HOWARD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2017

Howard County, Maryland

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Certain Appointed Officials

Lonnie R. Robbins
Chief Administrative Officer
Stanley J. Milesky
Director of Finance
James M. Irvin
Director of Public Works
Gary W. Kuc
County Solicitor
Valdis Lazdins
Director of Planning and Zoning
Holly Sun
Budget Administrator
Craig Glendenning
County Auditor

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County Executive

Allan H. Kittleman

County Council

Jon Weinstein
Chairperson

Dr. Calvin Ball
Vice Chairperson

Greg Fox
Council Member

Mary Kay Sigaty
Council Member

Jennifer Terrasa
Council Member

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by the Department of Finance

Howard County, Maryland

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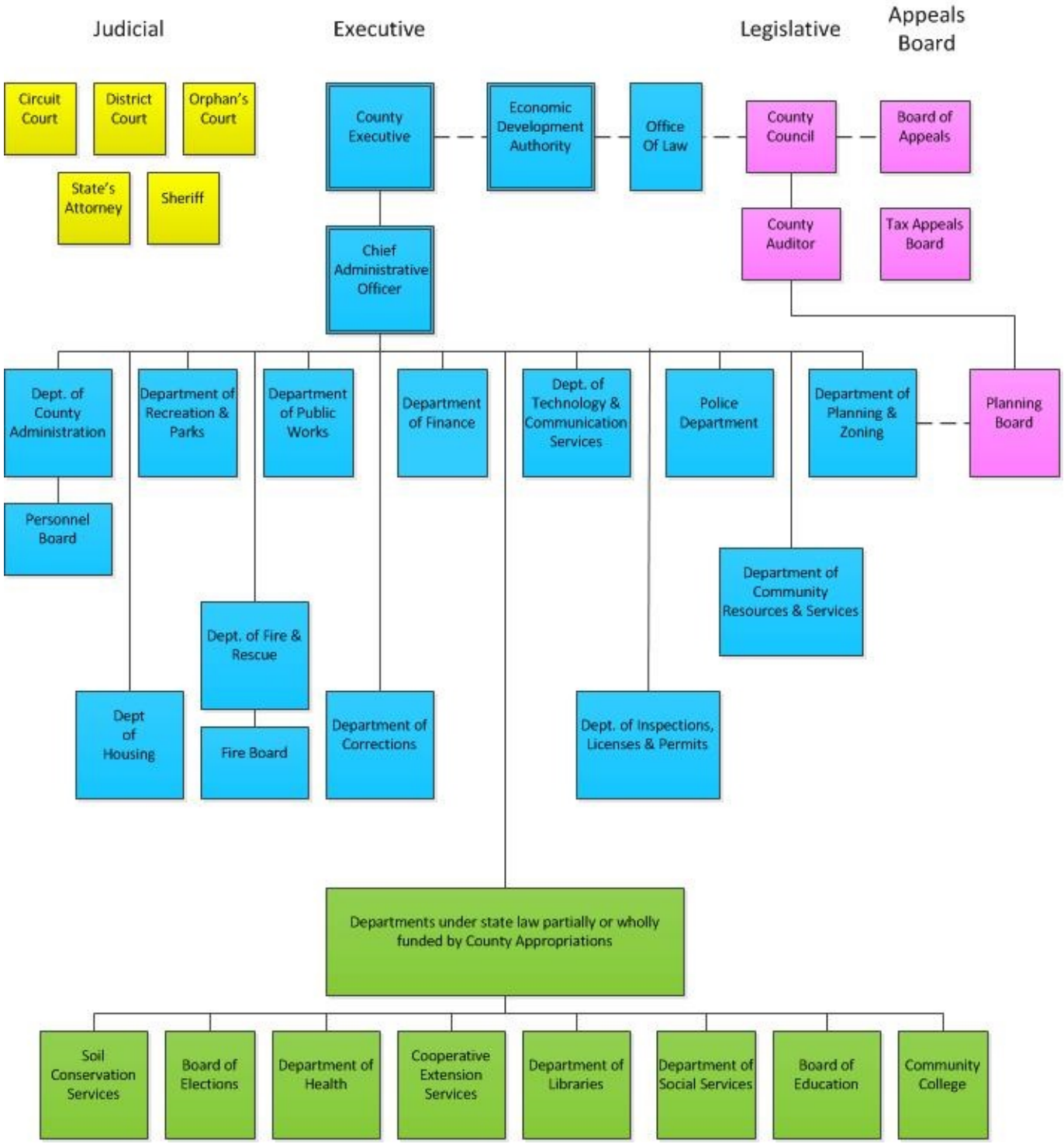
HOWARD COUNTY GOVERNMENT
ORGANIZATIONAL CHART



HOWARD COUNTY DEPARTMENT OF FINANCE
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Stanley J. Milesky, Director FAX 410-313-4433
smilesky@howardcountymd.gov TDD 410-313-2323

November 30, 2017

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 (FY) ended June 30, 2017, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the auditor's opinion issued by the independent public accounting firm of CliftonLarsonAllen LLP hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

