265)	(904,867)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers out to other funds	-	-	-	(24,372)
Net cash provided by noncapital financing activities	-	-	-	(24,372)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	41,207,420	-	41,207,420	-
Cash receipts from assessments & connection charges	29,886,684	-	29,886,684	-
Acquisition and construction of capital assets	(25,749,747)	-	(25,749,747)	(4,660,406)
Capital contribution	2,086,334	-	2,086,334	6,045
Proceeds from grant and capital contribution	6,100,674	-	6,100,674	-
Payment of long-term debt principal	(21,614,595)	(378,000)	(21,992,595)	-
Interest paid on long-term debt	(8,764,720)	(137,921)	(8,902,641)	-
Net cash provided by (used in) capital and related financing activities	23,152,050	(515,921)	22,636,129	(4,654,361)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	146,756	22,424	169,180	34,909
Net cash provided by investing activities	146,756	22,424	169,180	34,909
Net increase (decrease) in cash and cash equivalents	20,663,903	39,141	20,703,044	(5,548,691)
Balances - beginning of the year	110,976,219	640,889	111,617,108	32,716,444
Balances - end of the year	131,640,122	680,030	132,320,152	27,167,753
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	(26,561,601)	543,638	(26,017,963)	(9,434,783)
Adjustments to reconcile operating income to net cash:				
Depreciation expense	18,300,074	43,264	18,343,338	6,633,167
Change in assets and liabilities:				
(Increase) decrease in accounts and other receivables	5,874,302	(4,571)	5,869,731	547,779
(Increase) decrease in inventories	(90,280)	1,949	(88,331)	-
(Decrease) increase in operating accounts payable	(1,070,565)	(51,642)	(1,122,207)	1,348,970
Increase in compensated absences and net OPEB obligation	913,167	-	913,167	-
Total adjustments	23,926,698	(11,000)	23,915,698	8,529,916
Net cash (used in) provided by operating activities	\$ (2,634,903)	532,638	(2,102,265)	(904,867)

Noncash investing, capital and financing activities:

In Fiscal Year 2013 \$8,098,252 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, 2013

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ -	6,761,270
Receivables:		
Property tax	-	547,663
Interest and dividends	1,074,895	-
Employer contributions	1,286,966	-
Employee contributions	339,534	-
Sale of investments	1,839,551	-
Other	16,509	-
Investments, at fair value:		
Cash	27,741	-
Common stocks	167,626,068	-
Mutual funds	256,938,880	-
Money market funds	8,642,612	-
Fixed income securities	201,057,800	-
Real estate	32,161,853	-
Other	-	-
Prepaid insurance	34,984	-
Total assets	<u>671,047,393</u>	<u>7,308,933</u>
LIABILITIES		
Accounts payable		
Investments purchased	1,571,604	534,453
Other	780,949	8,554
Deposits	-	6,765,926
Total liabilities	<u>2,352,553</u>	<u>7,308,933</u>
NET POSITION		
Held in trust for pension and OPEB benefits	<u>\$ 668,694,840</u>	

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, 2013

ADDITIONS	
Contributions:	
Employer	\$ 50,869,306
Member	8,601,264
Total contributions	59,470,570
Investment income:	
Net change in fair value of investments	52,448,707
Interest	4,276,056
Dividends	11,928,265
Other	964,552
Investment expense	(2,253,523)
Net investment (loss) income	67,364,057
Total additions	126,834,627
 DEDUCTIONS	
Benefits	39,522,804
Administrative expenses	551,487
Total deductions	40,074,291
Change in net position	86,760,336
Net position - beginning	581,934,504
Net position - ending	\$ 668,694,840

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

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2013

	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 39,133,464	28,349,293	1,336,141	3,654,047	72,472,945
Investments	102,631,832	3,512,264	2,007,731	429,814	108,581,641
Receivables:					
Due from other governments	9,450,937	6,538,101	-	-	15,989,038
Other	1,936,990	804,585	91,147	1,503,230	4,335,952
Materials and supplies	1,715,472	863,741	-	-	2,579,213
Prepays	371,775	1,056,824	217,738	149,977	1,796,314
Restricted assets:					
Equity in pooled cash and cash equivalents	-	-	229,853	4,250,121	4,479,974
Mortgage receivable	-	-	-	5,386,186	5,386,186
Capital assets:					
Land	27,871,543	1,009,059	-	34,685,498	63,566,100
Construction in progress	160,541,148	1,763,635	-	14,174,628	176,479,411
Buildings and improvements, net	831,078,085	178,749,725	-	37,295,356	1,047,123,166
Machinery and equipment, net	3,905,923	6,801,356	177,565	-	10,884,844
Other capital assets	-	3,260,773	2,411,976	38,799	5,711,548
Other non-current assets	-	5,779,580	-	4,760,281	10,539,861
Total assets	1,178,637,169	238,488,936	6,472,151	106,327,937	1,529,926,193
DEFERRED OUTFLOWS					
Interest rate swap	-	-	-	1,260,048	1,260,048
Total deferred outflows	-	-	-	1,260,048	1,260,048
Total assets and deferred outflows	1,178,637,169	238,488,936	6,472,151	107,587,985	1,531,186,241
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	87,778,228	4,097,410	1,275,237	1,122,154	94,273,029
Accrued salaries and benefits	-	1,333,817	476,491	-	1,810,308
Deposits	-	56,466	-	397,707	454,173
Due to primary government	-	5,301,910	-	-	5,301,910
Unearned revenues	22,866,696	2,885,398	343,466	1,387,057	27,482,617
Long-term liabilities:					
Due within one year	2,812,771	412,220	-	1,293,378	4,518,369
Due in more than one year, net	11,060,161	10,327,745	986,537	65,100,285	87,474,728
Total liabilities	124,517,856	24,414,966	3,081,731	69,300,581	221,315,134
DEFERRED INFLOWS					
Interest rate swap	-	-	-	1,260,048	1,260,048
Total deferred inflows	-	-	-	1,260,048	1,260,048
Total liabilities and deferred inflows	124,517,856	24,414,966	3,081,731	70,560,629	222,575,182
NET POSITION					
Invested in capital assets, net of related debt	1,019,922,668	182,932,735	2,589,541	19,933,154	1,225,378,098
Restricted for:					
Education	1,240,354	7,609,750	229,853	-	9,079,957
Business-type operations	152,272	1,246,119	-	3,751,944	5,150,335
Unrestricted	32,804,019	22,285,366	571,026	13,342,258	69,002,669
Total net position	\$ 1,054,119,313	214,073,970	3,390,420	37,027,356	1,308,611,059

**Howard County, Maryland
Statement of Activities
Component Units
For the Year Ended June 30, 2013**

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	\$ 852,302,923	13,663,744	122,698,978	98,706,387	(617,233,814)	-	-	-	(617,233,814)
Community college	98,547,756	37,753,834	799,157	17,073,207	-	(42,921,558)	-	-	(42,921,558)
Library	20,423,690	952,035	-	-	-	-	(19,471,655)	-	(19,471,655)
Housing commission	29,768,507	6,334,812	211,308	10,402,814	-	-	-	(12,819,573)	(12,819,573)
Total component units	\$ 1,001,042,876	58,704,425	123,709,443	126,182,408	(617,233,814)	(42,921,558)	(19,471,655)	(12,819,573)	(692,446,600)
General revenues:									
Property taxes					\$ 482,384,820	27,093,286	16,961,218	1,215,342	527,654,666
Intergovernmental, unrestricted					191,433,348	29,598,270	2,613,113	-	223,644,731
Investment income					97,803	727,225	1,863	140,088	966,979
Miscellaneous					3,768,588	-	-	11,951,208	15,719,796
Total general revenues					677,684,559	57,418,781	19,576,194	13,306,638	767,986,172
Change in net position					60,450,745	14,497,223	104,539	487,065	75,539,572
Net position - beginning of year, as previously reported					993,668,568	199,576,747	3,450,334	36,818,535	1,233,514,184
Adjustments to restate net position					-	-	(164,453)	(278,244)	(442,697)
Net position - beginning of year					993,668,568	199,576,747	3,285,881	36,540,291	1,233,071,487
Net position - end of year					\$ 1,054,119,313	214,073,970	3,390,420	37,027,356	1,308,611,059

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



Having gained a national reputation as one of the healthiest counties in the nation, Howard County is continually striving to provide community members with healthier lifestyle options. Each spring, the County joins other local jurisdictions in hosting “Bike to Work Day,” a day that promotes bicycling as a clean, fun and healthy alternative to drive-alone commuting, as well as a great way to help the environment. The County is further promoting bicycle usage by developing its first Bicycle Transportation Master Plan in an effort to address bicycling for both transportation and recreation.

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. Governmental 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 measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within sixty days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, 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 measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The *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 *Highway Capital Projects Fund* accounts for road resurfacing and construction, bridge improvements, sidewalks and curbs, and intersection improvements.

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 *Special Recreation Facility Fund* accounts for the operations and related debt service costs of a public golf course opened in September 1996. 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 Revenue 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.

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 operations; 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 of street lights districts for energy costs, State property tax, Bay Restoration Fee, surety bonds held on construction work, and multifarious funds donated to the County.

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.

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 unexpended 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 requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from 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 2013, the Council approved nine 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, Special Revenue Fund expenditures relating to housing loans in the Community Renewal Fund are charged to operations 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 an asset 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 increase 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, these are: prepaid taxes, property and income taxes, fees and grant revenues. 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, 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 the other four fund balance categories are reported.

P. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The “Statement of Revenues, Expenditures, and Changes in Fund Balances Budgetary Basis” of both the General Fund and Agricultural Land Preservation Fund are prepared on a basis consistent with their budgets. The “Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis” for

Non-major Special Revenue Funds are prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as expenditures of the current period, including certain contractual services. Also, the budgets include appropriations of prior year fund balances as other sources in the current year. The "Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds" is prepared on a basis consistent with GAAP wherein encumbrances are treated only as an assignment of fund balance, prior year fund balances are not included as other sources, and contractual services/expenditures are recorded on a modified accrual basis. The overall general fund final budget did not change from the original. However, several programs within the general fund were modified during the year by Council resolution.

The financial statements are reconciled below:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - revenues and other sources		
over expenditures and other uses	\$ 21,746,238	(3,615,980)
Adjustments:		
Current year encumbrances outstanding	8,145,477	-
Prior year encumbrances expended this year	(8,016,256)	-
Effect of recording contractual service expenditures - modified accrual basis	453,033	-
Other	(547,347)	(12,126)
GAAP basis - net change in fund balances	\$ 21,781,146	(3,628,106)

The ending fund balances are reconciled as follows:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis, end of fiscal year	\$ 138,293,735	73,330,737
Adjustments:		
Current year encumbrances outstanding	8,145,477	-
Prior year encumbrances outstanding	1,225,070	-
Effects of recording prior year payroll accrual on a modified accrual basis	(10,309,842)	-
Write-off of prior year's budgeted billed taxes	(1,380,583)	-
Effect of recording prepayment	(1,097,596)	-
Other	(1,216,363)	(14,933)
GAAP basis, end of fiscal year	\$ 133,659,898	73,315,804

Q. 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 2013 budget was prepared, the fiscal year 2011 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2011 audited expenditures. An increase of \$950,798 was made to the fund in fiscal year 2013, which resulted in achieving the charter target of \$57,209,710.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures	Percentage	Charter Target
2013	2011	\$ 817,281,569	7%	\$ 57,209,710
2014	2012	\$ 846,730,879	7%	\$ 59,271,162
2015	2013	\$ 875,151,065	7%	\$ 61,260,575

R. 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, are as follows at year-end:

Governmental activities	\$ 93,756,511
Business-type activities	166,764,017
Total	\$260,520,528

S. Implementation of New Accounting Principles

The County adopted the provisions of five Governmental Accounting Standards Board Statements:

Statement No. 60, *“Accounting and Financial Reporting for Service Concession Arrangements”*: This Statement extracts the specialized principles and practices from the AICPA insurance industry related Guides and Statements of Position and establishes financial accounting and reporting standards for insurance enterprises other than mutual life insurance enterprises, assessment enterprises, and fraternal benefit societies. Adoption of this standard has no material impact on the County’s financial statements.

Statement No. 61, *“The Financial Reporting Entity: Omnibus”*: The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. Adoption of this standard has no material impact on the County’s financial statements.

Statement No. 62, *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”*: The objective of this Statement is to incorporate into GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.”

Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position”*: This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of Net Position by the government that is applicable to a future reporting period, and an acquisition of Net Position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Statement No. 65 (early implementation), *“Items Previously Reported as Assets and Liabilities”*: This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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 \$45,330,409 and the bank balance was \$48,047,351 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 \$58,888,852. Of that amount, \$1,621,673 was covered by federal depository insurance or by collateral held in the component unit's name and the remaining \$57,267,179 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 the 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 (\$45,330,409) and investments (\$1,159,129,936) 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	\$	184,950,426
Restricted equity in pooled cash and cash equivalents		303,457,087
<u>Investments - fair value</u>		<u>716,052,832</u>
<u>Total</u>	\$	<u>1,204,460,345</u>

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

Investments	Fair Value		
	Primary Government	Component Units	Reporting Entity
Repurchase agreements	\$ 30,000,000	-	30,000,000
U.S. Government securities	49,597,878	-	49,597,878
U.S. Government - Sponsored Enterprises	259,767,168	-	259,767,168
Maryland Local Govt. Investment Pool	148,308,985	130,354,840	278,663,825
Money market funds	5,000,951	17,004	5,017,955
Mutual funds	-	8,880,163	8,880,163
Equity in properties under home ownership	-	4,759,052	4,759,052
Total	\$ 492,674,982	144,011,059	636,686,041

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 did not have any callable investments. Therefore, all investment maturity dates were considered when calculating the weighted average maturity.

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

Investment Type	Fair Value	Weighted Average Maturity (in years)
Repurchase agreements	\$ 30,000,000	0.16
U.S. Government securities	49,597,878	7.56
U.S. Government-Sponsored Enterprises	259,767,168	0.61
Total	\$ 339,365,046	
Portfolio weighted average maturity		1.59

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 Farm Credit Bank. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 76.55% 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 minimums and maximums 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
Common stocks	\$ 167,626,068
Mutual funds	221,838,925
Money market funds	8,286,405
Fixed income	201,057,800
Real estate	32,161,853
Total	\$ 630,971,051

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	\$ 43,268,215	8.13
U.S. Government - Sponsored Enterprises	30,303,822	20.75
Government Issues/Treasuries	16,092,214	3.02
Municipal securities	6,293,345	17.42
Collateralized mortgage obligations	5,394,862	26.54
Credit card receivable	1,091,905	4.30
Asset backed securities	731,452	17.30
Total	\$ 103,175,815	
Portfolio weighted average maturity		2.06

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 & Poor's Rating or Comparable</u>	<u>Fair Value</u>
AAA to A-	\$ 51,575,070
BBB to B-	30,605,820
Total	\$ 82,180,890

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 \$7,139,561 which was partially used for settlement of open purchases of \$1,571,604. 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	\$ 18
Foreign currency	Euro currency	108,130
Total		\$ 108,148

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 40% and 80%, 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	\$ 27,741
Mutual funds	35,099,955
Money market funds	356,207
Total	\$ 35,483,903

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
Receivables:							
Property taxes	\$ 3,544,873	-	-	-	225,690	1,102,962	4,873,525
Service billings	-	-	-	-	11,649,799	1,773,217	13,423,016
Water and sewer assessments	-	-	-	-	60,894,968	-	60,894,968
Due from other governments	51,800,002	922,241	6,580,287	572,794	40,913	12,265,013	72,181,250
Other	1,125,309	-	613,753	23,170	312,204	19,339,493	21,413,929
Gross receivables	56,470,184	922,241	7,194,040	595,964	73,123,574	34,480,685	172,786,688
Less: Allowance for uncollectibles	(206,268)	-	-	-	-	-	(206,268)
Total Receivables	\$ 56,263,916	922,241	7,194,040	595,964	73,123,574	34,480,685	172,580,420

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:

	Unavailable
Governmental funds:	
General Fund:	
Income tax	\$ 26,140,077
Property tax	3,250,203
Program fees	1,076,080
General Capital Projects Fund	
Due from other governments	5,669,513
Highway Capital Projects Fund	
Due from other governments	572,794
Non-major funds:	
Property tax	427,472
Due from other governments	3,560,710
Total governmental funds	\$ 40,696,849

4. Interfund Receivables, Payables and Transfers

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

The balance is the result of a loan made to cover an operating cash deficit.

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Highway Capital Projects Fund	Storm Drainage Fund	\$ 3,228,043

Transfers:

Interfund transfers for the year consisted of the following:

Fund	General	Capital			Special Revenue	Internal Service	Total In
		General	Highways	Non-major			
General	\$ -	7,151,786	3,730,916	4,042,665	629,632	24,372	15,579,371
Capital							
General	2,914,135	-	-	-	-	-	2,914,135
Highways	11,251,489	-	-	-	-	-	11,251,489
Non-major	2,047,351	-	-	-	3,207,099	-	5,254,450
Non-major Special							
Revenue	9,406,697	-	-	-	997,047	-	10,403,744
Total Out	\$ 25,619,672	7,151,786	3,730,916	4,042,665	4,833,778	24,372	45,403,189

The transfers out from the General Fund are operating funding to a State Agency and the County's golf course enterprise fund, 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 values 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 by 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
Governmental activities:					
Capital assets not being depreciated:					
Land and land improvements	\$ 523,705,917	a b	6,991,401	200,000	530,497,318
Construction in progress	49,276,107	a	49,239,004	44,043,887	54,471,224
Total capital assets, not being depreciated	<u>572,982,024</u>		<u>56,230,405</u>	<u>44,243,887</u>	<u>584,968,542</u>
Capital assets being depreciated:					
Buildings	301,661,543	a	17,599,499	119,745	319,141,297
Improvements other than buildings	159,205,068	a	8,215,424	428,702	166,991,790
Equipment	137,506,791	a	17,605,298	6,007,542	149,104,547
Infrastructure	368,214,653	a	16,014,328	93,563	384,135,418
Total capital assets, being depreciated	<u>966,588,055</u>		<u>59,434,549</u>	<u>6,649,552</u>	<u>1,019,373,052</u>
Less accumulated depreciation for:					
Buildings	73,336,159	c	6,109,757	136,856	79,309,060
Improvements other than buildings	53,468,547	c	9,514,184	392,566	62,590,165
Equipment	86,267,612	c	13,542,180	5,544,894	94,264,898
Infrastructure	157,617,063	c	10,857,443	3,110	168,471,396
Total accumulated depreciation	<u>370,689,381</u>		<u>40,023,564</u>	<u>6,077,426</u>	<u>404,635,519</u>
Total capital assets, being depreciated, net	<u>595,898,674</u>		<u>19,410,985</u>	<u>572,126</u>	<u>614,737,533</u>
Governmental activities capital assets, net	<u>\$ 1,168,880,698</u>		<u>75,641,390</u>	<u>44,816,013</u>	<u>1,199,706,075</u>

- a) Beginning balances were restated to reflect \$199,518,761 in assets and \$76,044,175 in expenses from prior years.
b) Adjustments made for donated land received in prior periods capitalized in fiscal year 2013 totaling \$18,157,752.
c) Beginning balances of depreciation adjusted to reflect prior period adjustment of \$24,812,366.