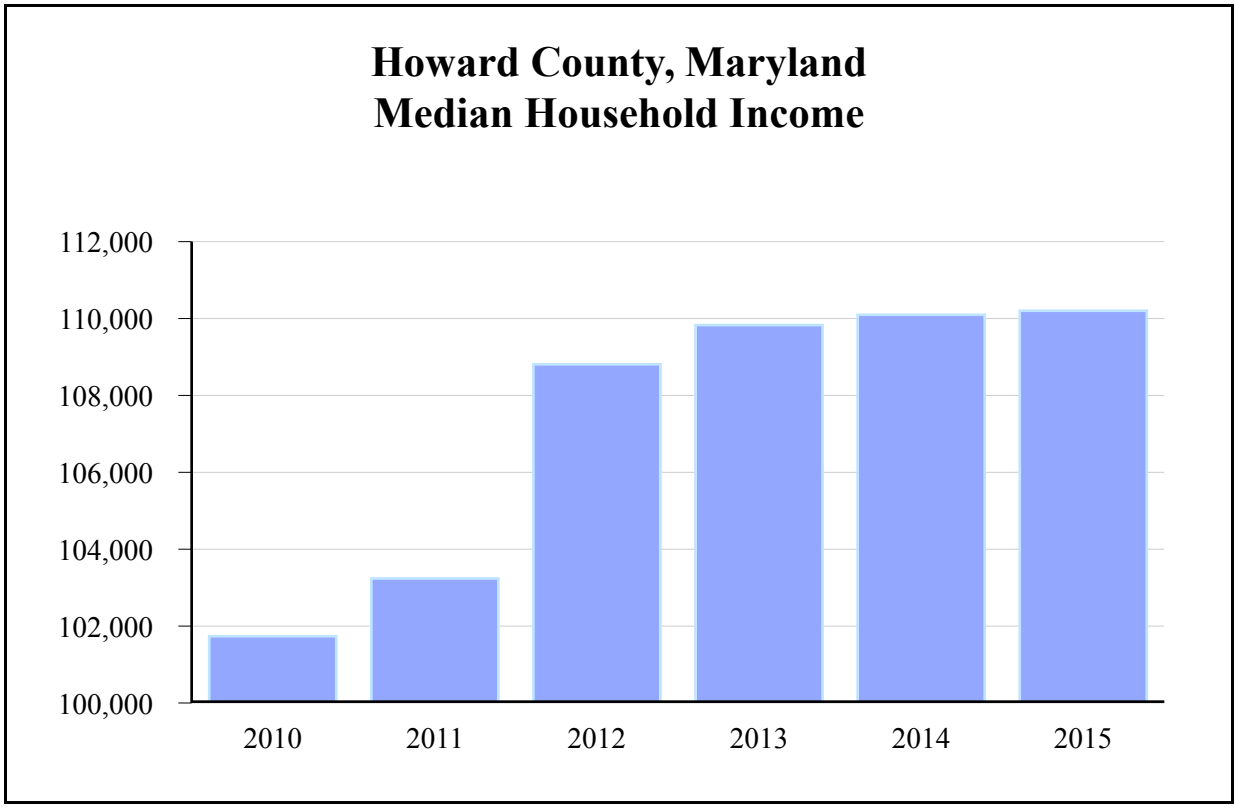
CliftonLarsonAllen LLP, licensed certified public accountants, performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2017. The Independent Auditor's Report is presented as the first element of the Financial Section 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 313,414 residents based on estimates by the Maryland Department of Planning. The Howard County Library System (HCLS) was named one of the best Library Systems in North America by the Library Journal Index of Public Service for the five straight years. Columbia/Ellicott City was named Money Magazines #1 the best places to live in 2016 and ranked in the top ten for the fifth time in a row. According to the U.S. Census Bureau's, American Community Survey, Howard County has both the highest median income in the State and the third highest in the nation.



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.

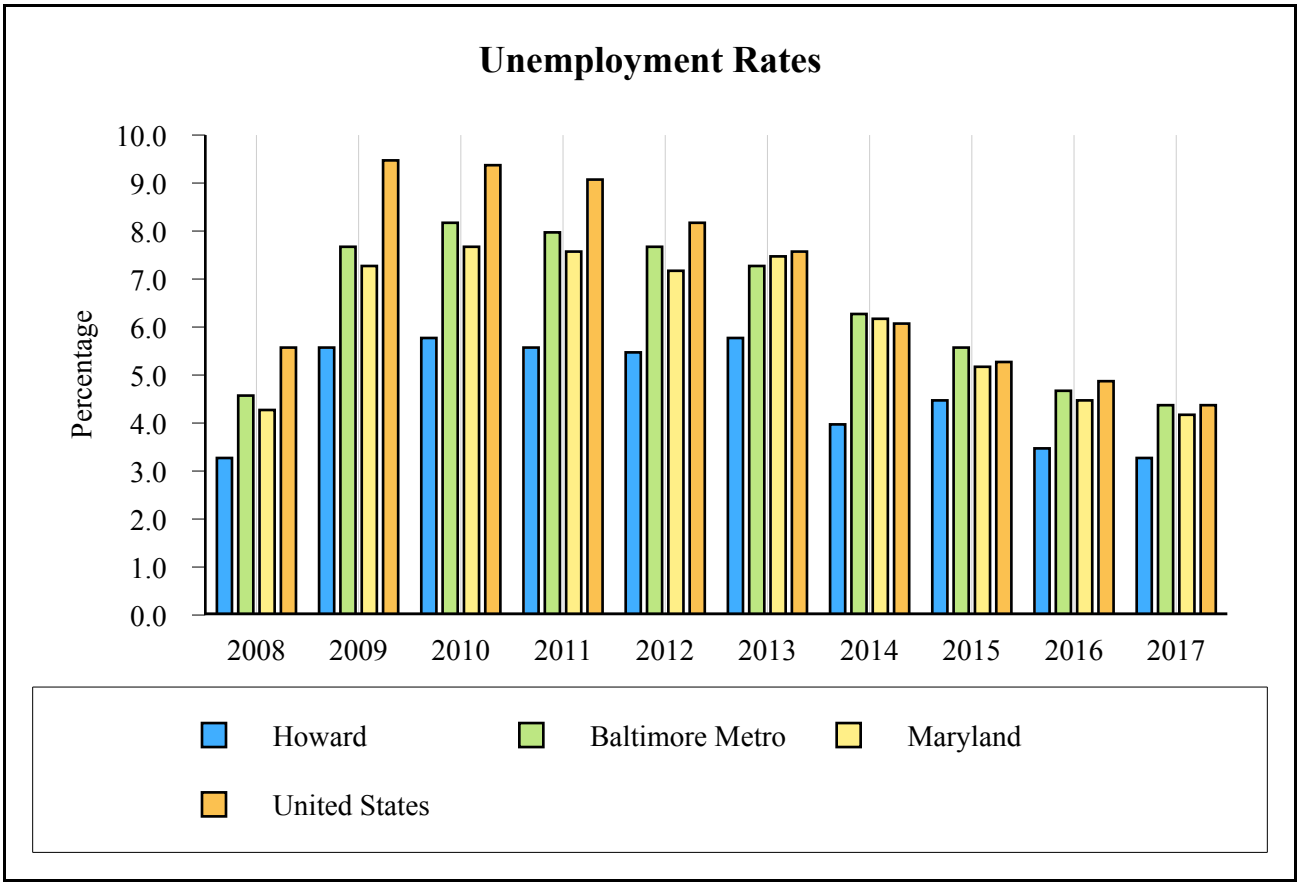
The budget process begins each fall when the County Executive appoints a Spending Affordability Advisory Committee to establish guidelines for determining debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in late January or early February. After a public process that involves two public hearings and a thorough review of departmental requests, the County Executive submits proposed capital and operating budgets to the County Council by April 1 and 21, respectively. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure recommended by the Executive for current or capital purposes unless expressly provided for in State law or to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the 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 current fiscal year. Expenditure authority for the operating budget is at the fund and department level in major categories, including personnel costs, various operating expenses and capital cost Appropriations in the capital budget are determined at the project level on an annual basis.

Once the budget is approved, the County Council can only amend it at the request of the County Executive. The operating budget is amended during the year through the use of supplemental budget appropriation ordinances (SAOs). The County Executive may request at any time during the fiscal year, the approval of an SAO by transferring funds from the County's budgeted contingency reserves. The capital budget may be amended through the use of Transfer Appropriation Ordinances (TAOs). The County Executive may request, at any time during the fiscal year that a TAO be approved by transferring funds from one capital project to another. At no time may the bottom line of the capital budget be increased. The County maintains an encumbrance system for budgetary control. All unencumbered

appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. Employment is expected to remain stable and the unemployment rate is expected to remain below the state (4.2%) and national (4.4%) levels as evidenced by the June 2017 rate of 3.3%. The unemployment rate has continued to decline to nearly pre-recession levels.



Source: Maryland Department of Labor, Licensing and Regulation

LOCAL ECONOMY

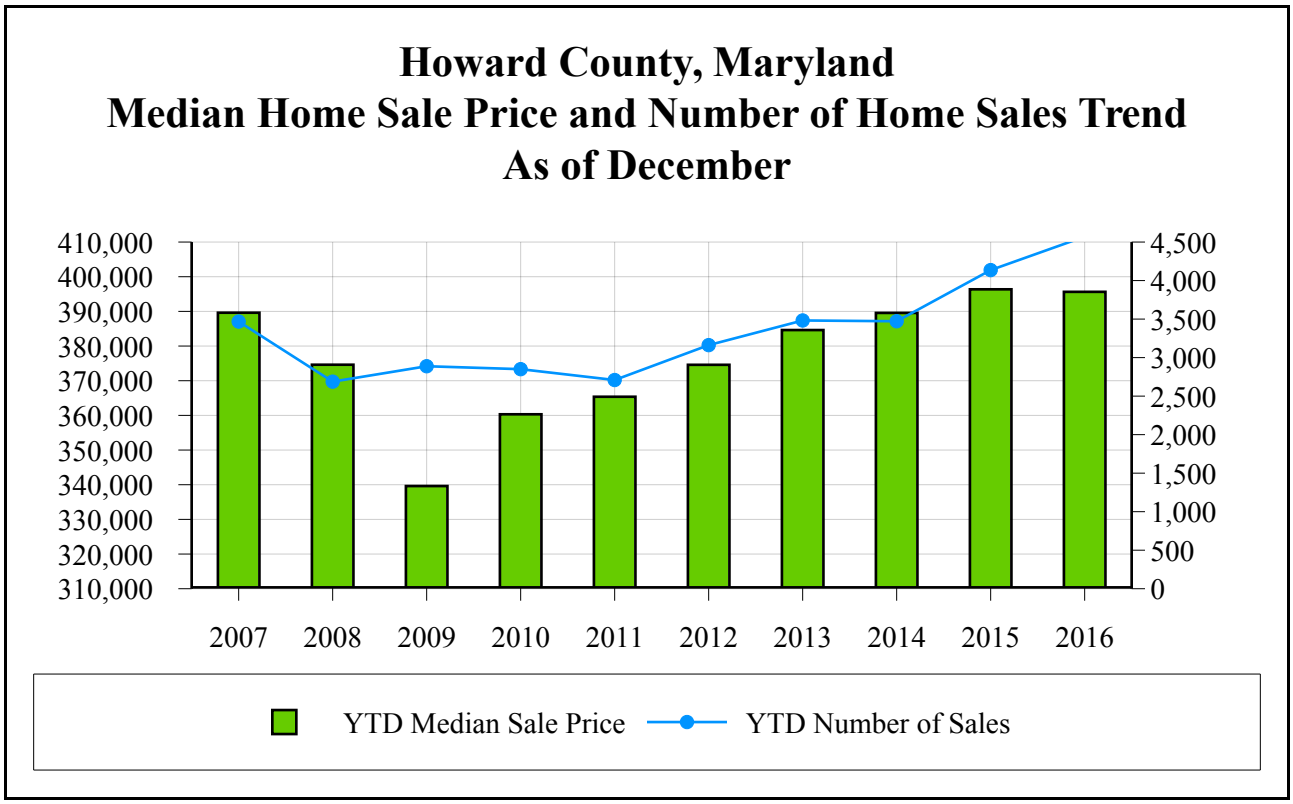
Howard County's ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. According to the Maryland Department of Labor Licensing and Regulation, over 10,101 businesses in Howard County employ 167,701 workers in industries such as information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture and in multinational corporations. The service sector is the largest industry in the County, employing 87% of the workforce. In the service industry, government contracts support cybersecurity and information technology programs and will continue to do so with the growth projected at Fort George Meade, which is less than two miles outside the County border.

Although BRAC (Base Realignment and Closure) officially ended in 2011, projections indicate that the on-base workforce could grow to a total of 64,000 by 2020. Based on the current trend, this would result in an additional 20,000 private sector government contractor positions to support this growth.

Commercial real estate vacancy rates continue to decline and the average remains below 7% for flex, retail, industrial, and office space as reported by Costar. The year-to-date average vacancy rate for FY 2017 is 6.3% and property tax collections increased 3.8% above the previous fiscal year. In its FY 2018 budget, Howard County projects a modest 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 1.1% when compared to the actual for FY 2017. The FY 2018 projection for income tax collections represents a 3.2% increase from what was budgeted in FY 2017.