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

Governmental activities:	Amount
General government	\$ 3,200,701
Public safety	4,052,954
Public facilities	20,721,299
Legislative and judicial	26,491
Community services	120,772
Recreation and parks	4,060,809
Education	1,142,115
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	<u>6,633,167</u>
Total depreciation expense - governmental activities	<u>\$ 39,958,308</u>

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

	Beginning Balance		Increases	Decreases	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 11,092,403	b	284,697	-	11,377,100
Construction in progress	22,067,931	a	27,078,519	30,519,242	18,627,208
Total capital assets, not being depreciated	<u>33,160,334</u>		<u>27,363,216</u>	<u>30,519,242</u>	<u>30,004,308</u>
Capital assets being depreciated:					
Buildings	227,151,336	a	4,636,025	-	231,787,361
Improvements other than buildings	58,600,189	a	1,260,689	-	59,860,878
Infrastructure	585,637,055	a	28,188,775	-	613,825,830
Equipment	5,477,736	a	2,144,470	-	7,622,206
	<u>876,866,316</u>		<u>36,229,959</u>	-	<u>913,096,275</u>
Less accumulated depreciation for:					
Buildings	60,206,089	c	4,551,210	-	64,757,299
Improvements other than buildings	32,166,967	c	2,057,522	-	34,224,489
Infrastructure	233,796,426	c	11,302,592	-	245,099,018
Equipment	2,151,213	c	432,138	-	2,583,351
	<u>328,320,695</u>		<u>18,343,462</u>	-	<u>346,664,157</u>
Total capital assets, being depreciated, net	<u>548,545,621</u>		<u>17,886,497</u>	-	<u>566,432,118</u>
Business-type activities capital assets, net	<u>\$ 581,705,955</u>		<u>45,249,713</u>	<u>30,519,242</u>	<u>596,436,426</u>

a) Beginning balances restated to reflect \$133,777,138 of assets capitalized in fiscal year 2013 but placed in service in prior years and \$76,026,191 of expenses.

b) Restated due to prior period adjustment for donated land in the amount of \$289,530. See note 17 for further details.

c) Beginning balances restated to reflect additional depreciation from prior period adjustments noted in "a" totaling \$5,656,438.

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

Business-type activities:	Amount
Water and sewer system	\$ 18,300,074
Golf course	43,264
Total depreciation expense - business-type activities	<u>\$ 18,343,338</u>

Construction Commitments

Total construction encumbrances outstanding at fiscal year-end were \$97,949,755.

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:

	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
<u>Governmental Activities:</u>			
Consolidated public improvement bonds	2014-2033	2.00% to 5.55%	\$ 866,510,000
State water quality revolving loan	2013-2016	2.41%	2,840,000
Total debt subject to statutory limit			869,350,000
Compensated absences	various	not applicable	22,672,471
Capital leases	various	not applicable	5,191,356
Net OPEB obligation	various	not applicable	311,732,720
Landfill closure obligation	various	not applicable	31,819,000
Agricultural land preservation program	2012-2031	2.73% to 8.60%	92,695,395
Total Governmental Activities			(1) \$ 1,333,460,942
<u>Business Type Activities:</u>			
Metropolitan district bonds	2012-2041	1.25% to 5.00%	\$ 206,785,000
Special facility revenue bonds	2012-2021	2.475%	5,022,000
State water quality revolving loan	2012-2029	1.00% to 4.33%	34,109,616
Compensated absences	various	not applicable	817,858
Net OPEB obligation	various	not applicable	5,244,283
Major water and sewer agreements	various	not applicable	885,642
Total Business Type Activities			(2) 252,864,399
Total Debt			\$ 1,586,325,341

Note (1): Does not include deferred refunding premium liability of \$77,321,266 and unpaid claims of \$14,749,484 included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of \$7,018,340 and unamortized discount of (\$23,443) included in the Statement of Net Position. Also, does not include developer agreement rebates of \$77,762 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County).

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds, State Water Quality Revolving Loan, Local Government Insurance Trust, and Maryland State Retirement) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At June 30, 2013 the statutory debt limit was \$2,121,652,190, providing a debt margin of \$1,252,002,190. The authorized, unissued General County Bonds, Metropolitan District Bonds, and Water Quality Bonds at June 30, 2013 were \$404,579,373, \$156,997,644, 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:

	Balance			Amounts	
	June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Consolidated public improvement bonds (1)	\$ 827,580,000	97,910,000	58,980,000	866,510,000	58,405,000
State water quality revolving loan	2,850,000	-	10,000	2,840,000	10,000
Compensated absences	21,223,886	2,154,478	705,893	22,672,471	898,311
Capital leases	4,737,514	583,178	129,336	5,191,356	139,657
Landfill closure obligation	31,896,000	-	77,000	31,819,000	-
Agricultural land preservation program	94,622,770	-	1,927,375	92,695,395	2,018,375
Total long-term debt	<u>982,910,170</u>	<u>100,647,656</u>	<u>61,829,604</u>	<u>1,021,728,222</u>	<u>61,471,343</u>
Metropolitan district bonds (2)	184,990,000	39,155,000	17,360,000	206,785,000	9,245,000
Special facility revenue bonds	5,400,000	-	378,000	5,022,000	439,000
State water quality revolving loan	38,364,211	-	4,254,595	34,109,616	3,179,302
Compensated absences	823,778	24,717	30,637	817,858	20,900
Major water and sewer agreements	1,004,953	-	119,311	885,642	-
Total enterprise fund	<u>230,582,942</u>	<u>39,179,717</u>	<u>22,142,543</u>	<u>247,620,116</u>	<u>12,884,202</u>
Total	<u>\$ 1,213,493,112</u>	<u>139,827,373</u>	<u>83,972,147</u>	<u>1,269,348,338</u>	<u>74,355,545</u>

Note (1): Does not include deferred refunding premium liability of \$77,321,266, unpaid claims of \$14,749,484, and net OPEB obligation of \$311,732,720 included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of \$7,018,340 and unamortized discount of (\$23,443) included in the Statement of Net Position. Also, does not include net OPEB obligation of \$5,244,283 or developer agreement rebates of \$77,762 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County).

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 4, 2013, the County issued \$97,910,000 in **Consolidated Public Improvement Project and Refunding Bonds** with an effective interest rate of 2.840 percent and \$39,155,000 in **Metropolitan District Project and Refunding Bonds** with an effective interest rate of 3.017 percent. The County issued these bonds to refund \$6,655,000 and \$10,910,000 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); and to pay bond issuance costs. The savings or aggregate difference in debt service, from refunding Consolidated Public Improvement Bonds was \$561,049 and from refunding Metropolitan District Bonds was \$1,710,995. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was \$595,621 and from refunding Metropolitan District Bonds was \$1,422,439.

The County issues debt to finance the construction of certain capital facilities of its component units and for 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 where the County is reporting the debt in its financial statements, while the corresponding assets are reported by the other reporting entity.

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had \$522.6 million of its net Consolidated Public Improvement general obligation bonds outstanding that is related to capital facilities of the component units as of June 30, 2013.
- 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 pro-rata basis for construction of certain City owned water and sewer capital projects that serve the Metropolitan District. The County has contributed approximately \$53.5 million towards

these City owned facilities that are funded primarily with bond proceeds. The County estimates 7.7% of its net Metropolitan District general obligation bonds outstanding or \$15.9 million is related to these facilities as of June 30, 2013.

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 June 30, 2013, 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 \$34,109,616 and \$2,840,000, 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, \$157,295,000 of Consolidated Public Improvement Bonds and \$12,365,000 of Metropolitan District Bonds are 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 ten percent of the purchase price at closing, with equal annual principal payments over 20 years with interest.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term debt at fiscal year-end is on the following page.

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds		Agricultural Land Program	
	Principal	Interest	Principal	Interest
2014	\$ 58,415,000	38,672,312	2,018,375	5,416,703
2015	56,405,000	36,526,571	1,927,375	5,350,171
2016	55,720,000	33,858,703	2,018,375	5,289,329
2017	54,005,000	31,117,691	8,530,575	5,222,798
2018	52,180,000	28,286,375	3,679,375	4,715,783
2019-2023	259,055,000	104,533,138	41,789,875	15,537,055
2024-2028	233,755,000	48,510,508	27,135,875	4,212,098
2029-2033	99,815,000	9,518,372	5,595,570	243,597
	<u>\$ 869,350,000</u>	<u>331,023,670</u>	<u>92,695,395</u>	<u>45,987,534</u>

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Special Facility Revenue Bonds		Water Quality	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 9,245,000	7,989,205	439,000	119,351	3,179,302	912,006
2015	9,510,000	7,834,775	450,000	108,362	3,251,704	839,604
2016	8,370,000	7,443,406	461,000	97,098	3,171,029	757,817
2017	8,695,000	7,084,428	473,000	85,553	3,240,265	688,582
2018	8,840,000	6,735,699	485,000	73,710	3,311,048	617,798
2019-2023	42,375,000	28,648,278	2,714,000	172,941	15,513,189	1,867,397
2024-2028	41,045,000	20,995,438	-	-	1,875,052	215,791
2029-2033	34,340,000	13,477,144	-	-	568,027	41,630
2034-2038	31,905,000	6,671,834	-	-	-	-
2039-2043	12,460,000	1,143,376	-	-	-	-
	<u>\$ 206,785,000</u>	<u>108,023,583</u>	<u>5,022,000</u>	<u>657,015</u>	<u>34,109,616</u>	<u>5,940,625</u>

B. Component Units

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

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30 2013</u>
Public School System: Capital leases, workers compensation, and compensated absences	\$ 14,004,775	3,105,221	3,237,064	13,872,932
Community College: Loans and compensated absences	10,967,955	168,198	396,188	10,739,965
Library: Compensated absences	945,933	865,944	825,400	986,537
Housing: Loans and compensated absences	63,019,331	34,884,559	31,510,227	66,393,663
	<u>\$ 88,937,994</u>	<u>39,023,922</u>	<u>35,968,879</u>	<u>91,993,097</u>

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>Balance July 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
Bond Anticipation Notes	\$100,000,000	100,000,000	100,000,000	\$100,000,000

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, 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 33 series of conduit debt outstanding. The aggregate principal amount payable for the 11 series issued after July 1, 1996 was \$88,847,901. The aggregate principal amount payable for the 22 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$112,368,339.

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 \$2,676,433. Future lease payments including any agreed-upon percentage increases are as follows:

<u>Fiscal Year</u>		
2014	\$	2,170,423
2015		725,709
2016		489,107
2017		1,484
2018		1,484
2019-2023		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 \$2,328,558. Future lease revenues are as follows:

<u>Fiscal Year</u>		
2014	\$	2,363,865
2015		2,196,822
2016		1,962,051
2017		1,092,047
2018		1,120,653
2019-2023		6,061,569

B. Capital Leases

The County entered into two lease agreements as lessee with Grant Capital Management and one agreement with TD Asset Management Funds for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and must be recorded at 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, 2013</u>	<u>Governmental Activities</u>
2014	\$ 640,356
2015	655,532
2016	671,164
2017	552,819
2018	569,404
2019-2022	2,455,082
2023-2024	918,462
Total minimum lease payments	6,462,819
Less: amount representing interest	(1,572,796)
Present value of minimum lease payments	<u>\$ 4,890,023</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 a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating 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 \$39,400,840. 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 \$31,819,000 of these costs. This cumulative amount reported to date is based on the use of 70.40 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 \$7,581,840. 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

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 Retirement Plan and the Police and Fire Plan are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland. 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. 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 Retirement Plan and the Police and Fire Plan 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. Substantially the entire County's full-time benefited and part-time benefited employees are eligible to participate in the Retirement Plan, 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. All full-time and permanent part-time employees of the County must be members of one of the plans. Police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. All other employees hired after July 1, 1995 must enroll in the Retirement Plan.

The payroll for employees covered by the Retirement Plan for the fiscal year was \$90,557,932. The payroll for police and fire employees covered by the Police and Fire Plan for the fiscal year was \$62,060,769. The payroll for employees covered by the State Retirement System and State Pension System for the fiscal year was \$2,045,382 and \$4,643,508, respectively. The County's total payroll was approximately \$192,570,891. 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.

The Retirement Plan and the Police and Fire Plan provide retirement benefits as well as death and disability benefits and cost-of-living adjustments. Under the conditions of the Retirement Plan, participants attaining the age of 62 who have completed two years of eligibility service and the sum of attained age in whole years and years of eligibility service equal at least 67 or participants who have completed 30 years eligibility service, are entitled to a normal retirement benefit. After July 1, 2005, normal retirement is also defined as 20 years of service for participating Corrections employees. For non-Corrections participants, the benefit is 1.55% of the participants average compensation times the participant's creditable service. The Plan permits early retirement for participants who attain the age of 55 and have completed 15 years of eligibility service. The benefit is reduced .5% for each month the early retirement date precedes the participant attaining age 62. For participants who reach a termination after August 31, 2002, early retirement is also provided to participants who achieve 25 years of eligibility service. This benefit is reduced by .5% percent each month the benefit commencement date precedes 30 years of eligibility service, or .5% percent for each month the retiree's age precedes age 62, if less. Participating Corrections employees who retire on or after July 1, 2005 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 service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average

compensation). Prior to July 1, 2005, other rules applied. The benefit was 2.0% of average compensation multiplied by post-1997 creditable service. The benefit for pre-1998 creditable service is 1.55% or 2.0%, depending on phase-in rules. Effective July 1, 2011, for AFSCME Local 3085 Employees the benefit is 1.66% of the participant's average compensation times creditable service. 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, prior to July 1, 2006, accumulated employee contributions plus 5.0% interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2.0% 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 2.0% of base pay for other participants. Effective July 1, 2011, participant contributions are 3.0% of base pay for AFSCME Local 3085 Employees. The County funds the remainder of the cost of its employees' participation in the Retirement Plan.

All of the County's full-time career police and fire officers are eligible to participate in the Police and Fire Plan. Effective January 1, 2003, 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. 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 2.5% of average compensation times the number of years of creditable service at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5% interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2% 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 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.

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.

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, 2013 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, 2012.

Contribution information is as follows:

	HowardCounty Retirement Plan	Police and Fire Retirement Plan
Contribution rates:		
County	12.3%	30.5%
Plan members	2.0-8.5%	7.7-11.6%
Annual Required Contribution (thousands)	\$11,392	\$19,307
Contributions made (thousands)	\$11,392	\$19,307

Actuarial assumptions are as follows:

	HowardCounty Retirement Plan	Police and Fire Retirement Plan
Actuarial valuation date	7/1/12	7/1/12
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**	13-27 years, except actuarial gains and losses which are amortized over 15 year open amortization period.	10-21 years, except actuarial gains and losses which are amortized over 15 year open amortization period.
Asset valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	8% compounded annually, gross of investment expenses	8% compounded annually, gross of 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%

** Closed amortization period

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	6/30/08	\$ 10,022	100	0
	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
Police and Fire Plan	6/30/08	14,717	100	0
	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

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
2012	\$ 262.0	\$ 293.3	89.3%	\$ 31.4	\$ 89.9	34.9%

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
2012	\$ 308.8	\$ 403.7	76.5%	\$ 95.0	\$ 57.6	164.9%

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 overtime 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.

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 \$10,326,154, \$5,374,180 and \$5,204,226 for the years ended June 30, 2013, 2012 and 2011, 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 \$51,179,051, \$64,256,904 and \$64,193,297 in 2013, 2012 and 2011, 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, 14th Floor, Baltimore, Maryland 21202-6700 or by calling (800) 492-5909.

14. Other Post-Employment Benefits

In the financial statements for the fiscal year ended 2008, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans (OPEB), and GASB 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

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 14. 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 \$22 million; \$5.7 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 \$3,826,780 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 2014 includes funding for pay-as-you go OPEB costs as well as \$12,000,000 to the trust.

As of July 1, 2012, per the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$744,203,000 and there was \$27,007,000 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was \$717,196,000. 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, July 1, 2012 for both General Government and College are presented below. The end of the year net OPEB obligation (NOO) is calculated on the following page:

	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	\$ 470,824,000	23,282,000	22,393,000	45,675,000	2,711,879	11,613,339	31,349,782
College	14,685,000	726,000	1,105,000	1,831,000	168,905	272,117	1,389,978
County ¹	231,687,000	11,457,000	12,998,000	24,455,000	945,996	4,457,542	19,051,462
	717,196,000	35,465,000	36,496,000	71,961,000	3,826,780	16,342,998	51,791,222
			Beginning balance				266,373,362
			Less NOO amortization				13,174,382
			Plus interest on NOO				11,986,801
			Total NOO				\$ 316,977,003

¹ Enterprise fund share of PAYGO funding and net OPEB obligation is \$223,047 and \$5,244,283, 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
2011	\$ 62,140,000	11,631,993	19%	223,258,294
2012	60,560,000	17,439,855	29%	266,373,362
2013	70,776,000	20,169,779	28%	316,977,003

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

Fiscal Year	Plan Assets	ΔAL
2008	\$ -	707,256,000
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

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 25 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 2013 is 7%. This rate decreases .50% in FY 2014/2015. The ultimate rate is 4.20%. Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.50%
Salary increases	3.00%

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

Statement of Net Position

Assets

Receivables:		
Interest and dividends	\$	22
Investments, at fair value:		
Cash		27,741
Mutual funds		35,099,955
Money market funds		356,207
Total assets	\$	35,483,925

Liabilities

Accounts payable		
Other		213,675
Total liabilities		213,675
Net position held in trust for other post employment benefits	\$	35,270,250

Statement of Changes in Net Position

Additions

Contributions:		
Employer	\$	20,169,778
Total contributions		20,169,778
Investment income (expense):		
Net change in fair value of investments	\$	2,610,486
Interest		(5,905)
Dividends		892,306
Other		852,254
Investment expense		(101,859)
Net investment income		4,247,282
Total additions		24,417,060

Deductions

Benefits		16,095,799
Administrative expenses		58,057
Total deductions		16,153,856
Change in net position		8,263,204
Net position - beginning of year		27,007,046
Net position - end of year	\$	35,270,250

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 Fund provides full coverage for employee benefits and long-term disability claims. The Risk Management 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 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 \$5,722,909 and is reported as unrestricted in the Internal Service Funds. The combined claims liability of the two funds, \$13,666,263 is based on generally accepted accounting principles which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds unpaid claims liability in fiscal 2013 and 2012 are presented in the schedule below.

	Current Year Claims and			Expected Amount	
	Beginning of Year	Changes in Estimates	Claims Payments	End of Year	Due Within One Year
2013	\$ 11,909,462	47,532,674	(45,775,873)	13,666,263	5,810,574
2012	\$ 11,820,019	43,261,387	(43,171,944)	11,909,462	5,041,890

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 and Prior Period Adjustments

Individual Fund Disclosures:

The General Capital Projects Fund, a major fund, and the Public Libraries Capital Projects Fund, a non-major fund, will eliminate their deficit fund balances of (\$49,372,756) and (\$410,196) through future bond sales.

The Storm Drainage Capital Projects Fund will eliminate its deficit of (\$4,599,605) through receipt of future grant revenues and future bond sales. The Grants Fund will eliminate its deficit of (\$509,012) through receipt of inter-governmental revenues while the Risk Management Self-Insurance Internal Service Fund will

eliminate its deficit of (\$2,626,588) through increased chargeback funding from other funds in fiscal years 2014 and 2015.