The decline in the real estate market that began in FY 2006 has begun to stabilize in the County and the revenues related to housing activity increased in FY 2017. Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate and remains 10.9% below the FY 2006 level. FY 2017 revenue from recordation tax increased 3.9% from the previous fiscal year. The FY 2018 budget projects a 4.3% increase in recordation tax collections compared to FY 2017. The demand for real estate remains strong, especially in the residential resale market, where the average days on market continue to decrease from 58 to 57 days between December 2016 and August 2017.



Source: Metropolitan Regional Information Systems Inc.

Another indicator of the slow recovery from the recession is the Federal Reserve's maintenance of the Federal Funds Rate, at low levels, which limits investment income. Revenue from this source increased 64.2% in FY 2017 yet remains 92.3% or $25 million below FY 2008 revenue. As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2017.

Looking forward, overall economic performance is expected to improve slightly in FY 2018**.** The adopted budget projects the FY 2018 gross assessable base of Howard County will increase by 4.4% from FY 2017. Due to decreasing Homestead Tax Credits, the net taxable assessment will increase by approximately 6.4%. This is because the Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5% per year, and most residential properties have fully phased in the pre-2006 housing market increases. Approximately 25% of homeowner occupied properties in Howard County received this credit in FY 2017.

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 1P in the Notes to Basic Financial Statements for a discussion of the status of the Rainy Day Fund. The Rainy Day Fund's balance is currently at the target level.

Capital Projects and Debt Administration

The County funds its capital programs based on the requirements of the General Plan and supporting master plans for schools, recreation and parks, human services, water and sewer, solid waste, libraries, fire stations and public facilities.

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending

pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. Bonds issued by the County mature over a term that does not exceed the economic life of the improvements that they finance.

The County consolidates general County improvements into Consolidated Public Improvement bonds with a term of up to 20 years and water and sewer improvements into Metropolitan District Bonds with a term of up to 30 years. Debt obligations are generally issued through a competitive sale. However, the County has the option to use a negotiated sale process when it will provide significant savings and/ or if the terms of the offering are sufficiently complex that a competitive sale may not be financially prudent.

Spending Affordability Advisory Committee

The Spending Affordability Advisory Committee was established by Executive Order in 1987 to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to evaluate future County revenue levels and consider the impact of economic indicators such as changes in residential personal income and assessable base growth; and to evaluate expenditure levels with consideration of County long-term obligations and the best way to pay for them.

The Committee recommends revenue projections and the amount of new County debt authorization for the upcoming fiscal year. The Committee report includes the effect its recommendations will have on future budgets. This Committee also assesses the County's ability to repay bond debt and issues an annual report defining debt capacity of the County.

FINANCIAL POLICIES

The financial policies and management practices of Howard County were recognized by all three major rating agencies with a continued Triple-A credit rating, the highest possible rating.

Debt Management Policy

The County adopted an updated debt management policy on October 7, 2009 that establishes the processes employed to manage its debt. The policy sets the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. By establishing a debt policy, the County has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that credit quality is protected.

Investment Policy

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. Investment activities are governed by State laws. Accordingly, the County invests in: certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Federal agency obligations; Treasury and other government mutual funds; 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, 2016. This was the 41st 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, 2016. This was the 23rd consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

A very special thank you to Charisse Antonio, Salomey Awuku, Zsatina Boris, Al Brown, Lori Buchman, , Andrew Galarza, Nicole Griffith, Dawit Gebregiorgis, Verda Hall, Ashley Kelly, Anne Keyes, Sherrea Lassiter, Marquia Lewis, Marvin Miller, Angela Moore, Diamond Okojie, Angela Price, Sima Taghavi, John Vu, and Mimi Xu, 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 30, 2017

CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Allan Kittleman
County Executive

Honorable Members of the County Council

Jon Weinstein, Chairperson
Calvin Ball, Vice Chairperson
Greg Fox
Mary Kay Sigaty
Jennifer Terrasa

Article II, Section 212 of the Howard County Charter, requires that a complete audit of all offices, departments, institutions, boards, commissions, corporations, courts, and other agencies of the County Government be prepared for the preceding fiscal year, and submitted to the County Council and to the County Executive, no later than November 30th of each year.

The independent certified public accounting firm of CliftonLarsonAllen LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212 of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2017. 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

All Time Toys

County Executive Allan H. Kittleman participated in the ribbon cutting reopening All Time Toys on Ellicott City's Main Street. The shop's owner, Jason Barnes, was lauded as a hero during the devastating July 30, 2016 flood when he organized a human chain to rescue a woman from a car being swept down the road by swift moving water.

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, 2016

Jeffrey R. Esser

Executive Director/CEO

Financial Section

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

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2017, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Howard Community College and Howard County Public Library, which represent 17 percent, 19 percent, 13 percent, respectively, of the assets, net position, and revenues of the aggregately discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregately discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

A member of Nexia International

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

Opinions

In our opinion, based on our audit and the report of the 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 the County as of June 30, 2017, and the respective changes in financial position, where applicable, cash flows thereof and the respective budgetary comparison for the General and Agricultural Land Preservation Funds 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 on pages 5-17, and the required supplementary information on 97-105 as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, combining and individual fund statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund statements and budgetary comparison 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 accompanying combining and individual fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Baltimore, Maryland
November 28, 2017

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, 2017. 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 and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $401.8 million. That amount is net of a $988.6 million unrestricted deficit. The unrestricted deficit occurs because the County issues debt to fund construction costs for the Public School System and the Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for education projects is $476.2 million and for college projects is $98.9 million. Public School System ownership of buildings transfers to the County if the assets are no longer needed for educational purposes. The current net book value of the Public School System's buildings and improvements and construction in progress is $1.18 billion.

- The $57.9 million decrease in the government's total net position is primarily due to an increase of $15.7 million in total general revenues, offset by an increase of $20.1 million in the County's funding of education expenses (Public School System 3.9% and Community College 2.3%), an increase of $39.3 million in the County's funding of public safety (11.1%), public works (7.7%) and recreation and parks (9.8%) expenses, an increase of $2.5 million in the County's funding of state highway expenses (7.5%) and an increase of $7.1 million in the County's funding of interest on long-term debt (14.2%).

- The County's property tax revenues increased this year by $22.3 million, or 3.7%, due to rising property values.

- Approximately 48.2% of the total governmental fund balance, $115.2 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and is properly designated as committed, assigned and unassigned. Available fund balance for the General Fund is $125.6 million, or 13.2% of total General Fund expenditures.

- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of $239.1 million, a increase of about $6.9 million in comparison with the prior year. Specifically, the fund balance of the General Fund decreased by $2.7 million due to an increase in the County's funding of education expenses. This was offset by an increase of $17.9 million of total revenue in the General Fund.

- The reserve for the budget stabilization account balance is $67.4 million, an increase of $3.2 million or 6.5% of fiscal year 2017 General Fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2015 expenditures). We have reached that target and assigned $3.2 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 $94.0 million, (6.4% during the current fiscal year). The major factors in this increase were the issuance of $274.3 million Consolidated Public Improvement (CPI) Project Bonds, and $81.5 million in Metropolitan (Metro) District Project Bonds. The County refunded $157.5 million in CPI bonds and $58.5 million in Metro bonds and retired $63.2 million, $10.1 million and $3.2 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired $473,000 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 deferred outflows of resources and County liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which presents information showing how the government's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or disbursed. An important purpose of the Statement of Activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works (roads, trash collection and disposal, planning and zoning, inspections and permits), legislative and judicial, education, community services (health, housing, aging, and consumer protection), recreation and parks and state highways. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection services, broadband services, and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

The government-wide financial statements include not only the County, the *primary government*, but also a legally separate school system, community college, library system, and housing commission for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are located on pages 21-23 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 nonmajor funds is provided in the form of combining statements in a latter section of this report.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the focus is very different with fund statements focusing on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the government-wide focus includes the long-term view and the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *government-wide activities*.

The County maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, agricultural land preservation, and general capital projects funds, all of which are major funds. Data from the other fifteen 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 and debt service funds are provided in the combining section of this report.

The basic governmental fund financial statements are located on pages 24-29 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer infrastructure and operations, its watershed restoration and protection services, its broadband services, and for the operations of its public golf course. Internal service funds are an accounting structure used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, technology and communication systems, risk management self-insurance program, and employee benefits self-insurance. Because the internal service funds' services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide both long- and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is a major fund of the County, and combined fund information for the watershed restoration and protection services, broadband services, and golf course operations, which are all nonmajor funds of the County. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements are located on pages 30-33 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 34-35 of this report.

The component unit financial statements are located on pages 36-37 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 41-93.

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 97-105 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and are considered to be supplementary information. Combining and individual fund statements and schedules start on page 111 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 159-163. Schedules providing additional long-term debt detail start on page 167. The Statistical Section begins on page 173.

Government-Wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government's financial position. Howard County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $401.8 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, 2017, debt outstanding for education projects is $476.2 million and for college projects is $98.9 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 $1,146 million reflects the imbalance of liabilities without corresponding assets as well as the governmental activities' portion of the County's Net OPEB Obligation of $463.1 million and net pension liability of $217.1 million.

An additional portion of the County's net position ($142.2 million or 35.4%) represents resources subject to external restrictions on their usage.

Summary of Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016 *	2017	2016
Current and other assets	$ 455,277,682	$ 453,568,262	$ 262,493,086	$ 245,498,143	$ 717,770,768	$ 699,066,405
Capital assets	1,380,975,720	1,314,162,642	683,192,482	661,604,557	2,064,168,202	1,975,767,199
Total assets	1,836,253,402	1,767,730,904	945,685,568	907,102,700	2,781,938,970	2,674,833,604
Deferred outflows of resources	119,403,810	70,118,097	5,410,296	1,628,363	124,814,106	71,746,460
Total assets and deferred outflows	1,955,657,212	1,837,849,001	951,095,864	908,731,063	2,906,753,076	2,746,580,064
Long-term liabilities outstanding	2,021,791,256	1,822,644,912	308,967,138	292,340,866	2,330,758,394	2,114,985,778
Other liabilities	124,416,702	117,617,595	41,797,664	24,576,406	166,214,366	142,194,001
Total liabilities	2,146,207,958	1,940,262,507	350,764,802	316,917,272	2,496,972,760	2,257,179,779
Deferred inflows of resources	7,521,637	6,769,119	419,097	273,943	7,940,734	7,043,062
Total liabilities and deferred inflows	2,153,729,595	1,947,031,626	351,183,899	317,191,215	2,504,913,494	2,264,222,841
Net position						
Invested in capital assets	834,114,554	772,350,290	414,126,888	410,561,263	1,248,241,442	1,182,911,553
Restricted	114,206,491	109,620,128	27,949,207	42,470,585	142,155,698	152,090,713
Unrestricted	(1,146,393,428)	(991,153,043)	157,835,870	138,508,000	(988,557,558)	(852,645,043)
Total net position	$ (198,072,383)	$ (109,182,625)	$ 599,911,965	$ 591,539,848	$ 401,839,582	$ 482,357,223

* Restated for comparative purposes

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.