Prior Period Adjustments:

Implementation of GASB 65 required the Governmental Funds and the Water and Sewer Fund (Business-Type Activities) to retroactively record as a prior period adjustment bond issuance costs which had previously been capitalized and must now be expensed when incurred.

During the fiscal year, management undertook an extensive review of all capital project costs that had been recorded as construction in progress (CIP) through June 30, 2012. It was determined that project costs had been capitalized as part of CIP that should not have been and other costs were not capitalized that should have been.

Governmental Activities Funds – Adjustments were made to beginning of year fund balances for the following: (decrease) for CIP that had previously been recorded (\$76,044,175); (decrease) for depreciation expense that should have been recorded on capital assets in prior years (\$24,812,366); increase to record \$18,157,752 for land donated to the County; (decrease) for bond issuance costs in implementing GASB 65 (\$3,989,118) and decrease (\$438,727) of other adjustments - total (decrease) of (\$87,126,634).

Business Type Activities Funds – Adjustments were made to beginning of year net position for the following: (decrease) for CIP that had previously been recorded (\$76,026,191); (decrease) for depreciation expense that should have been recorded on capital assets in prior years (\$5,656,438); increase to record \$289,530 for land donated to the County and (decrease) for bond issuance costs in implementing GASB 65 (\$1,070,645) - total (decrease) of (\$82,463,744), all of which was reported in the Water and Sewer Proprietary Fund.

Fund level financial statements:

Non-major Capital Projects and Special Revenue Funds - Adjustments were made to beginning of year fund balances to correct the prior fiscal year allocation of bond proceeds issued (which had no impact on the government-wide Statement of Net Position or Statement of Activities). The effect on each fund type is as follows: General Capital Projects and Highway Capital Projects (both Major Funds) - decreases of (\$1,533,315) and (\$558,532) respectively; Non-major Capital Project Funds – increase of \$2,104,716; Community Renewal Program (Non-major) Special Revenue Fund - decrease of (\$12,869).

General and Highway Capital Projects Funds (Major Funds) - Adjustments were made to beginning of year fund balances for the following: (decrease) to record retainage costs payable as of June 30, 2012 (\$1,036,222) and (decrease) to adjust long-term receivables of (\$75,585) previously recorded as current assets. Grants (Non-major) Special Revenue Fund - Adjustments were made to beginning of year fund balances for the following: increase to record earned revenue of \$673,079 previously deferred. Internal Service Funds – Technology and Communications Fund and Fleet Operations- Adjustments were made to beginning of year net positions for the following: increases of \$8,499,846 and \$153,555 for capital assets that had not been recorded and (decreases) of (\$3,845,806) and (\$15,356) for depreciation expense that should have been recorded on capital assets.

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 the management of the County, no material refunds will be required as a result of expenditures disallowed by the grantors.

B. Construction

The County had \$672,307,353 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 the appeal of a case in which it is not a party, *Comptroller v. Wynne*, 431 Md. 147 (2013). In that case, the State has filed a writ of certiorari with the United States Supreme Court to review the judgment of the Court of Appeals of Maryland, which 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
Major Governmental Funds				
General Fund	\$ -	-	7,148,714	7,148,714
General Capital Projects	14,164,311	-	-	14,164,311
Highway Capital Projects	23,868,675	-	-	23,868,675
Non-Major Governmental Funds				
Special Revenue	439,541	2,741,071	-	3,180,612
Non-Major Capital Projects	8,701,639	1,758,816	-	10,460,455
Total	<u>\$ 47,174,166</u>	<u>4,499,887</u>	<u>7,148,714</u>	<u>58,822,767</u>

**Required Supplementary
Information**



**Howard County, Maryland
Required Supplementary Information
Pension Trust Funds
For the Year Ended June 30, 2013**

Required supplementary information (unaudited) for the Howard County Retirement Plan for the years ended June 30, 2011, 2012 and 2013, respectively, is as follows:

Valuation Date	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/10	237,414,529	253,782,682	93.6%	16,368,153	84,845,897	19.3%
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%

Required supplementary information (unaudited) for the Howard County Police and Fire Employees' Retirement Plan for the years ended June 30, 2011, 2012 and 2013, respectively, is as follows:

Valuation Date	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/10	266,984,658	348,701,993	76.6%	81,717,335	53,308,475	153.3%
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%

**Howard County, Maryland
Required Supplementary Information
Other Post Employment Benefits Funds
For the Year Ended June 30, 2013**

Actuarial valuations are performed every other year. Schedule of funding progress (unaudited) for the Howard County Other Post Employment Benefits Plan for the year ended June 30, 2013 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)
7/1/07	-	707,256,000	0.0%	707,256,000	486,385,877	145.4%
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, 2013 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/08	73,601,000	21,977,714	30%	51,623,286
6/30/09	65,168,000	14,732,748	23%	102,159,373
6/30/10	78,925,000	8,109,983	10%	172,750,242
6/30/11	62,754,000	11,631,993	19%	223,258,294
6/30/12	61,195,000	17,439,855	28%	266,373,362
6/30/13	70,776,000	20,169,779	28%	316,977,003

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**
- **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, 2013

	Budget Amounts		Revenues	Variance with Final budget Over (Under)
	Original	Final		
Property taxes:				
Real, personal and corporate	\$ 447,447,063	447,447,063	447,655,444	208,381
Payment in lieu of taxes	1,309,952	1,309,952	1,356,167	46,215
Additions and abatements	(500,000)	(500,000)	(1,958,063)	(1,458,063)
Interest on taxes	1,300,000	1,300,000	1,011,340	(288,660)
Total property taxes	449,557,015	449,557,015	448,064,888	(1,492,127)
Other local taxes:				
Local income tax surcharge	339,929,120	339,929,120	374,358,092	34,428,972
Admission tax	2,200,000	2,200,000	2,136,732	(63,268)
Recordation	17,000,000	17,000,000	21,837,593	4,837,593
Mobile home	580,000	580,000	598,508	18,508
Hotel / motel	4,200,000	4,200,000	4,404,564	204,564
Heavy equipment	-	-	376,895	376,895
Total other local taxes	363,909,120	363,909,120	403,712,384	39,803,264
State shared taxes:				
Highway	1,399,980	1,399,980	1,422,086	22,106
Corporate	15,000	15,000	-	(15,000)
Total state shared taxes	1,414,980	1,414,980	1,422,086	7,106
Revenues from other governments	4,491,000	4,491,000	5,188,408	697,408
Charges for services:				
Sale of maps and publications	55,000	55,000	57,568	2,568
Civil marriage	10,000	10,000	8,980	(1,020)
Tax certificates	350,000	350,000	270,195	(79,805)
Planning and zoning fees	512,000	512,000	732,447	220,447
IRB and MIDFA loan fees	2,000	2,000	-	(2,000)
Recreation and parks	110,000	110,000	74,780	(35,220)
Rental housing inspection fees	765,000	765,000	977,109	212,109
Extension development agreement fees	60,000	60,000	38,000	(22,000)
Development - review fees	850,000	850,000	1,738,888	888,888
Development - specifications	1,000	1,000	-	(1,000)
Developer - water and sewer overhead	500,000	500,000	759,093	259,093
Sale of topographic maps	-	-	2	2
House type revision fees	87,000	87,000	99,600	12,600
Master in chancery fees	133,800	133,800	120,506	(13,294)
Police records check	48,000	48,000	48,412	412
Sheriff fees	425,000	425,000	380,316	(44,684)
Boarding prisoners	2,556,000	2,556,000	2,256,064	(299,936)
Weekender inmate fees	50,000	50,000	41,200	(8,800)
Parking meters	232,000	232,000	81,398	(150,602)
Other charges for services	11,000	11,000	4,318	(6,682)
Other business application fees	150,000	150,000	50,000	(100,000)
Internal service charges	-	-	30,665	30,665
Food and beverage	80,000	80,000	127,119	47,119
Cable TV franchise fee	4,800,000	4,800,000	6,063,011	1,263,011
Total charges for services	11,787,800	11,787,800	13,959,671	2,171,871

(Continued)

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Budget Amounts		Revenues	Variance with Final budget Over (Under)
	Original	Final		
Interest on investments	\$ 5,459,890	5,459,890	686,344	(4,773,546)
Licenses and permits:				
Beer, wine and liquor	263,500	263,500	273,897	10,397
Traders	450,500	450,500	445,939	(4,561)
Peddlers and solicitors	12,500	12,500	20,505	8,005
Building	2,690,250	2,690,250	3,325,696	635,446
Electrical	962,700	962,700	1,158,839	196,139
Plumbing	885,000	885,000	1,048,127	163,127
Signs	30,000	30,000	38,625	8,625
Mobile home park	6,500	6,500	6,675	175
Animal license	62,500	62,500	55,416	(7,084)
Marriage license	9,000	9,000	9,100	100
Marriage license surcharge	65,000	65,000	72,800	7,800
Total licenses and permits	5,437,450	5,437,450	6,455,619	1,018,169
Recoveries for interfund services:				
Streetlight districts	16,000	16,000	19,100	3,100
Public works operations - utility pro rata	3,236,730	3,236,730	3,223,738	(12,992)
Fire and rescue fund	4,621,144	4,621,144	4,621,144	-
Office of law - self insurance	446,626	446,626	404,085	(42,541)
Pension plan	225,354	225,354	217,085	(8,269)
Employee health benefits fund	-	-	47,212	47,212
Agricultural land preservation fund	747,792	747,792	733,916	(13,876)
Public works - water & sewer capital projects pro rata	400,000	400,000	225,000	(175,000)
Waste management pro rata	934,567	934,567	1,196,820	262,253
Public works - water and sewer developer capital projects	300,000	300,000	415,000	115,000
General county capital projects pro rata share	300,000	300,000	450,000	150,000
Total recoveries for interfund services	11,228,213	11,228,213	11,553,100	324,887
Fines and forfeitures	3,163,500	3,163,500	2,717,357	(446,143)
Component units return of funding:				
Community college	860,782	860,782	818,144	(42,638)
Total component units return of funding	860,782	860,782	818,144	(42,638)
Miscellaneous revenues:				
Commissions, rents and concessions	1,450,000	1,450,000	1,735,833	285,833
Sale of property and equipment	16,500	16,500	21,249	4,749
Other revenue	728,500	728,500	1,299,288	570,788
Miscellaneous program revenue	450,000	450,000	551,400	101,400
Other intergovernmental revenue	5,814,000	5,814,000	634	(5,813,366)
Total miscellaneous revenue	8,459,000	8,459,000	3,608,404	(4,850,596)
Total revenues	865,768,750	865,768,750	898,186,405	32,417,655
Other sources of financial resources:				
Transfers in:				
Operating transfer in	500,000	500,000	545,854	45,854
DILP technology debt	14,004	14,004	-	(14,004)
Excise tax debt	3,730,916	3,730,916	3,730,916	-
Fire and rescue reserve fund	1,166,212	1,166,212	1,166,212	-
Public school system debt	7,787,130	7,787,130	7,119,781	(667,349)
Recreation program fund	2,860,647	2,860,647	2,860,647	-
Total transfers in	16,058,909	16,058,909	15,423,410	(635,499)
Appropriation from fund balance	21,812,885	21,812,885	-	(21,812,885)
Total revenues and other sources of financial resources	\$ 903,640,544	903,640,544	913,609,815	9,969,271

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
General Government						
Office of the county executive	\$ 1,087,841	1,087,841	975,091	-	975,091	112,750
Office of the county administrator:						
Bureau of staff services:						
Staff services	2,709,498	2,697,254	2,181,263	271,708	2,452,971	244,283
Environmental sustainability	460,458	460,458	314,394	140,349	454,743	5,715
Office of human rights	708,392	708,392	686,209	319	686,528	21,864
Workforce development	230,978	230,978	188,488	-	188,488	42,490
Total bureau of staff services	4,109,326	4,097,082	3,370,354	412,376	3,782,730	314,352
Bureau of management services:						
Budget division	690,728	690,728	666,766	4,350	671,116	19,612
Human resources	1,658,388	1,658,388	1,501,893	50,598	1,552,491	105,897
Purchasing division	1,185,371	1,185,371	1,087,586	28,354	1,115,940	69,431
Central services	815,254	815,254	666,846	-	666,846	148,408
Public information	940,785	953,029	953,025	-	953,025	4
Total bureau of management services	5,290,526	5,302,770	4,876,116	83,302	4,959,418	343,352
Total office of the county administrator	9,399,852	9,399,852	8,246,470	495,678	8,742,148	657,704
Department of economic development						
Department of economic development	1,829,661	1,829,661	1,829,661	-	1,829,661	-
Total dept of economic development	1,829,661	1,829,661	1,829,661	-	1,829,661	-
Department of finance:						
Office of the director	1,824,302	1,950,335	1,483,315	142,696	1,626,011	324,324
Bureau of accounting	1,617,139	1,727,139	1,614,557	31,369	1,645,926	81,213
Bureau of revenue and customer service	1,580,604	1,537,113	1,406,905	78,200	1,485,105	52,008
Utility and miscellaneous billing	565,239	565,239	477,464	7,000	484,464	80,775
Bureau of payroll / disbursements	1,150,504	914,471	837,570	37,103	874,673	39,798
PAYGO grants	-	3,344,017	2,811,732	221,170	3,032,902	311,115
Contribution for OPEB	-	3,826,780	3,826,780	-	3,826,780	-
State assessment office	1,624,000	1,667,491	1,667,491	-	1,667,491	-
Total department of finance	8,361,788	15,532,585	14,125,814	517,538	14,643,352	889,233
Office of law						
Office of law	3,390,778	3,390,778	3,349,441	17,558	3,366,999	23,779
Technology and communication services						
Technology and communication services	365,220	365,220	320,679	40,875	361,554	3,666
General fund contingency						
General fund contingency	1,700,000	865,693	-	-	-	865,693
Total General Government	26,135,140	32,471,630	28,847,156	1,071,649	29,918,805	2,552,825
Legislative and Judicial						
Legislative:						
County council	2,150,975	2,150,975	2,091,476	11,160	2,102,636	48,339
County auditor	946,638	946,638	689,540	113,000	802,540	144,098
Board of license commissioners	105,646	105,646	91,124	-	91,124	14,522
Zoning board	117,161	117,161	114,282	2,595	116,877	284
Board of appeals	143,432	143,432	69,372	5,000	74,372	69,060
Total legislative	3,463,852	3,463,852	3,055,794	131,755	3,187,549	276,303

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Judicial:						
Circuit court	\$ 2,438,057	2,478,057	2,308,368	-	2,308,368	169,689
Orphans' court	49,946	49,946	49,162	-	49,162	784
Sheriff's department	6,611,287	6,611,287	6,408,444	130,061	6,538,505	72,782
State attorney's office	6,977,274	6,977,274	6,796,189	7	6,796,196	181,078
Total judicial	16,076,564	16,116,564	15,562,163	130,068	15,692,231	424,333
Board of election supervisors	1,386,243	1,386,243	1,234,931	-	1,234,931	151,312
Election expense	1,150,583	1,150,583	890,881	-	890,881	259,702
Total Legislative and Judicial	22,077,242	22,117,242	20,743,769	261,823	21,005,592	1,111,650
Public Works						
Department of public works:						
Office of the director	4,197,007	4,041,806	3,988,506	53,299	4,041,805	1
Total office of the director	4,197,007	4,041,806	3,988,506	53,299	4,041,805	1
Bureau of engineering:						
Administrative management division	516,403	489,373	489,242	-	489,242	131
Transportation & watershed management	1,168,492	1,113,334	1,113,332	-	1,113,332	2
Construction inspection division	2,766,265	2,567,440	2,567,438	-	2,567,438	2
Survey and drafting division	859,654	792,298	792,298	-	792,298	-
Total bureau of engineering	5,310,814	4,962,445	4,962,310	-	4,962,310	135
Bureau of highways:						
Operations	1,020,843	1,034,359	1,034,356	-	1,034,356	3
Highway maintenance division	15,653,090	16,930,303	14,127,448	2,802,854	16,930,302	1
Traffic engineering division	1,509,779	1,513,138	992,971	520,165	1,513,136	2
Total bureau of highways	18,183,712	19,477,800	16,154,775	3,323,019	19,477,794	6
Bureau of facilities:						
Administration	7,790,088	6,510,617	6,401,000	109,608	6,510,608	9
Building and ground maintenance	7,212,007	8,482,071	7,487,436	784,192	8,271,628	210,443
Total bureau of facilities	15,002,095	14,992,688	13,888,436	893,800	14,782,236	210,452
Bureau of environmental services:						
Stormwater management	1,613,795	1,666,991	1,335,790	287,343	1,623,133	43,858
Total bureau of environmental services	1,613,795	1,666,991	1,335,790	287,343	1,623,133	43,858
Total department of public works	44,307,423	45,141,730	40,329,817	4,557,461	44,887,278	254,452
Department of inspections, licenses and permits:						
Operations division	1,953,447	1,967,447	1,683,532	56,408	1,739,940	227,507
Inspection and enforcement division	3,055,297	3,065,297	3,014,683	-	3,014,683	50,614
Plan review division	990,362	990,362	979,879	-	979,879	10,483
Licenses and permits division	678,996	654,996	623,899	20	623,919	31,077
Total department of inspection, license and permits	6,678,102	6,678,102	6,301,993	56,428	6,358,421	319,681

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with
	Original	Final				Final Budget (Over) Under
Department of planning and zoning:						
Office of the director	\$ 1,366,792	1,381,392	1,196,061	125,164	1,321,225	60,167
Division of land development	1,143,731	1,143,381	1,031,961	-	1,031,961	111,420
Division of research	868,635	868,635	799,924	39,042	838,966	29,669
Public service and zoning administration	939,520	954,770	953,837	-	953,837	933
Environmental and community planning	834,488	834,488	770,502	10,687	781,189	53,299
Development engineering division	1,068,646	1,034,346	1,021,041	-	1,021,041	13,305
Conservation easements program	364,842	369,642	364,782	53	364,835	4,807
Total department of planning and zoning	6,586,654	6,586,654	6,138,108	174,946	6,313,054	273,600
Soil conservation district	603,728	603,728	603,728	-	603,728	-
Department of transportation	7,477,079	7,477,079	5,998,075	1,415,853	7,413,928	63,151
Total Public Works	65,652,986	66,487,293	59,371,721	6,204,688	65,576,409	910,884
<u>Public Safety</u>						
Police department:						
Office of the chief	4,242,572	4,275,172	4,243,406	-	4,243,406	31,766
Animal control division	1,503,651	1,503,651	1,329,306	47,508	1,376,814	126,837
Administrative command	1,084,686	729,686	665,004	101	665,105	64,581
Command operations	35,880,320	36,144,120	35,988,472	254	35,988,726	155,394
Bureau of criminal investigations	11,864,725	11,939,725	11,726,198	286	11,726,484	213,241
Special operations bureau	7,037,571	6,747,091	6,175,717	65,063	6,240,780	506,311
Information and technology bureau	13,414,954	13,414,954	13,092,536	10,205	13,102,741	312,213
Human resource bureau	3,682,501	3,915,001	3,720,811	26,212	3,747,023	167,978
Management services bureau	8,867,898	8,909,478	8,603,698	20,541	8,624,239	285,239
Investigations and special operations	265,223	265,223	213,489	-	213,489	51,734
Total police department	87,844,101	87,844,101	85,758,637	170,170	85,928,807	1,915,294
Department of corrections	14,801,472	14,801,472	14,646,257	129,051	14,775,308	26,164
Total Public Safety	102,645,573	102,645,573	100,404,894	299,221	100,704,115	1,941,458
<u>Recreation and Parks</u>						
Department of recreation and parks	15,290,660	15,290,660	14,958,149	196,850	15,154,999	135,661
Total Recreation and Parks	15,290,660	15,290,660	14,958,149	196,850	15,154,999	135,661
<u>Community Services</u>						
Department of social services	530,663	530,663	484,162	-	484,162	46,501
Citizen services administration	5,955,038	5,975,038	5,792,411	18,290	5,810,701	164,337
Consumer affairs division	417,959	437,959	434,946	-	434,946	3,013
Office on aging	2,189,561	2,149,561	2,110,173	-	2,110,173	39,388
Mental health authority	350,000	350,000	350,000	-	350,000	-
Cooperative extension services	446,492	446,492	429,526	249	429,775	16,717

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	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	\$ 33,600	33,600	33,600	-	33,600	-
Forest conservancy district board	5,000	5,000	5,000	-	5,000	-
Local / regional arts grants	679,687	679,687	679,687	-	679,687	-
Tourism council	800,000	800,000	800,000	-	800,000	-
Total arts & tourism	1,518,287	1,518,287	1,518,287	-	1,518,287	-
Civic grants:						
Historical society	28,000	28,000	28,000	-	28,000	-
Total civic grants	28,000	28,000	28,000	-	28,000	-
Community service partnerships human service grants	5,733,489	5,733,489	5,626,560	92,707	5,719,267	12,251
Total grants in-aid	7,279,776	7,279,776	7,172,847	92,707	7,265,554	-
Total Community Services	17,169,489	17,169,489	16,774,065	111,246	16,885,311	284,178

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Education:						
Public schools	\$ 482,384,818	482,384,818	482,384,818	-	482,384,818	-
Community college	27,093,286	27,093,286	27,093,286	-	27,093,286	-
Library	16,961,218	16,961,218	16,961,218	-	16,961,218	-
Total Education	526,439,322	526,439,322	526,439,322	-	526,439,322	-
Debt Service						
Principal:						
Police	499,570	447,117	447,117	-	447,117	-
Schools	24,182,963	23,626,371	23,626,369	-	23,626,369	2
Community college	3,456,131	3,521,776	3,521,774	-	3,521,774	2
Fire	626,620	659,300	659,300	-	659,300	-
General county projects	13,924,862	14,483,940	14,483,939	-	14,483,939	1
Recreation and parks	1,801,040	2,041,346	2,041,346	-	2,041,346	-
Community renewal	547,119	536,910	536,910	-	536,910	-
Storm drainage	942,323	950,853	950,853	-	950,853	-
Excise bonds	2,315,318	2,302,548	2,302,548	-	2,302,548	-
DILP technology	13,200	13,200	13,200	-	13,200	-
School surcharge	4,025,859	3,751,644	3,751,644	-	3,751,644	-
Tax increment financing	155,000	155,000	-	-	-	155,000
Total principal	52,490,005	52,490,005	52,335,000	-	52,335,000	155,005
Interest:						
Police	386,499	305,364	305,364	-	305,364	-
Schools	16,771,208	15,984,599	15,984,595	-	15,984,595	4
Community college	3,101,189	3,201,364	3,201,363	-	3,201,363	1
Fire	539,592	581,702	581,702	-	581,702	-
General county	9,820,787	10,603,864	10,603,862	-	10,603,862	2
Recreation and parks	1,059,607	1,414,140	1,414,140	-	1,414,140	-
Community renewal	133,960	119,781	119,781	-	119,781	-
Storm drainage	744,561	758,037	758,037	-	758,037	-
Excise bonds	1,415,598	1,397,284	1,397,284	-	1,397,284	-
DILP technology	804	804	804	-	804	-
School surcharge	3,761,271	3,368,137	3,368,137	-	3,368,137	-
Short-term construction note	4,660,000	4,660,000	541,402	-	541,402	4,118,598
Tax increment financing	90,000	90,000	-	-	-	90,000
Total interest	42,485,076	42,485,076	38,276,471	-	38,276,471	4,208,605
Total Debt Service	94,975,081	94,975,081	90,611,471	-	90,611,471	4,363,610
Total expenditures and encumbrances	870,385,493	877,596,290	858,150,547	8,145,477	866,296,024	11,300,266
Transfers Out:						
Economic development incentives fund	-	690,088	690,088	-	690,088	-
Health department	9,396,443	9,396,443	9,396,443	-	9,396,443	-
Board of directors meeting	1,000	1,000	-	-	-	1,000
PAYGO other	23,812,885	15,602,000	15,131,022	-	15,131,022	470,978
Community renewal fund	-	350,000	350,000	-	350,000	-
Matching funds county share	4,723	4,723	-	-	-	4,723
County share circuit court administration	40,000	-	-	-	-	-
Total Transfers Out	33,255,051	26,044,254	25,567,553	-	25,567,553	476,701
Total Expenditures and Encumbrances	\$ 903,640,544	903,640,544	883,718,100	8,145,477	891,863,577	11,776,967



A recognized source of local pride, the Howard County Public School System consistently ranks among Maryland's top school districts based on student performance on the Maryland School Assessments. Howard County students score above the national averages on standardized tests and more than 91% of graduates continue their education beyond high school.



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, 2013**

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Pooled cash and cash equivalents	\$ 17,097,435	-	17,097,435
Other receivables	63,219	-	63,219
Restricted assets:			
Pooled cash and cash equivalents	42,084,290	13,622,863	55,707,153
Prepaid expense	51,346	-	51,346
Economic development loans	87,924	-	87,924
Housing loans	14,266,296	-	14,266,296
Property taxes	555,299	-	555,299
Materials and supplies	523,686	-	523,686
Due from other governments	10,343,273	1,921,739	12,265,012
Other	364,599	-	364,599
Total assets	85,437,367	15,544,602	100,981,969
LIABILITIES			
Due to other funds	-	3,228,043	3,228,043
Accounts payable / accrued liabilities	3,759,602	3,120,370	6,879,972
Accrued wages and benefits	2,953,067	9,301	2,962,368
Bond anticipation notes	-	4,136,449	4,136,449
Deposits and connections fees	474,255	763	475,018
Unearned revenue	6,299,415	-	6,299,415
Total liabilities	13,486,339	10,494,926	23,981,265
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	427,472	-	427,472
Unavailable fees	-	-	-
Unavailable grant revenues	3,076,782	483,928	3,560,710
Total deferred inflows	3,504,254	483,928	3,988,182
Total liabilities and deferred inflows	16,990,593	10,978,854	27,969,447
FUND BALANCES			
Nonspendable:			
Inventory	523,686	-	523,686
Prepaid items	51,346	-	51,346
Long-term receivables:			
Noncurrent economic development loans	87,924	-	87,924
Noncurrent housing loans receivable	14,266,296	-	14,266,296
Restricted for:			
Forest conservation	4,233,979	-	4,233,979
Fire & rescue services	17,089,355	-	17,089,355
Speed enforcement	94,633	-	94,633
Catalyst loan program	185,156	-	185,156
Middle Patuxent environmental area program	36,000	-	36,000
Parkland watershed facilities	-	9,555,708	9,555,708
Economic development initiatives	978,119	-	978,119
Program open space	-	295,786	295,786
Storm water construction	-	609,837	609,837
Committed for:			
Community renewal programs	1,589,291	-	1,589,291
Environmental services	16,547,669	-	16,547,669
Health department	12,797,471	-	12,797,471
Recreation programs	1,813,406	-	1,813,406
Fire house & training facilities	-	4,738,275	4,738,275
Unassigned	(1,847,557)	(10,633,858)	(12,481,415)
Total fund balances	68,446,774	4,565,748	73,012,522
Total liabilities, deferred inflows and fund balances	\$ 85,437,367	15,544,602	100,981,969

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Property taxes	\$ 78,257,735	-	78,257,735
Other local taxes	3,158,081	9,474,242	12,632,323
Revenues from other agencies (grants)	18,640,903	3,582,196	22,223,099
Charges for services	37,244,760	-	37,244,760
Interest on investments	116,189	15,806	131,995
Installment interest from housing loans	160,296	-	160,296
Licenses and permits	-	-	-
Fines and forfeitures	744,985	-	744,985
Developer contributions	372,532	356,530	729,062
Rental of property	159,373	-	159,373
Miscellaneous program revenue	3,021,305	100,536	3,121,841
Total revenues	141,876,159	13,529,310	155,405,469
EXPENDITURES			
Current:			
General government	3,729,790	-	3,729,790
Legislative and judicial	506,319	-	506,319
Public works	23,901,984	-	23,901,984
Public safety	75,126,542	-	75,126,542
Recreation and parks	15,725,769	-	15,725,769
Community services	20,640,839	-	20,640,839
Capital improvements	-	34,218,297	34,218,297
Total expenditures	139,631,243	34,218,297	173,849,540
Excess (deficiency) of revenues over expenditures	2,244,916	(20,688,987)	(18,444,071)
OTHER FINANCING SOURCES (USES)			
Bond premium	7,176	1,553,014	1,560,190
Capital related debt issued	-	15,804,777	15,804,777
Refunding bonds issued	75,675	573,559	649,234
Payment to bond refunding escrow agent	(84,965)	(643,966)	(728,931)
Transfers in	10,403,744	5,254,450	15,658,194
Transfers out	(4,833,778)	(4,042,665)	(8,876,443)
Total other financing sources and uses	5,567,852	18,499,169	24,067,021
Net change in fund balances	7,812,768	(2,189,818)	5,622,950
Fund balances - beginning, as previously reported	59,973,796	4,650,850	64,624,646
Adjustment to beginning fund balance	660,210	2,104,716	2,764,926
Fund balance, beginning of year, as restated	60,634,006	6,755,566	67,389,572
Fund balances - ending	\$ 68,446,774	4,565,748	73,012,522

**Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2013**

	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
ASSETS									
Pooled cash and cash equivalents	\$ -	-	-	-	-	10,415,388	6,538,384	143,663	17,097,435
Other receivables	-	-	-	-	-	-	63,219	-	63,219
Permanently restricted assets:									
Pooled cash and cash equivalents	687,262	17,607,613	4,246,206	19,478,249	64,960	-	-	-	42,084,290
Prepaid expense	-	-	-	-	51,346	-	-	-	51,346
Economic development loans	-	-	-	-	87,924	-	-	-	87,924
Housing loans	14,266,296	-	-	-	-	-	-	-	14,266,296
Property taxes	-	25,230	-	530,069	-	-	-	-	555,299
Materials and supplies	-	-	-	397,234	-	-	126,452	-	523,686
Due from other governments	1,061,120	-	-	-	6,464,329	2,817,824	-	-	10,343,273
Other	-	300,695	-	-	62,171	-	-	1,733	364,599
Total assets	16,014,678	17,933,538	4,246,206	20,405,552	6,730,730	13,233,212	6,728,055	145,396	85,437,367
LIABILITIES									
Accounts payable / accrued liabilities	45,006	1,123,268	238	296,221	1,009,720	287,718	956,975	40,456	3,759,602
Accrued wages and benefits	108,765	122,611	11,989	2,195,270	138,710	9,771	355,644	10,307	2,953,067
Deposits and connection fees	5,320	139,990	-	-	311,713	-	17,232	-	474,255
Unearned revenue	-	-	-	-	2,702,817	138,252	3,458,346	-	6,299,415
Total liabilities	159,091	1,385,869	12,227	2,491,491	4,162,960	435,741	4,788,197	50,763	13,486,339
DEFERRED INFLOWS OF RESOURCES									
Unavailable property taxes	-	-	-	427,472	-	-	-	-	427,472
Unavailable grant revenues	-	-	-	-	3,076,782	-	-	-	3,076,782
Total deferred inflows of resources	-	-	-	427,472	3,076,782	-	-	-	3,504,254
Total liabilities and deferred inflows of resources	159,091	1,385,869	12,227	2,918,963	7,239,742	435,741	4,788,197	50,763	16,990,593
FUND BALANCES									
Nonspendable									
Inventory	-	-	-	397,234	-	-	126,452	-	523,686
Prepaid items	-	-	-	-	51,346	-	-	-	51,346
Long-term receivables:									
Noncurrent economic development loans	-	-	-	-	87,924	-	-	-	87,924
Noncurrent housing loans receivable	14,266,296	-	-	-	-	-	-	-	14,266,296
Restricted for:									
Forest conservation	-	-	4,233,979	-	-	-	-	-	4,233,979
Fire & rescue services	-	-	-	17,089,355	-	-	-	-	17,089,355
Speed enforcement	-	-	-	-	-	-	-	94,633	94,633
Catalyst loan program	-	-	-	-	185,156	-	-	-	185,156
Middle Patuxent environmental area program	-	-	-	-	36,000	-	-	-	36,000
Economic development incentives	-	-	-	-	978,119	-	-	-	978,119
Committed for:									
Community renewal programs	1,589,291	-	-	-	-	-	-	-	1,589,291
Environmental services	-	16,547,669	-	-	-	-	-	-	16,547,669
Health department	-	-	-	-	-	12,797,471	-	-	12,797,471
Recreation programs	-	-	-	-	-	-	1,813,406	-	1,813,406
Unassigned	-	-	-	-	(1,847,557)	-	-	-	(1,847,557)
Total fund balances	15,855,587	16,547,669	4,233,979	17,486,589	(509,012)	12,797,471	1,939,858	94,633	68,446,774
Total liabilities, deferred inflows and fund balances	\$ 16,014,678	17,933,538	4,246,206	20,405,552	6,730,730	13,233,212	6,728,055	145,396	85,437,367

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2013

	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
REVENUES									
Property taxes	\$ -	44,308	-	78,213,427	-	-	-	-	78,257,735
Other local taxes	3,158,081	-	-	-	-	-	-	-	3,158,081
Revenues from other agencies (grants)	-	15,856	-	77,092	17,886,388	614,807	46,760	-	18,640,903
Charges for services	-	21,532,536	-	127,904	338,018	979,997	14,266,305	-	37,244,760
Interest on investments	-	29,729	7,051	46,129	1,753	24,486	6,889	152	116,189
Installment interest from housing loans	160,296	-	-	-	-	-	-	-	160,296
Fines and forfeitures	-	-	32,449	3,500	-	-	1,508	707,528	744,985
Developer contributions	-	-	372,532	-	-	-	-	-	372,532
Rental of property	-	-	-	-	-	-	159,373	-	159,373
Miscellaneous program revenue	614,976	4,726	-	111,353	1,603,303	663,388	4,496	19,063	3,021,305
Total revenues	3,933,353	21,627,155	412,032	78,579,405	19,829,462	2,282,678	14,485,331	726,743	141,876,159
EXPENDITURES									
Current:									
General government	-	-	-	-	3,729,790	-	-	-	3,729,790
Legislative and judicial	-	-	-	-	506,319	-	-	-	506,319
Public works	-	20,881,381	-	-	3,020,603	-	-	-	23,901,984
Public safety	-	-	-	71,381,561	3,107,509	-	-	637,472	75,126,542
Recreation and parks	-	-	378,815	-	70,480	-	15,276,474	-	15,725,769
Community services	3,349,409	-	-	-	6,934,834	10,356,596	-	-	20,640,839
Total expenditures	3,349,409	20,881,381	378,815	71,381,561	17,369,535	10,356,596	15,276,474	637,472	139,631,243
Excess (deficiency) of revenues over expenditures	583,944	745,774	33,217	7,197,844	2,459,927	(8,073,918)	(791,143)	89,271	2,244,916
OTHER FINANCING SOURCES (USES)									
Bond Premium	7,176	-	-	-	-	-	-	-	7,176
Refunding bonds issued	75,675	-	-	-	-	-	-	-	75,675
Payment to bond refunding escrow agent	(84,965)	-	-	-	-	-	-	-	(84,965)
Transfers in	359,334	-	2,084	-	637,712	9,404,614	-	-	10,403,744
Transfers out	(879)	(29,729)	-	(4,296,129)	-	-	(506,889)	(152)	(4,833,778)
Total other financing sources (uses)	356,341	(29,729)	2,084	(4,296,129)	637,712	9,404,614	(506,889)	(152)	5,567,852
Net change in fund balances	940,285	716,045	35,301	2,901,715	3,097,639	1,330,696	(1,298,032)	89,119	7,812,768
Fund balances - beginning, as previously reported	14,928,171	15,831,624	4,198,678	14,584,874	(4,279,730)	11,466,775	3,237,890	5,514	59,973,796
Adjustment to beginning balance	(12,869)	-	-	-	673,079	-	-	-	660,210
Fund balances - beginning of year, as restated	14,915,302	15,831,624	4,198,678	14,584,874	(3,606,651)	11,466,775	3,237,890	5,514	60,634,006
Fund balances - ending	\$ 15,855,587	16,547,669	4,233,979	17,486,589	(509,012)	12,797,471	1,939,858	94,633	68,446,774

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 2,625,000	2,625,000	3,158,081	533,081
Revenue from other agencies	350,000	-	-	-
Miscellaneous	600,000	600,000	614,976	14,976
Installment interest from housing loans	85,000	85,000	159,418	74,418
Total revenues	3,660,000	3,310,000	3,932,475	622,475
EXPENDITURES				
Community services:				
Housing and community development administration	3,821,182	3,821,182	2,539,311	(1,281,871)
Community development committee	6,940	6,940	-	(6,940)
Housing initiatives	1,000,000	1,000,000	680,948	(319,052)
Total expenditures	4,828,122	4,828,122	3,220,259	(1,607,863)
Excess (deficiency) of revenues over expenditures	(1,168,122)	(1,518,122)	712,216	2,230,338
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,518,122	1,518,122	-	(1,518,122)
Transfers in	-	350,000	359,334	9,334
Transfers out	(350,000)	(350,000)	-	350,000
Total other financing sources (uses)	1,168,122	1,518,122	359,334	(1,158,788)
Net change in fund balance	-	-	1,071,550	1,071,550
Adjustment to beginning balance			(350,000)	
Fund balances - beginning			16,235,337	-
Fund balances - ending			\$ 16,956,887	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Environmental Services Fund
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 20,703,000	20,703,000	21,525,760	822,760
Property taxes	-	-	44,308	44,308
Revenue from other agencies	-	-	15,857	15,857
Miscellaneous	5,000	5,000	4,726	(274)
Contingency	5,746,963	5,746,963	-	(5,746,963)
Total revenues	26,454,963	26,454,963	21,590,651	(4,864,312)
EXPENDITURES				
Waste management:				
Administrative services	2,182,119	2,189,119	1,911,242	277,877
Operations	11,125,193	11,011,860	9,498,751	1,513,109
Collections	5,077,115	5,081,115	4,612,132	468,983
Recycling	6,115,717	6,218,050	5,297,879	920,171
Contingency	5,746,963	5,746,963	-	(5,746,963)
Total expenditures	30,247,107	30,247,107	21,320,004	8,927,103
Excess (deficiency) of revenues over expenditures	(3,792,144)	(3,792,144)	270,647	4,062,791
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	3,792,144	3,792,144	-	(3,792,144)
Total other financing sources (uses)	3,792,144	3,792,144	-	(3,792,144)
Net change in fund balance			270,647	270,647
Fund balances - beginning			14,826,146	-
Fund balances - ending			\$ 15,096,793	270,647