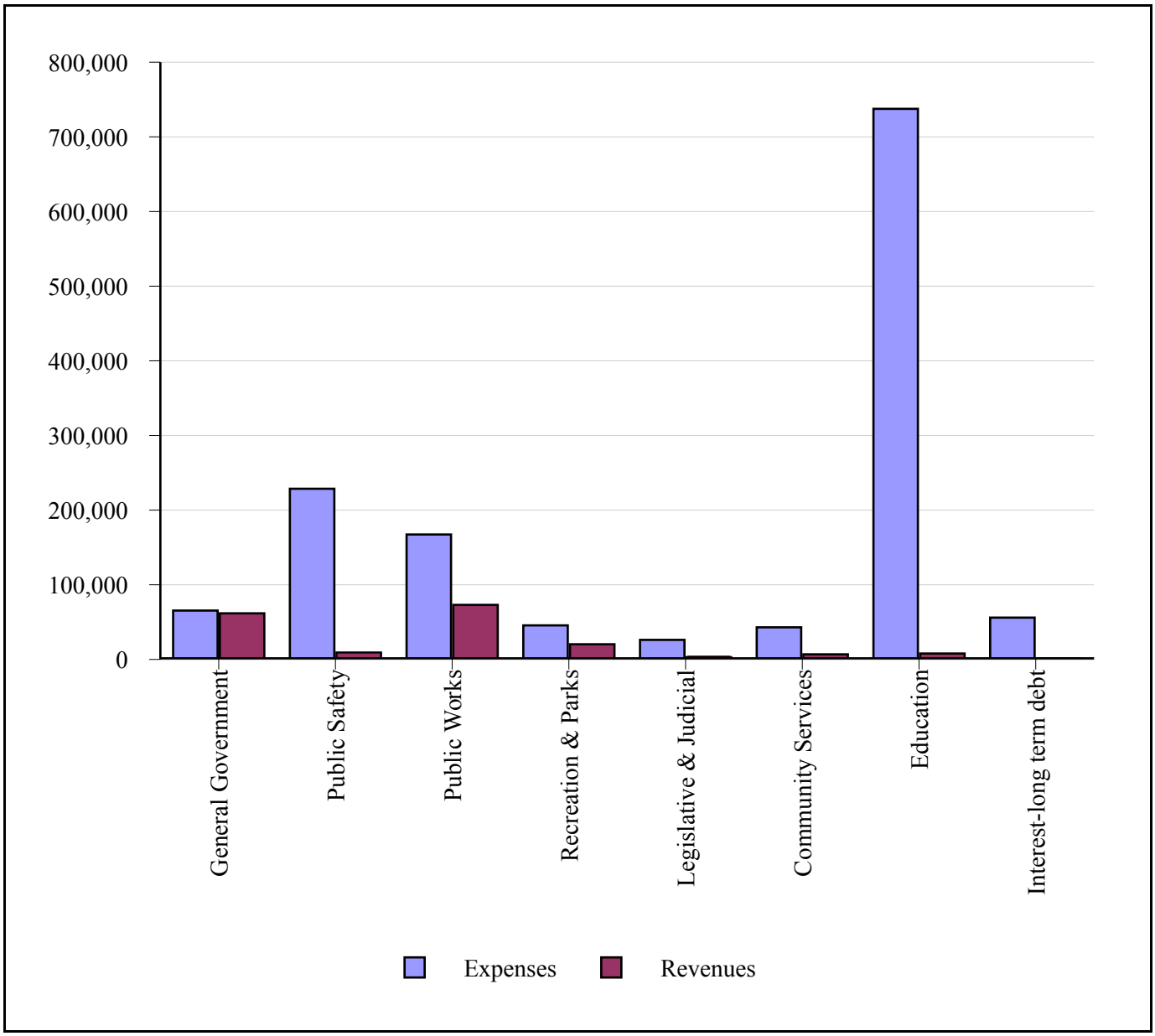
Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	$ 131,951,646	$ 124,100,327	$ 78,668,293	$ 79,222,901	$ 210,619,939	$ 203,323,228
Operating grants and contributions	39,402,540	40,094,831	32,669,952	31,339,509	72,072,492	71,434,340
Capital grants and contributions	18,163,355	27,792,294	10,262,423	14,728,750	28,425,778	42,521,044
General revenues						
Property taxes	608,458,370	586,123,532	—	—	608,458,370	586,123,532
Local income taxes	436,993,783	431,743,893	—	—	436,993,783	431,743,893
Other taxes	77,911,373	72,656,951	—	—	77,911,373	72,656,951
Other	3,059,751	10,238,528	895,469	4,628,154	3,955,220	14,866,682
Total revenues	1,315,940,818	1,292,750,356	122,496,137	129,919,314	1,438,436,955	1,422,669,670
Expenses						
General government	66,948,584	66,234,421	—	—	66,948,584	66,234,421
Public safety	230,134,183	207,170,029	—	—	230,134,183	207,170,029
Public works	168,834,876	156,707,838	—	—	168,834,876	156,707,838
Recreation and parks	47,094,291	42,880,875	—	—	47,094,291	42,880,875
Legislative and judicial	27,693,094	26,070,345	—	—	27,693,094	26,070,345
Community services	44,497,229	45,928,376	—	—	44,497,229	45,928,376
State highways	5,842,868	3,341,087	—	—	5,842,868	3,341,087
Education	739,013,105	717,742,080	—	—	739,013,105	717,742,080
Interest on long-term debt	57,494,607	49,977,613	—	—	57,494,607	49,977,613
Water & Sewer	—	—	101,312,345	95,781,698	101,312,345	95,781,698
Other	—	—	7,422,276	6,551,799	7,422,276	6,551,799
Total expenses	1,387,552,837	1,316,052,664	108,734,621	102,333,497	1,496,287,458	1,418,386,161
Increase (decrease) in net position	(71,612,019)	(23,302,308)	13,761,516	27,585,817	(57,850,503)	4,283,509
Transfers	5,389,399	2,318,086	(5,389,399)	(2,318,086)	—	—
Total Increase (decrease) in net position	(66,222,620)	(20,984,222)	8,372,117	25,267,731	(57,850,503)	4,283,509
Net position beginning	(109,182,625)	(88,198,403)	591,539,848	566,272,117	482,357,223	478,073,714
Adjustment to restate net position	(22,667,138)	—	—	—	(22,667,138)	—
Net position ending	$ (198,072,383)	$ (109,182,625)	$ 599,911,965	$ 591,539,848	$ 401,839,582	$ 482,357,223