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Developer contributions - mitigation	\$ 32,000	32,000	19,514	(12,486)
Developer contributions - inspections	425,000	425,000	353,018	(71,982)
Fines & forfeitures	75,000	75,000	32,449	(42,551)
Interest on investments	3,500	3,500	7,051	3,551
Total revenues	535,500	535,500	412,032	(123,468)
EXPENDITURES				
Public Works:				
Forest Mitigation	3,461,179	3,461,179	376,493	3,084,686
Total expenditures	3,461,179	3,461,179	376,493	3,084,686
Excess (deficiency) of revenues over expenditures	(2,925,679)	(2,925,679)	35,539	2,961,218
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,925,679	2,925,679	-	(2,925,679)
Total other financing sources (uses)	2,925,679	2,925,679	-	(2,925,679)
Net change in fund balance	-	-	35,539	35,539
Fund balances - beginning			4,205,975	-
Fund balances - ending			\$ 4,241,514	-

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, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 78,121,620	78,121,620	78,213,427	91,807
Revenues from other agencies	-	-	77,092	77,092
Charges for Service	35,000	35,000	127,904	
Miscellaneous	20,000	20,000	114,853	94,853
Interest on investments	54,500	54,500	-	(54,500)
Total revenues	78,231,120	78,231,120	78,533,276	209,252
EXPENDITURES				
Public safety:				
Metro fire district	89,803,330	90,744,218	71,612,120	19,132,098
Total expenditures	89,803,330	90,744,218	71,612,120	19,132,098
Excess (deficiency) of revenues over expenditures	(11,572,210)	(12,513,098)	6,921,156	19,341,350
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	16,763,099	16,763,099	-	(16,763,099)
Transfers out	(5,190,889)	(4,250,001)	(4,250,000)	1
Total other financing sources (uses)	11,572,210	12,513,098	(4,250,000)	(16,763,098)
Net change in fund balance	-	-	2,671,156	2,578,252
Fund balances - beginning			17,764,703	-
Fund balances - ending			\$ 20,435,859	2,578,252

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 18,790,116	19,575,613	11,355,904	(8,219,709)
Grants from state government	6,865,739	6,944,439	6,410,567	(533,872)
Other local grants	167,000	752,000	130,654	(621,346)
Total revenue from other agencies	25,822,855	27,272,052	17,897,125	(9,374,927)
Interest on investments	-	-	1,753	1,753
Charges for services	21,255	21,255	338,018	316,763
Contingency	30,000,000	28,572,803	-	(28,572,803)
Miscellaneous	7,567,784	7,545,784	1,649,124	(5,896,660)
Total revenues	63,411,894	63,411,894	19,886,020	(43,525,874)
EXPENDITURES				
General government	7,313,460	8,579,540	3,922,450	4,657,090
Public safety	7,667,547	7,667,547	3,247,066	4,420,481
Recreation & parks	167,529	167,529	70,479	97,050
Community services	13,447,448	13,527,448	6,998,015	6,529,433
Public works	3,064,782	3,188,793	2,868,156	320,637
Legislative & judicial	671,128	708,234	506,247	201,987
Contingency	30,000,000	28,572,803	-	28,572,803
Total expenditures	62,331,894	62,411,894	17,612,413	44,799,481
Deficiency of revenues under expenditures	1,080,000	1,000,000	2,273,607	1,273,607
OTHER FINANCING SOURCES				
Transfers in	-	-	3,920,778	3,920,778
Transfers out	(1,080,000)	(1,000,000)	-	1,000,000
Total other financing sources	(1,080,000)	(1,000,000)	3,920,778	4,920,778
Net change in fund balance	-	-	6,194,385	6,194,385
Fund balances - beginning			(7,572,833)	
Adjustment to beginning balance			673,079	
Fund balances - ending			\$ (705,369)	6,194,385

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 2,574,252	\$ 1,616,000	614,807	(1,001,193)
Charges for services	761,143	748,700	979,997	231,297
Interest on investments	-	-	24,486	24,486
Other	-	830,869	663,388	(167,481)
Total revenues	3,335,395	3,195,569	2,282,678	(912,891)
EXPENDITURES				
Community services:				
General local health services	10,145,143	10,145,143	9,791,095	354,048
Grant programs	2,574,252	2,446,869	579,675	1,867,194
Total expenditures	12,719,395	12,592,012	10,370,770	2,221,242
Excess (deficiency) of revenues over expenditures	(9,384,000)	(9,396,443)	(8,088,092)	1,308,351
OTHER FINANCING SOURCES				
Transfers in	9,384,000	9,396,443	9,396,443	-
Total other financing sources	9,384,000	9,396,443	9,396,443	-
Net change in fund balance	-	-	1,308,351	1,308,351
Fund balances - beginning			9,100,851	-
Fund balances - ending			\$ 10,409,202	1,308,351

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 16,435,000	16,435,000	14,266,305	(2,168,695)
Revenue from other governments	-	-	46,760	46,760
Fines and forfeitures	-	-	1,508	1,508
Rental of property	170,000	170,000	163,869	(6,131)
Total revenues	16,605,000	16,605,000	14,478,442	(2,126,558)
EXPENDITURES				
Recreation and parks:				
Administration	18,098,223	18,098,223	14,648,351	3,449,872
Contingency	3,024,734	3,024,734	-	3,024,734
Total expenditures	21,122,957	21,122,957	14,648,351	6,474,606
Excess (deficiency) of revenues over expenditures	(4,517,957)	(4,517,957)	(169,909)	4,348,048
OTHER FINANCING (USES)				
Transfers out	(500,000)	(500,000)	(500,000)	-
Appropriation from fund balance	5,017,957	5,017,957	669,909	(4,348,048)
Total other financing (uses)	4,517,957	4,517,957	169,909	(4,348,048)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(669,909)	-
Fund balances - beginning			2,955,816	-
Fund balances - ending			\$ 2,285,907	-

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Speed Enforcement Fund
For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines & forfeitures	\$ 958,970	958,970	707,528	(251,442)
Other	-	-	19,063	19,063
Total revenues	958,970	958,970	726,591	(232,379)
EXPENDITURES				
Public safety	872,401	872,401	687,648	184,753
Total expenditures	872,401	872,401	687,648	184,753
Excess (deficiency) of revenues over expenditures	86,569	86,569	38,943	(47,626)
OTHER FINANCING SOURCES (USES)				
Transfers out	(86,569)	(86,569)	-	86,569
Total other financing sources (uses)	(86,569)	(86,569)	-	86,569
Net change in fund balance	-	-	38,943	38,943
Fund balances - beginning			(32,475)	-
Fund balances - ending			\$ 6,468	38,943

**Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2013**

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
RESTRICTED ASSETS					
Equity in pooled cash and cash equivalents	\$ 6,795,002	371,761	6,456,100	-	13,622,863
Due from other governments	461,120	-	1,022,671	437,948	1,921,739
Total assets	7,256,122	371,761	7,478,771	437,948	15,544,602
LIABILITIES					
Due to other funds	-	-	-	3,228,043	3,228,043
Accounts payable/accrued liability	799,160	40,111	1,413,087	868,012	3,120,370
Accrued wages and benefits	-	-	9,301	-	9,301
Bond anticipation notes	2,799,031	741,846	37,572	558,000	4,136,449
Unearned revenue	-	-	763	-	763
Total liabilities	3,598,191	781,957	1,460,723	4,654,055	10,494,926
DEFERRED INFLOWS OF RESOURCES					
Unavailable grant revenues	-	-	100,430	383,498	483,928
Total liabilities and deferred inflows of resources	3,598,191	781,957	1,561,153	5,037,553	10,978,854
FUND BALANCES					
Restricted for:					
Parkland watershed facilities	-	-	9,555,708	-	9,555,708
Program open space	-	-	295,786	-	295,786
Storm water construction	-	-	-	609,837	609,837
Committed for firehouse & training facilities	4,738,275	-	-	-	4,738,275
Assigned for capital projects	-	-	-	-	-
Unassigned	(1,080,344)	(410,196)	(3,933,876)	(5,209,442)	(10,633,858)
Total fund balances	3,657,931	(410,196)	5,917,618	(4,599,605)	4,565,748
Total liabilities, deferred inflows and fund balances	\$ 7,256,122	371,761	7,478,771	437,948	15,544,602

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2013

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
REVENUES					
Other local taxes	\$ 3,158,081	-	6,316,161	-	9,474,242
Revenues from other agencies	-	-	-	-	-
Revenues from other governments	-	7,622	2,093,802	1,480,772	3,582,196
Interest on investments	10,298	-	5,508	-	15,806
Developer contributions	-	-	203,584	152,946	356,530
Miscellaneous program revenues	-	-	97,706	2,830	100,536
Total revenues	3,168,379	7,622	8,716,761	1,636,548	13,529,310
EXPENDITURES					
Capital improvements	16,628,262	717,650	7,815,657	9,056,728	34,218,297
Total expenditures	16,628,262	717,650	7,815,657	9,056,728	34,218,297
Excess (deficiency) of revenues over expenditures	(13,459,883)	(710,028)	901,104	(7,420,180)	(20,688,987)
OTHER FINANCING SOURCES (USES)					
Bond premium	788,703	49,425	271,697	443,189	1,553,014
Capital related debt issued	8,121,530	521,243	2,627,370	4,534,634	15,804,777
Refunding bonds issued	196,263	-	237,988	139,308	573,559
Payment to bond refunding escrow agent	(220,355)	-	(267,202)	(156,409)	(643,966)
Transfers in	4,250,000	554	300,000	703,896	5,254,450
Transfers out	(1,176,510)	-	(2,866,155)	-	(4,042,665)
Total other financing sources (uses)	11,959,631	571,222	303,698	5,664,618	18,499,169
Net change in fund balances	(1,500,252)	(138,806)	1,204,802	(1,755,562)	(2,189,818)
Fund balances - beginning , as previously reported	5,789,472	(1,649,294)	3,362,487	(2,851,815)	4,650,850
Adjustment to fund balance, beginning of year	(631,289)	1,377,904	1,350,329	7,772	2,104,716
Adjusted fund balance, beginning of year, as restated	5,158,183	(271,390)	4,712,816	(2,844,043)	6,755,566
Fund balances - ending	\$ 3,657,931	(410,196)	5,917,618	(4,599,605)	4,565,748

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, 2013

	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 7,237,316	1,228,201	8,650,317	10,051,919	27,167,753
Prepaid expenses	-	-	28,213	-	28,213
Receivables	380,538	173,528	225,268	993,883	1,773,217
Materials and supplies	1,248,365	368,655	-	-	1,617,020
Total current assets	8,866,219	1,770,384	8,903,798	11,045,802	30,586,203
Noncurrent assets:					
Capital asset:					
Machinery and equipment, net	17,198,969	9,223,928	-	-	26,422,897
Total noncurrent assets	17,198,969	9,223,928	-	-	26,422,897
Total assets	26,065,188	10,994,312	8,903,798	11,045,802	57,009,100
LIABILITIES					
Current liabilities:					
Accounts payable	293,145	459,321	40,332	410,094	1,202,892
Accrued wages and benefits	121,425	247,787	15,361	21,759	406,332
Compensated absences	8,100	12,800	-	-	20,900
Unpaid insurance claims	-	-	3,635,338	2,175,236	5,810,574
Unearned revenue	-	65,000	-	33,717	98,717
Total current liabilities	422,670	784,908	3,691,031	2,640,806	7,539,415
Noncurrent liabilities:					
Compensated absences	335,965	541,676	28,059	11,106	916,806
Unpaid insurance claims	-	-	7,811,296	44,393	7,855,689
Total noncurrent liabilities	335,965	541,676	7,839,355	55,499	8,772,495
Total liabilities	758,635	1,326,584	11,530,386	2,696,305	16,311,910
NET POSITION					
Invested in capital assets, net of related debt	17,198,969	9,223,928	-	-	26,422,897
Unrestricted	8,107,584	443,800	(2,626,588)	8,349,497	14,274,293
Total net position	\$ 25,306,553	9,667,728	(2,626,588)	8,349,497	40,697,190

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
Operating revenues:					
User charges	\$ 17,500,945	16,189,379	5,174,726	39,192,571	78,057,621
Insurance recoveries	-	-	286,295	983,401	1,269,696
Miscellaneous sales and services	350,900	882,326	-	268,677	1,501,903
Total operating revenues	17,851,845	17,071,705	5,461,021	40,444,649	80,829,220
Operating expenses:					
Salaries and employee benefits	3,685,549	7,205,467	744,488	395,693	12,031,197
Contractual services	2,186,954	8,142,449	279,549	545,091	11,154,043
Supplies and materials	410,942	5,489,729	8,264	1,448	5,910,383
Business and travel	4,137	68,148	1,099	-	73,384
Vehicle fuels and supplies	6,095,536	164,004	1,782	-	6,261,322
Share of county administrative expenses	148,795	56,020	428,592	32,239	665,646
Insurance claims	2,187	-	5,136,474	41,672,257	46,810,918
Other administrative	-	-	723,943	-	723,943
Depreciation	3,992,592	2,640,575	-	-	6,633,167
Total operating expenses	16,526,692	23,766,392	7,324,191	42,646,728	90,264,003
Operating income (loss)	1,325,153	(6,694,687)	(1,863,170)	(2,202,079)	(9,434,783)
Nonoperating revenues (expenses)					
Interest on investments	10,010	2,188	10,537	12,174	34,909
Gain (loss) on sale of capital assets	41,860	3,386,492	-	-	3,428,352
Total nonoperating revenues	51,870	3,388,680	10,537	12,174	3,463,261
Net income (loss) before contributions and transfers	1,377,023	(3,306,007)	(1,852,633)	(2,189,905)	(5,971,522)
Capital contributions	-	-	6,045	-	6,045
Transfers out	(10,010)	(2,188)	-	(12,174)	(24,372)
Change in net position	1,367,013	(3,308,195)	(1,846,588)	(2,202,079)	(5,989,849)
Total net position - beginning, as previously reported	23,801,341	8,321,883	(780,000)	10,551,576	41,894,800
Adjustment to beginning net position	138,199	4,654,040	-	-	4,792,239
Total net position - beginning of year, as restated	23,939,540	12,975,923	(780,000)	10,551,576	46,687,039
Total net position - ending	\$ 25,306,553	9,667,728	(2,626,588)	8,349,497	40,697,190

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 17,567,289	17,065,120	5,174,458	41,346,207	81,153,074
Cash paid to suppliers	(7,064,016)	(8,432,074)	(4,443,944)	(42,330,050)	(62,270,084)
Cash paid to / for employees	(3,662,117)	(7,324,261)	(761,773)	(379,140)	(12,127,291)
Cash paid for quasi-external transactions	(2,196,603)	(5,216,364)	(434,033)	(112,557)	(7,959,557)
Other operating cash receipts (disbursements)	-	24,633	286,295	(11,937)	298,991
Net cash provided by (used in) operating activities	<u>4,644,553</u>	<u>(3,882,946)</u>	<u>(178,997)</u>	<u>(1,487,477)</u>	<u>(904,867)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	(10,010)	(2,188)	-	(12,174)	(24,372)
Net cash used in noncapital financing activities	<u>(10,010)</u>	<u>(2,188)</u>	<u>-</u>	<u>(12,174)</u>	<u>(24,372)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	-	6,045	-	6,045
Acquisition and construction of capital assets	(2,826,284)	(1,834,122)	-	-	(4,660,406)
Net cash (used in) provided by capital and related financing activities	<u>(2,826,284)</u>	<u>(1,834,122)</u>	<u>6,045</u>	<u>-</u>	<u>(4,654,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	10,010	2,188	10,537	12,174	34,909
Net cash provided by investing activities	<u>10,010</u>	<u>2,188</u>	<u>10,537</u>	<u>12,174</u>	<u>34,909</u>
Net increase (decrease) in cash and cash equivalents	1,818,269	(5,717,068)	(162,415)	(1,487,477)	(5,548,691)
Cash and cash equivalents - beginning of the year	5,419,047	6,945,269	8,812,732	11,539,396	32,716,444
Cash and cash equivalents - end of the year	<u>7,237,316</u>	<u>1,228,201</u>	<u>8,650,317</u>	<u>10,051,919</u>	<u>27,167,753</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	1,325,153	(6,694,687)	(1,863,170)	(2,202,079)	(9,434,783)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	3,992,592	2,640,575	-	-	6,633,167
Change in assets and liabilities:					
(Increase) decrease other assets	(670,579)	345,281	(28,481)	901,558	547,779
(Decrease) increase accounts and other payables	(2,613)	(174,115)	1,712,654	(186,956)	1,348,970
Total adjustments	<u>3,319,400</u>	<u>2,811,741</u>	<u>1,684,173</u>	<u>714,602</u>	<u>8,529,916</u>
Net cash provided by (used in) operating activities	<u>\$ 4,644,553</u>	<u>(3,882,946)</u>	<u>(178,997)</u>	<u>(1,487,477)</u>	<u>(904,867)</u>



Hard at work no matter the time of day or weather, Department of Public Works' employees oversee the County's landfill, residential trash and recycling collections, maintain all county-owned buildings and roadways, provide clean, safe drinking water, and much more. The Department continuously strives to meet the needs of County residents, launching such programs as curbside bulk trash pick-up and food scraps collection, as well as continuing the ever-popular document shredding event. Ongoing improvements to the County's Little Patuxent Water Reclamation Plant work to also further the County's efforts to go "green" and protect the Little Patuxent River and Chesapeake Bay.