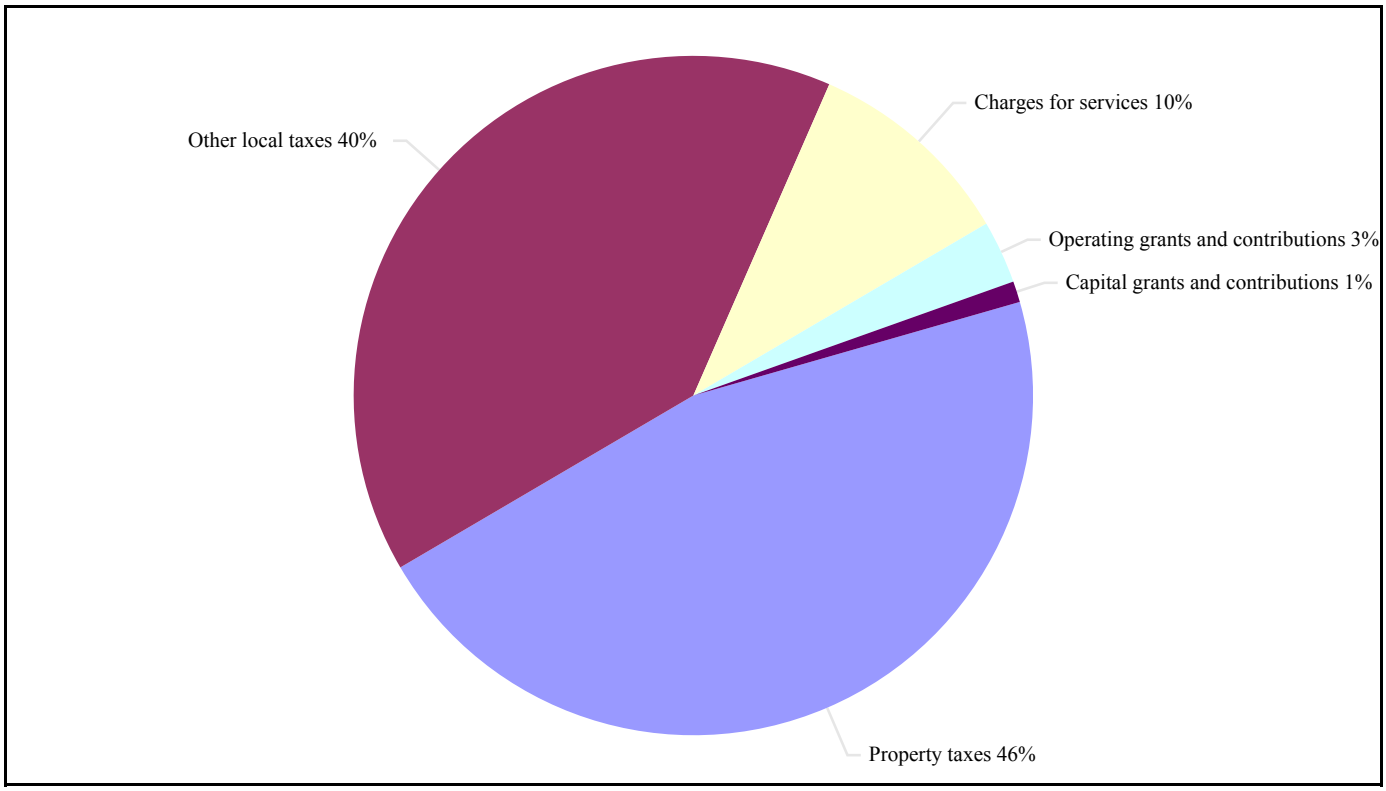
Governmental activities. Governmental activities decreased the County's net position by $66.2 million. Key elements of this decrease are as follows:

- Property tax revenues increased by $22.3 million due to rising property values.
- Income tax revenues increased by $5.2 million due to the continued recovery of the job market.
- Recordation tax revenues increased by $0.9 million due to the recovering housing market.
- Net OPEB obligation and net pension liability, increased by $53.7 million and $71.1 million, respectively.
- Education expenses increased by $21.3 million; $20.1 million for the Public School System, $1.6 million for the Community College, offset by a decrease in expenses of $0.4 million for the Library.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