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, 2013

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total
ASSETS				
Receivables:				
Interest and dividends	\$ 491,188	583,685	22	1,074,895
Employer contributions	518,841	768,125	-	1,286,966
Employee contributions	98,951	240,583	-	339,534
Sale of investments	840,626	998,925	-	1,839,551
Other	7,544	8,965	-	16,509
Investments, at fair value:				
Cash	-	-	27,741	27,741
Common stocks	76,600,642	91,025,426	-	167,626,068
Mutual funds	101,374,472	120,464,453	35,099,955	256,938,880
Money market funds	3,747,170	4,539,235	356,207	8,642,612
Fixed income securities	91,878,052	109,179,748	-	201,057,800
Real estate	14,697,109	17,464,744	-	32,161,853
Prepaid insurance	14,575	20,409	-	34,984
Total assets	290,269,170	345,294,298	35,483,925	671,047,393
LIABILITIES				
Accounts payable				
Investments purchased	718,181	853,423	-	1,571,604
Other	265,962	301,312	213,675	780,949
Total liabilities	984,143	1,154,735	213,675	2,352,553
Net position held in trust for pension and other post employment benefits	\$ 289,285,027	344,139,563	35,270,250	668,694,840

Howard County, Maryland
Combining Statement of Changes in Net Position
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2013

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 11,392,452	19,307,076	20,169,778	50,869,306
Member	2,398,875	6,202,389	-	8,601,264
Total contributions	13,791,327	25,509,465	20,169,778	59,470,570
Investment income (expense):				
Net change in fair value of investments	23,192,000	26,646,221	2,610,486	52,448,707
Interest	1,968,572	2,313,389	(5,905)	4,276,056
Dividends	5,072,959	5,963,000	892,306	11,928,265
Other	55,917	56,381	852,254	964,552
Investment expense	(998,891)	(1,152,773)	(101,859)	(2,253,523)
Net investment income	29,290,557	33,826,218	4,247,282	67,364,057
Total additions	43,081,884	59,335,683	24,417,060	126,834,627
DEDUCTIONS				
Benefits	9,537,842	13,889,163	16,095,799	39,522,804
Administrative expenses	256,417	237,013	58,057	551,487
Total deductions	9,794,259	14,126,176	16,153,856	40,074,291
Change in net position	33,287,625	45,209,507	8,263,204	86,760,336
Net position - beginning of year	255,997,402	298,930,056	27,007,046	581,934,504
Net position - end of year	\$ 289,285,027	344,139,563	35,270,250	668,694,840

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2013

	Street Light District Fund	State Property Tax and Interest Fund	Road Surety Deposit Fund	Multifarious Fund	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 1,963,281	1,117,438	2,762,865	917,686	6,761,270
Property taxes receivable	-	547,663	-	-	547,663
Total assets	1,963,281	1,665,101	2,762,865	917,686	7,308,933
LIABILITIES					
Accounts payable	-	507,428	27,025	-	534,453
Deposits	1,963,281	1,157,673	2,735,840	909,132	6,765,926
Other	-	-	-	8,554	8,554
Total liabilities	\$ 1,963,281	1,665,101	2,762,865	917,686	7,308,933

Howard County, Maryland
Combining Statement of Changes Assets and Liabilities
Agency Funds
June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>Street Light District Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,784,473	465,925	287,117	1,963,281
Total assets	1,784,473	465,925	287,117	1,963,281
LIABILITIES				
Accounts payable	-	852,951	852,951	-
Deposits	1,784,473	463,125	284,317	1,963,281
Total liabilities	1,784,473	1,316,076	1,137,268	1,963,281
<u>State Property Tax and Interest Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	900,832	186,487,568	186,270,962	1,117,438
Property taxes receivable	304,769	112,298,488	112,055,594	547,663
Total assets	1,205,601	298,786,056	298,326,556	1,665,101
LIABILITIES				
Accounts payable	262,923	163,407,147	163,162,642	507,428
Deposits	942,678	55,285,978	55,070,983	1,157,673
Total liabilities	1,205,601	218,693,125	218,233,625	1,665,101
<u>Road Surety Deposit Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	2,071,139	1,934,598	1,242,872	2,762,865
Total assets	2,071,139	1,934,598	1,242,872	2,762,865
LIABILITIES				
Accounts payable	-	3,761,156	3,734,131	27,025
Deposits	2,071,139	1,934,598	1,269,897	2,735,840
Total liabilities	2,071,139	5,695,754	5,004,028	2,762,865
<u>Multifarious Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	886,332	435,586	404,232	917,686
Total assets	886,332	435,586	404,232	917,686
LIABILITIES				
Accounts payable	4,071	83,128	87,199	-
Deposits	823,055	1,532,043	1,445,966	909,132
Other liabilities	59,206	-	50,652	8,554
Total liabilities	886,332	1,615,171	1,583,817	917,686
<u>Totals - All Agency Funds</u>				
ASSETS				
Equity in pooled cash and cash equivalents	5,642,776	189,323,677	188,205,183	6,761,270
Property taxes receivable	304,769	112,298,488	112,055,594	547,663
Total assets	5,947,545	301,622,165	300,260,777	7,308,933
LIABILITIES				
Accounts payable	266,994	168,104,382	167,836,923	534,453
Deposits	5,621,345	59,215,744	58,071,163	6,765,926
Other liabilities	59,206	-	50,652	8,554
Total liabilities	\$ 5,947,545	227,320,126	225,958,738	7,308,933

**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, 2013

Function and Activity	Land and Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General government:						
County executive	\$ -	-	7,314	-	-	7,314
Technology and communication	-	-	-	7,484,898	-	7,484,898
Finance	-	-	-	3,358,640	-	3,358,640
County administration	-	-	32,457,858	638,297	-	33,096,155
Total general government	-	-	32,465,172	11,481,835	-	43,947,007
Public safety:						
Corrections	-	-	-	77,383	-	77,383
Fire	5,710,332	31,883,227	3,151,607	37,937,787	-	78,682,953
Police	-	6,940,341	1,718,299	8,696,507	-	17,355,147
Total public safety	5,710,332	38,823,568	4,869,906	46,711,677	-	96,115,483
Public facilities:						
Public works	301,921,068	169,641,563	450,974,755	8,064,072	-	930,601,458
Planning and zoning	13,477	-	323,225	399,080	-	735,782
Inspections, licenses and permits	-	-	-	2,887,533	-	2,887,533
Transportation	2,679,367	369,000	249,995	7,689,640	-	10,988,002
Total public facilities	304,613,912	170,010,563	451,547,975	19,040,325	-	945,212,775
Legislative and judicial:						
Board of elections	-	-	-	12,295	-	12,295
Circuit court	-	-	-	76,983	-	76,983
State's attorney	-	-	-	59,229	-	59,229
Sheriff	-	-	-	119,582	-	119,582
Total legislative and judicial	-	-	-	268,089	-	268,089
Community services:						
Citizen services	-	-	-	165,433	-	165,433
Health department	-	-	-	759,796	-	759,796
Housing and community development	490,900	3,400,119	-	107,324	-	3,998,343
Library	2,843,227	57,197,754	44,523	121,181	-	60,206,685
Total community services	3,334,127	60,597,873	44,523	1,153,734	-	65,130,257
Recreation and parks:						
Recreation and parks	110,505,998	49,639,093	60,797,533	2,709,132	-	223,651,756
Total recreation and parks	110,505,998	49,639,093	60,797,533	2,709,132	-	223,651,756
Agricultural land preservation:						
Agricultural land easements	106,332,949	-	-	-	-	106,332,949
Total agricultural land preservation	106,332,949	-	-	-	-	106,332,949
Construction in progress						
Total governmental funds capital assets	\$ 530,497,318	319,071,097	549,725,109	81,364,792	54,471,224	1,535,129,540

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, 2013

Function and Activity	Balances		Assets		Balances June 30, 2013	Balances June 30, 2012	Allowance for Depreciation		Balances June 30, 2013
	June 30, 2012		Additions	Deductions			Additions	Deductions	
General government:									
County executive	\$ 7,314	-	-	-	7,314	2,921	c 487	-	3,408
Technology and communication	7,492,666	-	-	7,768	7,484,898	4,890,237	c 1,355,503	-	6,245,740
Finance	3,271,007	87,633	-	-	3,358,640	3,061,508	c 213,394	-	3,274,902
County administration	33,039,275	ad 56,880	-	-	33,096,155	20,122,780	c 1,614,311	-	21,737,091
Total general government	43,810,262	144,513	7,768	-	43,947,007	28,077,446	3,183,695	-	31,261,141
Public safety:									
Corrections	77,383	-	-	-	77,383	48,720	3,530	-	52,250
Fire	56,181,806	ab 24,304,012	1,802,865	-	78,682,953	24,343,179	c 3,215,489	1,761,750	25,796,918
Police	18,196,086	a 204,252	1,045,191	-	17,355,147	7,719,807	c 832,434	860,528	7,691,713
Total public safety	74,455,275	24,508,264	2,848,056	-	96,115,483	32,111,706	4,051,453	2,622,278	33,540,881
Public facilities:									
Public works	903,367,675	ab 27,786,555	552,772	-	930,601,458	214,478,509	c 19,462,130	172,325	233,768,314
Planning and zoning	723,239	a 24,758	12,215	-	735,782	307,110	c 39,112	12,215	334,007
Inspections, licenses and permits	2,887,533	-	-	-	2,887,533	2,887,533	-	-	2,887,533
Transportation	11,350,123	a 43,308	405,429	-	10,988,002	3,355,772	c 1,219,925	356,567	4,219,130
Total public facilities	918,328,570	27,854,621	970,416	-	945,212,775	221,028,924	20,721,167	541,107	241,208,984
Legislative and judicial:									
Board of elections	12,295	-	-	-	12,295	12,295	-	-	12,295
Circuit court	69,334	7,649	-	-	76,983	59,438	8,927	-	68,365
States attorney	59,229	-	-	-	59,229	59,230	-	-	59,230
Sheriff	96,391	23,191	-	-	119,582	26,537	17,693	-	44,230
Total legislative and judicial	237,249	30,840	-	-	268,089	157,500	26,620	-	184,120
Community services:									
Citizen services	127,836	37,597	-	-	165,433	125,714	1,885	-	127,599
Health department	711,508	48,288	-	-	759,796	519,705	51,053	-	570,758
Housing and community development	3,998,343	-	-	-	3,998,343	1,941,371	68,002	-	2,009,373
Library	59,533,694	a 672,991	-	-	60,206,685	12,772,523	c 1,142,116	-	13,914,639
Total community services	64,371,381	758,876	-	-	65,130,257	15,359,313	1,263,056	-	16,622,369
Recreation and parks:									
Recreation and parks	219,201,287	ab 4,888,915	438,446	-	223,651,756	35,365,683	c 4,060,618	397,434	39,028,867
Total recreation and parks	219,201,287	4,888,915	438,446	-	223,651,756	35,365,683	4,060,618	397,434	39,028,867
Agricultural land preservation:									
Agricultural land easements	106,332,949	b -	-	-	106,332,949	-	-	-	-
Total agricultural land preservation	106,332,949	-	-	-	106,332,949	-	-	-	-
Total county government	1,426,736,973	58,186,029	4,264,686	-	1,480,658,316	332,100,572	33,306,609	3,560,819	361,846,362
Construction in progress	49,276,107	a 49,239,004	44,043,887	-	54,471,224	-	-	-	-
Total governmental funds capital assets	\$ 1,476,013,080	107,425,033	48,308,573	-	1,535,129,540	332,100,572	33,306,609	3,560,819	361,846,362

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.

a) Beginning balances were restated to reflect \$190,865,360 of assets capitalized in fiscal year 2013 but placed in service in prior years and \$76,044,175 in expenses from prior years.

b) Beginning balances were restated to include \$18,157,752 of donated land.

c) Beginning balances of depreciation adjusted to reflect prior period adjustment of \$20,952,090.

d) Additional amount of \$8,653,400 added for Technology and Communications, since internal service funds are not shown on this schedule.

**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, 2013

	Balances		Assets		Balances		Balances		Allowance for Depreciation		Balances	
	June 30, 2012		Additions	Deductions	June 30, 2013	June 30, 2012		Additions	Deductions	June 30, 2013		June 30, 2013
Land:												
Utility	\$ 2,407,507	a	284,697	-	2,692,204	-	-	-	-	-	-	-
Golf course	8,684,896		-	-	8,684,896	-	-	-	-	-	-	-
Total land	11,092,403		284,697	-	11,377,100	-	-	-	-	-	-	-
Buildings:												
Utility	226,093,203	b	4,636,024	-	230,729,227	59,784,442	c	4,530,047	-	64,314,489		
Golf course	1,058,133		-	-	1,058,133	421,647		21,163	-	442,810		
Total buildings	227,151,336		4,636,024	-	231,787,360	60,206,089		4,551,210	-	64,757,299		
Improvements other than buildings:												
Utility	58,452,185	b	1,260,689	-	59,712,874	32,116,550	c	2,050,122	-	34,166,672		
Golf course	148,004		-	-	148,004	50,417		7,400	-	57,817		
Total improvements	58,600,189		1,260,689	-	59,860,878	32,166,967		2,057,522	-	34,224,489		
Infrastructure												
Utility	585,637,055	b	28,188,775	-	613,825,830	233,796,426	c	11,302,591	-	245,099,017		
Golf course	-		-	-	-	-		-	-	-		
Total improvements	585,637,055		28,188,775	-	613,825,830	233,796,426		11,302,591	-	245,099,017		
Machinery and equipment:												
Utility	5,139,739	b	2,144,470	-	7,284,209	1,902,242	c	417,437	-	2,319,679		
Golf course	337,997		-	-	337,997	248,971		14,701	-	263,672		
Total machinery and equipment	5,477,736		2,144,470	-	7,622,206	2,151,213		432,138	-	2,583,351		
Grand total	\$ 887,958,719		36,514,655	-	924,473,374	328,320,695		18,343,461	-	346,664,156		

a) Beginning balance restated due to prior period adjustment for donated land of \$289,530.

b) Beginning balances restated to reflect \$133,777,138 of assets capitalized in fiscal year 2013 but placed in service in prior years.

c) Beginning balances restated to reflect additional depreciation from prior period adjustments noted in "a" totaling \$5,656,437.

Does not include \$18,627,208 of construction in progress.



This year, Housing completed the first phase of its newest mixed-income, multi-generational housing complex, Burgess Mills Station. The 198 unit community is comprised of manor homes, apartment homes and townhouses with an underground parking garage, and features the County's new 45,000 square foot state-of-the-art Roger Carter Community Center.

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, 2013

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
General improvement bonds:						
06-29-99	2000-2016	2.41	\$ 14,210,000	2,840,000	353,968	3,193,968
06-01-03	2003-2023	2.00 - 5.00	26,565,326	666,500	15,233	681,733
02-01-04	2004-2024	2.00 - 5.00	37,724,019	19,236,656	4,108,541	23,345,197
01-15-06	2006-2026	3.50 - 4.50	23,906,607	1,097,636	41,162	1,138,798
03-15-07	2007-2027	4.00 - 5.00	16,490,227	6,459,463	2,417,865	8,877,328
12-19-07	2009-2019	3.75 - 5.00	29,567,105	8,252,544	813,628	9,066,172
02-27-08	2009-2028	3.00 - 5.00	46,633,639	25,165,758	10,369,500	35,535,258
03-23-09	2010-2029	3.50 - 5.00	20,124,587	17,365,342	7,446,787	24,812,129
12-08-09	2011-2022	2.00 - 5.00	24,381,235	24,379,816	6,632,251	31,012,067
03-16-10	2011-2023	3.00 - 5.00	10,746,917	8,939,137	2,224,984	11,164,121
03-16-10	2024-2030	5.00 - 5.55	6,245,844	6,245,844	4,669,836	10,915,680
03-09-11	2012-2031	4.00 - 5.00	46,678,279	43,546,509	19,881,989	63,428,498
11-17-11	2012-2031	3.00 - 5.00	60,388,465	59,334,092	25,128,309	84,462,401
04-11-12	2013-2032	2.00 - 4.00	31,238,087	29,980,038	13,126,935	43,106,973
04-04-13	2014-2038	2.375-4.00	12,289,366	12,289,366	5,059,626	17,348,992
Total general improvement bonds			407,189,703	265,798,701	102,290,614	368,089,315
Storm drain bonds:						
06-01-03	2003-2023	2.00 - 5.00	1,903,649	77,110	1,762	78,872
02-01-04	2004-2024	2.00 - 5.00	2,214,872	1,358,947	309,086	1,668,033
01-15-06	2006-2026	3.50 - 4.50	1,745,637	81,041	3,039	84,080
03-15-07	2007-2027	4.00 - 5.00	2,465,000	1,097,124	460,266	1,557,390
12-19-07	2009-2019	3.75 - 5.00	897,891	250,612	24,708	275,320
02-27-08	2009-2028	3.00 - 5.00	1,344,420	785,453	343,407	1,128,860
03-23-09	2010-2029	3.50 - 5.00	1,920,227	1,658,177	711,217	2,369,394
12-08-09	2011-2022	2.00 - 5.00	1,639,668	1,639,573	446,027	2,085,600
03-16-10	2011-2023	3.00 - 5.00	2,357,743	1,961,138	488,134	2,449,272
03-09-11	2012-2031	4.00 - 5.00	3,314,757	3,092,361	1,411,876	4,504,237
11-17-11	2012-2031	3.00 - 5.00	3,011,673	2,969,690	1,220,601	4,190,291
04-11-12	2013-2032	2.00 - 4.00	847,964	813,814	356,333	1,170,147
04-04-13	2014-2038	2.375-4.00	4,673,944	4,673,944	2,016,125	6,690,069
Total storm drain bonds			28,337,445	20,458,984	7,792,581	28,251,565
Police department bonds:						
06-01-03	2003-2023	2.00 - 5.00	874,118	102,208	2,336	104,544
02-01-04	2004-2024	2.00 - 5.00	2,754,040	961,927	207,254	1,169,181
01-15-06	2006-2026	3.50 - 4.50	1,432,986	66,526	2,495	69,021
03-15-07	2007-2027	4.00 - 5.00	176,319	78,476	32,924	111,400
12-19-07	2009-2019	3.75 - 5.00	472,855	131,980	13,012	144,992
02-27-08	2009-2028	3.00 - 5.00	16,000	9,348	4,090	13,438
03-23-09	2010-2029	3.50 - 5.00	357,459	308,677	132,396	441,073
12-08-09	2011-2022	2.00 - 5.00	544,524	544,492	148,123	692,615
03-16-10	2011-2023	3.00 - 5.00	161,000	133,918	33,333	167,251
03-16-10	2024-2030	5.00 - 5.55	623,000	623,000	465,799	1,088,799
03-09-11	2012-2031	4.00 - 5.00	157,000	146,466	66,872	213,338
11-17-11	2012-2031	3.00 - 5.00	2,799,054	2,799,006	1,014,626	3,813,632
04-11-12	2013-2032	2.00 - 4.00	4,671	4,483	1,963	6,446
04-04-13	2014-2038	2.375-4.00	230,615	230,615	48,152	278,767
Total police department bonds			10,603,641	6,141,122	2,173,375	8,314,497
Fire department bonds:						
06-01-03	2003-2023	2.00 - 5.00	793,991	108,633	2,483	111,116
02-01-04	2004-2024	2.00 - 5.00	1,060,772	799,800	184,270	984,070
03-15-07	2007-2027	4.00 - 5.00	134,000	59,641	25,020	84,661
12-19-07	2009-2019	3.75 - 5.00	1,127,193	314,614	31,018	345,632
02-27-08	2009-2028	3.00 - 5.00	559,000	326,586	142,788	469,374
03-23-09	2010-2029	3.50 - 5.00	6,022,000	5,200,188	2,230,439	7,430,627
12-08-09	2011-2022	2.00 - 5.00	252,171	252,156	68,596	320,752
03-16-10	2011-2023	3.00 - 5.00	630,000	524,025	130,432	654,457
03-16-10	2024-2030	5.00 - 5.55	955,000	955,000	714,026	1,669,026
03-09-11	2012-2031	4.00 - 5.00	1,088,000	1,015,003	463,419	1,478,422
11-17-11	2012-2031	3.00 - 5.00	1,842,900	1,800,129	799,418	2,599,547
04-11-12	2013-2032	2.00 - 4.00	924,559	887,324	388,520	1,275,844
04-04-13	2014-2038	2.375-4.00	8,317,794	8,317,794	3,602,895	11,920,689
Total fire department bonds			\$ 23,707,380	20,560,893	8,783,324	29,344,217

(Continued)

Howard County, Maryland
Schedule of General Long-Term Debt - General County Bonds
Long-Term Obligations
For the Year Ended June 30, 2013

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
School bonds:						
06-01-03	2003-2023	2.00 - 5.00	\$ 44,571,096	2,146,089	49,049	2,195,138
02-01-04	2004-2024	2.00 - 5.00	78,248,341	49,789,047	10,782,739	60,571,786
01-15-06	2006-2026	3.50 - 4.50	62,704,950	2,881,223	108,046	2,989,269
03-15-07	2007-2027	4.00 - 5.00	59,669,454	26,859,549	11,495,884	38,355,433
12-19-07	2009-2019	3.75 - 5.00	42,951,282	11,988,232	1,181,934	13,170,166
02-27-08	2009-2028	3.00 - 5.00	48,722,941	28,459,811	12,442,888	40,902,699
03-23-09	2010-2029	3.50 - 5.00	28,734,289	24,811,210	10,641,702	35,452,912
12-08-09	2011-2022	2.00 - 5.00	48,771,399	48,768,559	13,266,931	62,035,490
03-16-10	2011-2023	3.00 - 5.00	30,940,242	25,735,666	6,405,700	32,141,366
03-16-10	2011-2017	0.60 - 3.70	12,590,000	7,390,000	16,298,595	23,688,595
03-16-10	2024-2030	5.00 - 5.55	21,799,156	21,799,156	612,205	22,411,361
03-09-11	2012-2031	4.00 - 5.00	42,719,327	39,853,174	18,195,727	58,048,901
11-17-11	2012-2031	3.00 - 5.00	95,852,551	95,191,896	36,771,385	131,963,281
04-11-12	2013-2032	2.00 - 4.00	2,909,215	2,792,053	1,222,516	4,014,569
04-04-13	2014-2038	2.375-4.00	53,206,380	53,206,380	22,290,484	75,496,864
Total school bonds			674,390,623	441,672,045	161,765,785	603,437,830
Community renewal bonds:						
06-01-03	2003-2023	2.00 - 5.00	1,534,126	41,887	957	42,844
02-01-04	2004-2024	2.00 - 5.00	684,423	428,094	97,497	525,591
12-19-07	2009-2019	3.75 - 5.00	3,139,952	876,399	86,405	962,804
12-08-09	2011-2022	2.00 - 5.00	64,052	64,048	17,423	81,471
11-17-11	2012-2031	3.00 - 5.00	497,500	497,500	180,312	677,812
04-04-13	2014-2038	2.375-4.00	75,675	75,675	11,485	87,160
Total community renewal bonds			5,995,728	1,983,603	394,079	2,377,682
Recreation and parks bonds:						
06-01-03	2003-2023	2.00 - 5.00	7,485,140	131,726	3,011	134,737
02-01-04	2004-2024	2.00 - 5.00	3,247,873	1,698,924	381,756	2,080,680
01-15-06	2006-2026	3.50 - 4.50	10,481	487	18	505
03-15-07	2007-2027	4.00 - 5.00	3,328,000	1,481,229	621,404	2,102,633
12-19-07	2009-2019	3.75 - 5.00	6,253,677	1,745,478	172,088	1,917,566
02-27-08	2009-2028	3.00 - 5.00	59,000	34,470	15,073	49,543
03-23-09	2010-2029	3.50 - 5.00	533,230	460,461	197,499	657,960
12-08-09	2011-2022	2.00 - 5.00	1,322,416	1,322,339	359,727	1,682,066
03-16-10	2011-2023	3.00 - 5.00	6,000	4,991	1,242	6,233
03-16-10	2024-2030	5.00 - 5.55	1,047,000	1,047,000	782,811	1,829,811
03-09-11	2012-2031	4.00 - 5.00	9,657,518	9,009,570	4,113,491	13,123,061
11-17-11	2012-2031	3.00 - 5.00	10,998,403	10,720,563	4,840,356	15,560,919
04-11-12	2013-2032	2.00 - 4.00	1,369,411	1,314,260	575,456	1,889,716
04-04-13	2014-2038	2.375-4.00	2,865,357	2,865,357	1,192,014	4,057,371
Total recreation and parks bonds			48,183,506	31,836,855	13,255,946	45,092,801
Community college bonds:						
06-01-03	2003-2023	2.00 - 5.00	11,042,554	35,842	819	36,661
02-01-04	2004-2024	2.00 - 5.00	7,370,659	4,706,605	1,073,413	5,780,018
01-15-06	2006-2026	3.50 - 4.50	1,574,339	73,088	2,741	75,829
03-15-07	2007-2027	4.00 - 5.00	17,737,000	7,964,518	3,396,636	11,361,154
12-19-07	2009-2019	3.75 - 5.00	3,010,045	840,141	82,831	922,972
02-27-08	2009-2028	3.00 - 5.00	10,165,000	5,938,574	2,596,406	8,534,980
03-23-09	2010-2029	3.50 - 5.00	12,028,208	10,385,946	4,454,598	14,840,544
12-08-09	2011-2022	2.00 - 5.00	8,884,535	8,884,018	2,416,796	11,300,814
03-16-10	2011-2023	3.00 - 5.00	4,173,098	3,471,125	863,976	4,335,101
03-16-10	2024-2030	5.00 - 5.55	8,735,000	8,735,000	6,530,906	15,265,906
03-09-11	2012-2031	4.00 - 5.00	7,500,119	6,996,916	3,194,576	10,191,492
11-17-11	2012-2031	3.00 - 5.00	6,664,456	6,542,125	2,791,509	9,333,634
04-11-12	2013-2032	2.00 - 4.00	76,094	73,030	31,977	105,007
04-04-13	2014-2038	2.375-4.00	16,250,869	16,250,869	7,130,799	23,381,668
Total community college bonds			115,211,976	80,897,797	34,567,983	115,465,780
Total bonds			\$ 1,313,620,002	869,350,000	331,023,687	1,200,373,687

Howard County, Maryland
Schedule of Changes in Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2013

	Balance June 30, 2012	Issued	Refunded	Retired	Balance June 30, 2013
General county bonds:					
General improvement	\$ 271,649,075	12,289,366	1,340,054	16,799,686	265,798,701
Storm drain	16,890,926	4,673,944	155,033	950,853	20,458,984
Police department	6,563,120	230,615	205,496	447,117	6,141,122
Fire department	13,120,815	8,317,794	218,416	659,300	20,560,893
School bonds	420,158,550	53,206,380	4,314,870	27,378,015	441,672,045
Community renewal bonds	2,529,055	75,675	84,217	536,910	1,983,603
Recreation and parks bonds	31,277,695	2,865,357	264,851	2,041,346	31,836,855
Community college bonds	68,240,764	16,250,869	72,063	3,521,773	80,897,797
Total bonds	830,430,000 *	97,910,000	6,655,000	52,335,000	869,350,000
Other long-term debt:					
Compensated absences	21,223,886	2,154,478	-	705,893	22,672,471
Capital leases	4,737,514	583,178	-	129,336	5,191,356
Landfill closure obligation	31,896,000	-	-	77,000	31,819,000
Agricultural land preservation program	94,622,770	-	-	1,927,375	92,695,395
Total other long-term debt	152,480,170	2,737,656	-	2,839,604	152,378,222
Total long-term debt	\$ 982,910,170	100,647,656	6,655,000	55,174,604	1,021,728,222 **

* Reclassifications were made amongst the categories of General county bonds.

** Does not include deferred refunding premium liability of \$77,321,266, unpaid claims of \$14,749,484 and net OPEB obligation of \$311,732,720 shown 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, 2013

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Metropolitan district bonds:						
06-01-03	2003-2032	3.00-5.00	\$ 29,180,000	1,150,000	28,750	1,178,750
02-01-04	2004-2023	2.00-4.25	8,325,000	6,470,000	1,083,866	7,553,866
01-01-05	2005-2034	3.00-4.50	4,000,000	210,000	11,025	221,025
01-15-06	2006-2035	3.50-4.40	3,000,000	2,015,000	1,314,820	3,329,820
03-15-07	2007-2037	4.00-4.50	10,000,000	8,215,000	5,267,356	13,482,356
12-19-07	2009-2029	3.75-4.375	11,980,000	10,510,000	3,756,338	14,266,338
02-27-08	2009-2038	3.00-4.375	4,095,000	3,690,000	2,388,350	6,078,350
03-23-09	2010-2029	3.00-5.00	26,240,000	22,540,000	8,838,863	31,378,863
12-08-09	2011-2030	1.00-4.00	7,255,000	7,215,000	3,113,397	10,328,397
03-16-10	2011-2015	2.00-4.00	5,520,000	2,305,000	139,200	2,444,200
03-09-11	2012-2041	4.00-4.75	49,990,000	48,080,000	37,857,894	85,937,894
11-17-11	2012-2041	3.00-5.00	36,245,000	35,895,000	16,581,660	52,476,660
04-11-12	2013-2037	3.00-4.00	19,970,000	19,335,000	10,012,275	29,347,275
04-04-13	2014-2038	2.375-4.00	39,155,000	39,155,000	17,629,786	56,784,786
Total metropolitan district bonds			254,955,000	206,785,000	108,023,580	314,808,580
MD water quality 06/1/92	1992-2013	3.50	15,211,855	-	- *	-
MD water quality 10/10/95	1995-2015	4.33	1,985,344	290,638	34,286 *	324,924
MD water quality 10/18/00	2000-2022	2.40	34,000,000	17,302,211	3,070,586 *	20,372,797
MD water quality 1/29/02	2002-2024	2.00	21,329,372	12,497,065	2,134,788 *	14,631,853
MD water quality 10/1/08	2009-2029	2.30	1,197,362	895,489	236,876 *	1,132,365
MD water quality 11/19/09	2010-2031	1.00	3,443,711	3,124,213	464,086 *	3,588,299
Total water quality			77,167,644	34,109,616	5,940,622	40,050,238
Special recreation facility bonds	2012-2022	2.475	5,400,000	5,022,000	657,014	5,679,014
Compensated absences	n/a	n/a	n/a	817,858	n/a	817,858
Major water and sewer agreements	n/a	n/a	n/a	885,642	n/a	885,642
Total debt			\$ 337,522,644	247,620,116	** 114,621,216	362,241,332

* Includes administrative fees.

** Does not include deferred refunding premium liability of \$7,018,340, unamortized discount of (\$23,443), net OPEB obligation of \$5,244,283, or developer agreement rebates of \$77,762 shown in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in Bonded Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2013

Date of Issue	Balance June 30, 2012	Issued	Refunded	Retired	Balance June 30, 2013
Metropolitan district bonds:					
06-01-03	\$ 10,350,000	-	8,215,000	985,000	1,150,000
02-01-04	7,065,000	-	-	595,000	6,470,000
01-01-05	2,725,000	-	2,415,000	100,000	210,000
01-15-06	2,365,000	-	280,000	70,000	2,015,000
03-15-07	8,440,000	-	-	225,000	8,215,000
12-19-07	10,920,000	-	-	410,000	10,510,000
02-27-08	3,775,000	-	-	85,000	3,690,000
03-23-09	23,540,000	-	-	1,000,000	22,540,000
12-08-09	7,215,000	-	-	-	7,215,000
03-16-10	3,400,000	-	-	1,095,000	2,305,000
03-09-11	48,980,000	-	-	900,000	48,080,000
11-17-11	36,245,000	-	-	350,000	35,895,000
04-11-12	19,970,000	-	-	635,000	19,335,000
04-04-13	-	39,155,000	-	-	39,155,000
Total metropolitan district bonds	184,990,000	39,155,000	10,910,000	6,450,000	206,785,000
MD water quality 06/1/92	1,145,993	-	-	1,145,993	-
MD water quality 10/10/95	426,974	-	-	136,336	290,638
MD water quality 10/18/00	19,006,508	-	-	1,704,297	17,302,211
MD water quality 1/29/02	13,557,941	-	-	1,060,876	12,497,065
MD water quality 10/1/08	942,038	-	-	46,549	895,489
MD water quality 11/19/09	3,284,757	-	-	160,544	3,124,213
Total water quality	38,364,211	-	-	4,254,595	34,109,616
Special recreation facility bonds	5,400,000	-	-	378,000	5,022,000
Compensated absences	823,778	24,717	-	30,637	817,858
Major water and sewer agreements	1,004,953	-	-	119,311	885,642
Total debt	\$ 230,582,942	39,179,717	10,910,000	11,232,543	247,620,116

* Does not include deferred refunding premium liability of \$7,018,340, unamortized discount of (\$23,443), net OPEB obligation of \$5,244,283, or developer agreement rebates of \$77,762 shown in the Statement of Net Position.



As the County's human service agency, the Department of Citizen Services touches the lives of children and youth, their parents, people with a disability, consumers who have complaints about a business, individuals in crisis and older adults. Employees work to enhance the quality of life for all residents by ensuring that Howard County has an all-inclusive system of human services that is accessible, responsive and effective.

**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, 2013, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 27, 2013. 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 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 deficiencies described below to be material weaknesses.

Capital Assets

The June 30, 2013 financial statements of the County reflect prior period adjustments pertaining to Construction in Progress (CIP) in the Government-wide financial statements (Government Activities Fund, Business-type Activities Fund) and the Proprietary Fund Statements. The County identified projects that had been placed-in-service during a prior year but remained in CIP, joint venture projects in CIP that would not result in assets for the County, projects in CIP that were strictly repairs and maintenance related to a prior year, and donated assets that were not recorded.

We recommend the following:

- Designate Finance Department personnel (FDP) to track capital project status. FDPs should meet with Project Managers on a quarterly basis to discuss project status, identify costs to be expensed, placed in service or remain in CIP and prepare reconciliations for every project.
- Identify a Finance Department supervisor to review all quarterly CIP reconciliations.
- Identify projects that will not result in County-owned assets, such as joint venture projects and repair and maintenance items and exclude these projects from CIP.
- Reevaluate tracking procedures surrounding donated assets to ensure such assets are reported timely.

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 are taking steps to review the current structure with the department and make appropriate changes that will identify how capital projects will be reviewed on a monthly, quarterly, and annual basis. So far, management has instituted quarterly meetings with the project managers to mitigate the risk of prior period adjustments. Further, the County is embarking on a

comprehensive policies and procedures manual that will include fixed assets and capital projects to provide uniformity across the County.

We noted certain matters that we reported to management of Howard County, Maryland, in a separate letter dated November 27, 2013.

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.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland
November 27, 2013



Throughout the year, the Department hosts a variety of workshops, seminars, recognition ceremony's and events, such as the "Children on Board" Child Care and Preschool Information Fair,50+EXPO and Howard County Senior Idol contest.

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 419,037,009	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
Restricted (a)	28,342,688	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
Unrestricted (b)	(95,289,397)	(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)
Subtotal governmental activities net position	<u>352,090,300</u>	<u>401,593,943</u>	<u>451,461,115</u>	<u>449,795,118</u>	<u>440,010,228</u> (c)	<u>388,436,002</u>	<u>269,183,827</u> (d)	<u>243,937,815</u> (e)	<u>177,859,825</u> (f)	<u>107,953,923</u>
Business-type activities										
Invested in capital assets, net of related debt	326,966,323	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
Restricted (a)	82,466,384	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
Unrestricted	15,067,893	731,350	938,013	2,381,317	2,575,641	1,928,964	719,135	1,877,926	85,856,157	114,065,506
Subtotal business-type activities net position	<u>424,500,600</u>	<u>425,204,979</u>	<u>440,487,827</u>	<u>450,502,302</u>	<u>469,687,923</u>	<u>491,434,162</u>	<u>512,033,198</u> (d)	<u>546,393,202</u> (e)	<u>498,984,003</u> (f)	<u>511,772,511</u>
Primary government										
Invested in capital assets, net of related debt	746,003,332	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
Restricted (a)	110,809,072	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
Unrestricted	(80,221,504)	(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)
Total primary government net position	<u>\$ 776,590,900</u>	<u>826,798,922</u>	<u>891,948,942</u>	<u>900,297,420</u>	<u>909,698,151</u>	<u>879,870,164</u>	<u>781,217,025</u>	<u>790,331,017</u>	<u>676,843,828</u> (f)	<u>619,726,434</u>

- (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. See note 17 for further details.

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

Expenses	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 40,705,773	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	92,035,236	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)	87,315,039	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	20,268,442	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	15,109,402	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	30,585,440	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)	5,229,593	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	368,316,954	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	23,507,751	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
Total governmental activities expenses	683,073,630	746,101,637	866,393,242	924,154,337	998,872,825 (b)	1,003,815,458	974,062,127	1,052,531,356	1,148,633,066	1,200,237,696
Business-type activities:										
Water and sewer	46,907,290	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	1,922,354	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
Total business-type activities expenses	48,829,644	53,155,537	64,802,259	66,375,947	68,876,406	60,960,858	66,636,285	68,398,788	69,557,156	89,454,477
Total primary government expenses	731,903,274	799,257,174	931,195,501	990,530,284	1,067,749,231	1,064,776,316	1,040,698,412	1,120,930,144	1,218,190,222	1,289,692,173
Program revenues										
Governmental activities:										
Charges for services										
General government	19,303,477	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	28,766,381	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	8,366,050	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	5,541,222	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	22,874,525	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	17,075,753	23,199,688	40,618,331	47,769,364	32,890,596	27,160,200	22,998,508	24,715,975	68,472,451 (d)	42,575,352
Total governmental activities program revenues	101,927,408	122,872,723	141,257,900	151,267,019	141,721,692	146,124,902	141,567,970	148,869,669	239,475,424	185,101,471
Business-type activities:										
Charges for services										
Water and sewer	28,678,494	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	2,033,858	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
Operating grants and contributions	15,908,499	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	15,635,936	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
Total business-type activities program revenues	62,256,787	67,162,800	77,622,556	72,312,029	85,814,879	83,228,245	88,567,215	105,878,162	103,854,242	102,073,805
Total primary government program revenues	\$ 164,184,195	190,035,523	218,880,456	223,579,048	227,536,571	229,353,147	230,135,185	254,747,831	343,329,666	287,175,276

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expenses)/revenue										
Governmental activities	\$ (581,146,222)	(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)
Business-type activities	13,427,143	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
Total primary government net expenses	(567,719,079)	(609,221,651)	(712,315,045)	(766,951,236)	(840,212,660)	(835,423,169)	(810,563,227)	(866,182,313)	(874,860,556)	(1,002,516,897)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	299,709,216	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
Local income taxes	206,952,771	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
Other local taxes	57,116,429	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
Intergovernmental, unrestricted	10,057,401	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168	790,181	1,089,121	780,358	1,422,086
Unrestricted investment income	2,542,571	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)
Miscellaneous	3,540,813	52,996	50,415	47,835	508,178	589,962	861,084	816,830	1,216,774	1,195,039
Transfers	-	-	(200,000)	(1,557,550)	703,755	1,695,504	(587,000)	2,995,034	(586,842)	-
Subtotal governmental activities	579,919,201	672,732,557	775,002,514	771,221,321	844,692,683	806,116,330	816,629,797	890,366,843	928,517,772	946,918,837
Business-type activities:										
Unrestricted investment income	575,824	1,278,838	2,262,551	2,520,843	2,950,903	1,174,356	395,605	196,349	170,617	169,180
Transfers	-	-	200,000	1,557,550	(703,755)	(1,695,504)	587,000	(2,995,034)	586,842	-
Subtotal business-type activities	575,824	1,278,838	2,462,551	4,078,393	2,247,148	(521,148)	982,605	(2,798,685)	757,459	169,180
Total primary government	580,495,025	674,011,395	777,465,065	775,299,714	846,939,831	805,595,182	817,612,402	887,568,158	929,275,231	947,088,017
Net position balances										
Governmental activities:										
Change in net position, governmental activities	(1,227,021) (e)	49,503,643 (f)	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)
Net position, beginning-governmental activities	353,317,321	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
Restatement	-	-	-	-	2,673,560	-	4,777,630	(109,543,440)	(10,573,173)	(87,126,634)
Net position, ending-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
Business-type activities:										
Change in net position, business-type activities	14,002,967	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
Net position, beginning-business-type activities	410,066,781	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
Restatement	430,852 (e)	(14,111,144) (g)	(470,578) (e)	-	-	-	-	(2,314,499)	(320,685)	(82,463,744)
Net position, ending-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
Total primary government	\$ 776,590,900	827,269,500	891,948,942	900,297,420	909,698,151	879,870,164	891,696,969	801,224,875	844,745,692	619,726,434

- (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 were 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) The increase from prior period is due to recognizing significant federal grant monies for the ICBN Project.
- (e) Net position of business-type activities were restated in fiscal years 2004 and 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.
- (f) The increase from prior period is due to increases in property and local income taxes.
- (g) In fiscal year 2005, net position of business-type activities were 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable										
Spendable:										
Restricted										
Committed								56,803,611	56,258,912	57,209,710
Assigned								27,137,601	45,003,053	67,354,332
Unassigned								8,732,004	10,616,787	9,095,856
Reserved	37,682,302	40,621,459	43,460,258	47,836,852	55,005,480	57,940,737	61,447,806			
Unreserved (a), (b)	2,068,326	31,589,257	65,693,657	67,301,953	47,921,532	23,858,483	10,324,543			
Total general fund	<u>39,750,628</u>	<u>72,210,716</u>	<u>109,153,915</u>	<u>115,138,805</u>	<u>102,927,012</u>	<u>81,799,220</u>	<u>71,772,349</u>	<u>92,673,216</u> (c)	<u>111,878,752</u> (c)	<u>133,659,898</u> (c)
All other governmental funds										
Nonspendable								14,244,327	14,620,132	14,929,252
Spendable:										
Restricted								83,470,483	82,432,184	94,955,786
Committed								39,463,332	46,521,229	47,867,222
Assigned								77,104,933	72,761,301	62,934,694
Unassigned								(106,842,248)	(82,621,664)	(77,809,341)
Reserved	43,718,356	53,915,005	54,009,879	75,600,981	70,577,773	74,362,241	94,605,498			
Unreserved reported in:										
Special revenue funds	45,244,894	57,450,736	61,095,650	75,624,786	83,717,538	88,000,417	102,795,989			
Capital projects funds	3,152,735	(18,332,249)	(49,450,360)	(73,359,763)	(52,594,957)	(48,107,393)	(54,747,305)			
Total all other governmental funds	<u>92,115,985</u>	<u>93,033,492</u>	<u>65,655,169</u>	<u>77,866,004</u>	<u>101,700,354</u>	<u>114,255,265</u>	<u>142,654,182</u>	<u>107,440,827</u>	<u>133,713,182</u>	<u>142,877,613</u>
Total governmental funds	\$ <u>131,866,613</u>	\$ <u>165,244,208</u>	\$ <u>174,809,084</u>	\$ <u>193,004,809</u>	\$ <u>204,627,366</u>	\$ <u>196,054,485</u>	\$ <u>214,426,531</u>	\$ <u>200,114,043</u>	\$ <u>245,591,934</u>	\$ <u>276,537,511</u>

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

Howard County, Maryland

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes (a)	\$ 299,527,817	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
Other local taxes	261,533,292	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
State shared taxes	10,057,401	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
Revenues from other governments	26,332,973	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
Charges for services	33,858,811	38,681,860	39,274,492	39,894,526	42,488,507	45,518,420	47,153,092	49,161,981	49,498,494	51,204,711
Interest on investments	1,132,131	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)
Installment interest from housing loans	-	-	-	-	-	-	-	495,546	148,109	160,296
Licenses and permits	7,755,483	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
Fines and forfeitures	2,171,579	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
Developer contributions (d)	1,376,924	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
Rental of property (d)	793,983	757,290	1,026,367	991,458	510,315	716,648	206,754	197,100	196,214	159,373
Recoveries for interfund services	5,845,634	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
Payments from component units (d)	3,540,813	52,996	50,415	47,835	508,178	589,962	861,084	816,830	817,842	818,144
Miscellaneous program revenues	2,349,629	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
Total revenues	656,276,470	760,581,690	836,627,726	889,005,286	945,286,171	965,744,321	953,498,964	992,026,215	1,102,631,835	1,123,741,773
Expenditures										
Current:										
General government	18,900,479	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
Legislative & judicial	14,996,418	15,806,162	16,661,584	18,554,621	20,943,849	21,184,129	19,370,470	20,263,005	20,919,318	21,547,432
Public works	69,115,109	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
Public safety	92,021,978	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
Recreation and parks	18,637,382	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
Community services	30,332,789	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
Education	335,840,342	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
Capital improvements (d)	73,921,934	102,339,370	63,124,243 (e)	62,188,653	93,569,283	63,681,785	79,441,474	129,566,774	146,521,532	101,470,657
Debt service:										
Principal	33,121,999	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
Interest	20,025,083	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
Total expenditures	706,913,513	786,790,550	918,827,066	977,057,458	1,057,356,759	1,059,211,116	1,044,899,370	1,137,047,006	1,201,654,261	1,192,861,707
Excess (deficiency) of revenues over expenditures	(50,637,043)	(26,208,860)	(82,199,340)	(88,052,172)	(112,070,588)	(93,466,795)	(91,400,406)	(145,020,791)	(99,022,426)	(69,119,934)
Other Financing Sources (Uses)										
Bond premium	9,236,278	(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
Capital related debt issued	48,290,000	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
Refunding bonds issued	85,015,000	-	-	-	87,420,000	-	85,860,000	-	110,115,000	5,980,000
Capital lease proceeds	-	-	-	-	-	-	4,909,012	186,598	-	-
Capital lease	-	-	-	-	-	-	(4,909,012)	-	-	-
Payment to bond refunding escrow agent	(91,855,055)	-	-	-	(92,179,903)	-	(99,078,896)	-	(128,985,283)	(6,714,081)
Installment purchase agreements issued (d)	-	-	-	-	8,369,200	893,000	-	10,274,400	25,253,100	-
Transfers in	36,263,480	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
Transfers out	(36,211,042)	(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)
Total other financing sources and uses	50,738,661	59,586,455	91,764,216	106,247,897	123,693,145	82,413,054	106,224,715	129,227,790	144,500,317	100,504,239
Net change in fund balances	\$ 101,618	33,377,595	9,564,876	18,195,725	11,622,557	(11,053,741)	14,824,309	(15,793,001)	45,477,891	31,384,305
Debt service as a percentage of noncapital expenditures	8.40%	9.50%	7.85%	7.88%	8.14%	8.35%	8.67%	8.87%	8.92%	8.61%

(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
2004	\$ 18,600,029,068	4,580,465,000	23,180,494,068	1.044	1,313,970,320	2.610	24,494,464,388
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

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

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

Howard County Direct Rates		
Fiscal Year	Real Property	Personal Property
2004	1.044	2.610
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

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

2013			2004		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 346,179,320	0.78%	Baltimore Gas & Electric Company	\$ 244,550,030	1.00%
Mall in Columbia Business Trust	179,525,100	0.41%	Mall in Columbia Business Trust	138,735,300	0.57%
Verizon-Maryland Inc	133,703,710	0.30%	Verizon-Maryland	119,933,430	0.49%
Howard Properties Howard Crossing	108,108,000	0.24%	Sprint Communications	68,807,490	0.28%
Seasons of Laurel LLC	85,977,124	0.19%	API Columbia Town Center LLC	55,692,900	0.23%
KMF Sherwood Crossing LLC	66,122,110	0.15%	Seasons of Laurel LLC	54,804,266	0.22%
Home Properties Charleston LLC	63,679,900	0.14%	Town & Country West Greenview	51,757,200	0.21%
API Columbia Town Center LLC	60,102,700	0.14%	Washington D C SMSA Limited	28,447,030	0.12%
Celco Partnership	49,026,370	0.11%	AT & T Wireless PCS LLC	27,454,180	0.11%
Sprint Communications Company, LP	42,675,550	0.10%	Liberty Property LTD Partnership	17,245,243	0.07%
Total	\$ 1,135,099,884	2.56%	Total	\$ 807,427,069	3.30%

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
2004	306,220,976	305,055,699	99.6%	1,165,509	306,221,208	100.0%
2005	338,595,522	336,809,362	99.5%	1,776,695	338,586,057	100.0%
2006	384,872,472	382,410,597	99.4%	2,428,666	384,839,263	100.0%
2007	435,502,514	433,853,289	99.6%	1,465,370	435,318,659	100.0%
2008	507,119,578	505,465,702	99.7%	1,343,500	506,809,202	99.9%
2009	569,987,425	568,246,317	99.7%	1,150,256	569,396,573	99.9%
2010	601,068,331	599,327,223	99.7%	1,130,253	600,457,476	99.9%
2011	577,633,399	574,828,923	99.5%	2,445,170	577,274,093	99.9%
2012	541,972,687	540,659,569	99.8%	1,095,715	541,755,284	100.0%
2013	551,716,941	547,732,006	99.3%	-	547,732,006	99.3%

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									
	General Obligation Bonds	State		Installment Purchase Agreements	Capital Leases	Total Governmental Activities	Metropolitan District Bonds	Special Facility Revenue Bonds	State		Capital Leases	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)
		(a)	Water Quality Revolving Loans						Total	Water Quality Revolving Loans					
2004	454,881	13,735	52,944	-	521,560	91,839	9,880	57,118	48	158,885	680,445	5.10%	2,659		
2005	496,358	11,790	52,808	-	560,956	91,121	9,405	58,833	32	159,391	720,346	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	1,118,499	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	N/A	N/A		
2013	943,831	2,840	92,695	5,191	1,044,558	213,780	5,022	34,110	-	252,912	1,297,470	N/A	N/A		

(a) The amounts reported for debt have been restated to 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>
2004	268,561	468,664	1.9%	1,745
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

(a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements. The amounts reported for debt have been restated to 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed value				(a)						
Real property	23,180,494	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
Personal property	1,313,970	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
Total assessed value	24,494,464	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
Legal debt margin										
Debt limit (12% of 40% of assessed value of real property)	1,112,664	1,245,358	1,432,944	n/a						
Debt limit (12% of 100% of assessed value of personal property)	157,676	159,723	167,006	n/a						
Debt limit (4.8% of assessed value of real property and personal property)	n/a	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
Total debt limit	1,270,340	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
Debt applicable to limit										
General county	454,881	477,853	529,619	588,785	648,875	671,881	723,305	783,855	901,586	943,831
State Water Quality Revolving Loan	13,735	11,790	11,705	11,555	9,760	7,980	5,795	4,050	2,850	2,840
Maryland State Retirement System Liability	1,305	762	-	-	-	-	-	-	-	-
Total debt applicable to limit	469,921	490,405	541,324	600,340	658,635	679,861	729,100	787,905	904,436	946,671
Legal debt margin	800,419	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
Total debt applicable to the limit as a percentage of debt limit	36.99%	34.90%	33.83%	34.36%	32.47%	29.73%	30.23%	34.10%	41.71%	44.62%

(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 have been restated to 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	
2004	2,050,330	1,498,772	551,558	- (a)	203,075	2.72
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	135,054	1.19

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

- (a) No principal payment was made in Fiscal Year 2004 due to the refunding of the Special Recreation Facility Revenue Bonds on June 1, 2003.**

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

Fiscal Year	Estimated Population (a)	Personal (thousands of dollars) Income (b)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2004	268,561	13,822,504	51,980	47,211	2.7%
2005	272,584	14,730,587	54,844	47,552	3.2%
2006	276,287	15,810,097	58,170	48,596	3.2%
2007	278,900	16,742,719	60,839	48,222	2.9%
2008	282,674	17,659,377	63,431	48,595	3.2%
2009	284,952	17,436,676	61,600	48,888	6.0%
2010	287,907	18,257,099	63,289	49,683	5.8%
2011	291,200	19,435,303	66,300	49,991	5.7%
2012	294,256	N/A	N/A	50,997	5.5%
2013	297,732	N/A	N/A	51,190	5.8%

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**

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	7,553	1	4.55%	6,687	1	4.98%
Johns Hopkins Applied Physics Laboratory	4,700	2	2.83%	3,300	2	2.46%
Howard County Government	2,877	3	1.73%	2,441	3	1.82%
Verizon Wireless	2,200	4	1.32%	750	10	0.56%
Lorien Health Systems	2,000	5	1.20%	-		0.00%
Howard County General Hospital	1,728	6	1.04%	1,630	5	1.21%
Howard Community College	1,290	7	0.78%	-		0.00%
SAIC	1,060	8	0.64%	-		0.00%
Giant Food	1,050	9	0.63%	2,110	4	1.57%
Columbia Association, The	900	10	0.54%	1,300	6	0.97%
Ascend One	-		0.00%	800	7	0.60%
The Arbitron Company	-		0.00%	800	7	0.60%
W.R. Grace	-		0.00%	800	7	0.60%
S Y S C O Food Services of Baltimore	-		0.00%	790	8	0.59%
Neighbor Care, Inc.	-		0.00%	760	9	0.57%
Total	25,358		15.26%	22,168		16.53%

Source:
Howard County Economic Development Authority

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

<u>Function/program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	271	269	276	283	291	288	287	288	292	299
Public safety										
Police	526	531	538	550	595	623	624	624	634	635
Fire	301	357	329	361	404	405	417	419	419	461
Corrections	123	139	141	141	144	144	144	145	144	144
Public works	528	529	539	556	577	579	579	575	572	577
Recreation and parks	225	232	238	246	251	246	246	252	256	261
Legislative and judicial	175	179	183	188	197	204	202	202	202	202
Community services	293	329	330	366	384	380	358	341	343	299
Total	2,442	2,565	2,574	2,691	2,843	2,869	2,857	2,846	2,862	2,878

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							
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Finance:										
Real property tax accounts billed	90,707	91,172	94,937	92,592	93,712	94,813	95,846	97,099	98,023	98,884
Business personal property tax accounts billed	9,920	10,255	7,960	9,906	11,854	9,613	9,833	11,658	9,809	9,829
Public Safety										
Police:										
Physical arrests	8,081	7,703	9,748	9,160	9,686	9,987	10,383	10,451	10,810	10,315
Parking violations	8,033	8,539	8,639	8,484	8,933	10,556	6,919	5,445	4,415	9,052
Traffic violations	25,990	30,115	52,850	62,730	65,217	80,724	80,735	81,588	84,306	85,682
Fire:										
Emergency responses	57,152	59,679	57,507	63,396	63,598	64,425	65,362	60,183	59,887	58,129
Inspections	411	586	549	471	570	610	1,425	1,217	2,173	2,516
Corrections:										
Average yearly prison population	264	241	247	297	278	284	287	308	320	340
Public Works										
Inspections, licenses and permits:										
Construction permits issued (a)	6,900	6,553	6,941	6,112	5,835	4,370	5,047	5,249	5,583	6,293
Environmental services:										
Refuse collected (tons per year)	116,218	116,647	124,913	125,494	120,838	107,756	102,492	103,749	102,249	101,912
Recyclables collected (tons per year)	56,478	50,373	55,691	60,317	54,293	60,860	61,993	63,100	64,619	61,974
Recreation and parks										
Programs operated	4,759	4,772	4,162	4,186	4,200	4,226	4,328	3,998	4,479	5,723
Registrations processed	96,657	101,052	94,361	105,665	106,014	101,503	113,354	85,598	84,420	89,345
Legislative and judicial										
Circuit court cases filed	1,053	1,205	1,277	1,182	996	999	957	985	1,021	1,007
District court cases filed	14,204	14,091	10,124	12,373	13,815	12,295	13,193	13,379	13,867	12,685
Community services										
Senior centers operated	8	9	9	9	9	9	9	9	7	7
Consumer affairs - cases closed	253	189	194	210	191	223	225	210	278	246
Community service partnership grants	29	29	32	31	32	36	36	33	33	28
Assisted living monitoring visits	N/A	292	280	205	163	217	172	418	183	205
Water and sewer										
Water main breaks	140	143	123	137	82	137	185	174	172	189
Average daily water consumption (thousands of gallons)	21,370	22,100	22,500	23,000	22,400	22,000	23,910	24,930	22,610	22,370
Number of water customers	64,189	65,567	66,434	67,868	69,170	69,833	70,646	70,062	72,229	73,121
Average daily sewage treatment (thousands of gallons)	26,450	25,052	18,800	25,600	24,400	26,800	26,530	24,628	26,350	26,860
Number of sewer customers	60,853	62,159	63,022	64,240	65,494	66,096	66,862	68,163	68,872	69,727
Golf course										
Rounds played	40,210	41,360	44,856	41,395	40,455	36,450	35,525	34,309	36,142	35,432

Sources: Various Howard County Departments

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

(a) Construction permits issued prior to 2005 were provided on a calendar year basis.

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

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Buildings	10	10	11	11	12	17	19	20	23	38
Vehicles	N/A	N/A	42	44	49	60	65	54	57	45
Legislative and judicial										
Vehicles	N/A	N/A	45	53	58	61	67	66	70	70
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	194	200	200	207	225	244	265	265	286	292
Other vehicles	N/A	N/A	196	209	231	250	237	212	250	264
Fire:										
Stations	5	5	5	5	6	6	8	8	9	11
Pumpers/tankers	23	23	29	31	34	32	28	28	29	25
Ladder trucks	4	4	6	6	7	7	5	5	6	6
Paramedic units	21	21	21	24	27	28	30	30	32	34
Vehicles	N/A	N/A	90	106	118	101	128	133	119	118
Public Works										
Buildings	45	46	46	46	46	49	49	49	54	58
Transit buses	45	47	47	52	53	56	67	58	57	52
Vehicles	N/A	N/A	214	234	278	279	385	339	354	355
Streets (miles)	966	970	975	980	988	995	1,014	1,015	1,030	1,035
Streetlights (a)	5,345	5,696	5,997	6,153	6,427	6,686	6,944	7,048	7,315	7,558
Stormwater management facilities	664	700	719	745	745	770	850	908	933	983
Recreation and parks										
Buildings	40	41	44	44	44	44	45	44	59	62
Parks and open space acreage	8,039	8,169	8,339	8,439	8,678	8,737	8,846	8,850	9,097	9,116
Playgrounds	31	31	37	40	41	42	42	40	39	41
Vehicles	N/A	N/A	64	70	69	63	76	78	85	96
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	888	905	927	943	960	992	1,005	1,024	1,028	1,041
Sanitary sewers (miles)	869	880	892	898	906	955	962	971	980	987
Golf course										
	1	1	1	1	1	1	1	1	1	1

Sources: Various Howard County Departments

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

(a) Prior periods 2004 through 2009 and 2012 restated to exclude fixtures that Howard County rented/leased to BGE.



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