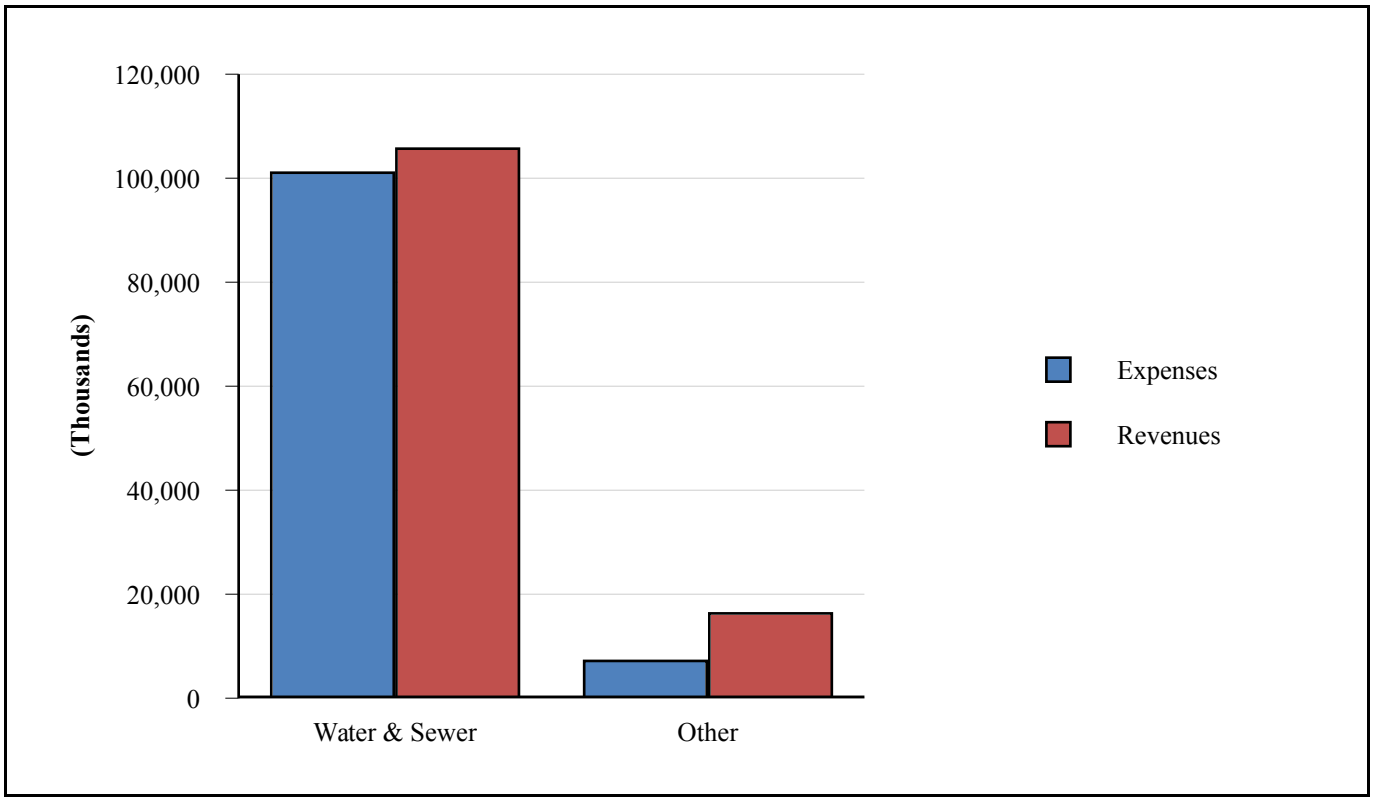


Business-type activities. Business-type activities increased the County's net position by $8.4 million. The components of this increase are as follows:

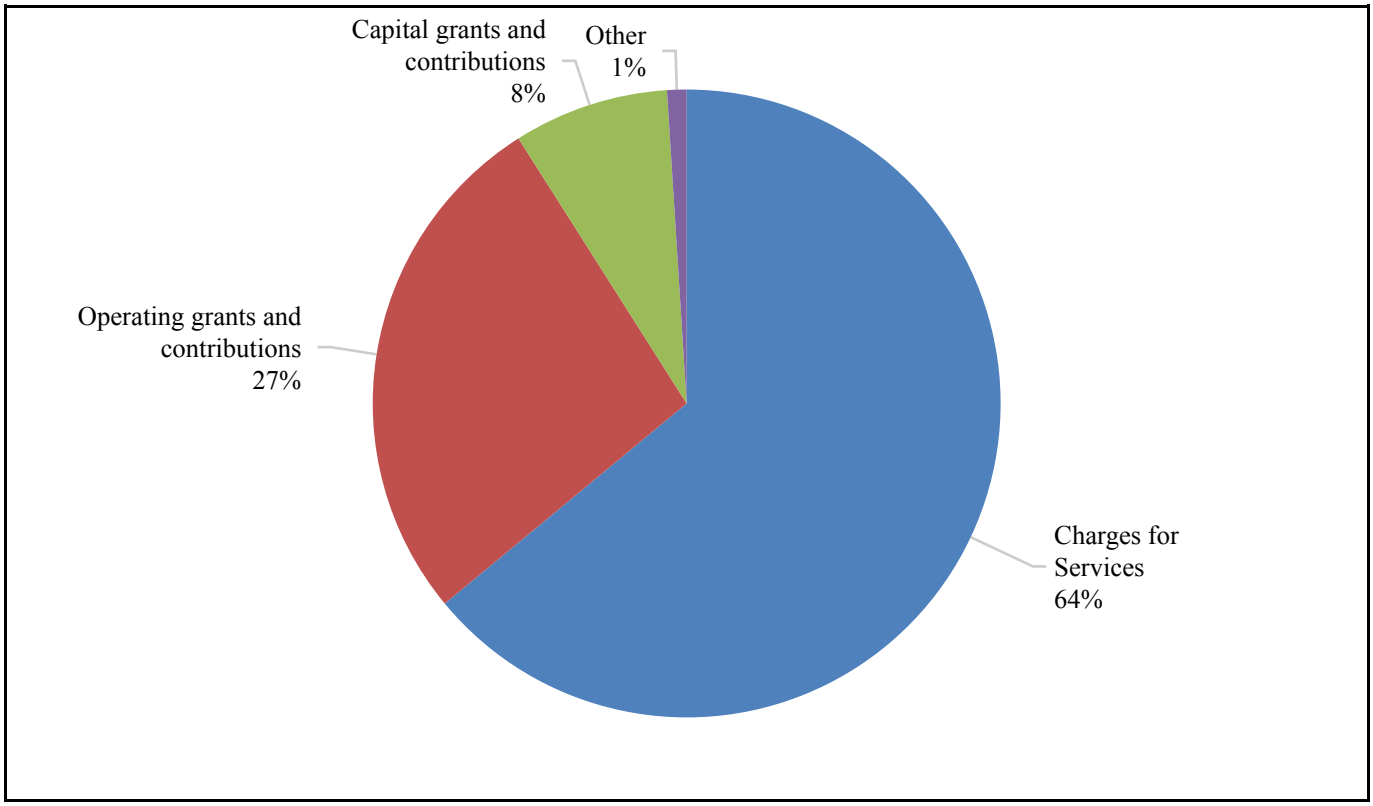
- Charges for services decreased by $0.6 million due to an decreased in water and sewer consumption.
- Operating grants and contributions, which totaled $32.7 million, represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used primarily to fund debt service payments and pay-as-you-go funding on capital projects.
- $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 $4.5 million from fiscal year 2016.

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

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 $239.1 million, a increase of $6.9 million in comparison with the prior year. Of this fund balance, $9.7 million is nonspendable, $114.2 million is restricted by enabling legislation, $116.1 million is committed by the County, at the highest level of authority, $92.0 million is assigned by management, and $92.9 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 $136.7 million, $2.7 million or (1.9)% less than the prior year primarily due to a $26.2 million increase in education expenses.

The $61.6 million total fund balance of the Agricultural Land Preservation Fund is a $8.2 million decrease from the prior year. The increase is the result of an increase in the market value of United States Treasury Strips investments.

The general capital projects fund is used to track the construction of general county buildings, as well as schools and other buildings for the community college. The fund balance is a $68.9 million deficit. This is a timing issue due to capital project expenditures occurring before revenues from grants and bonds are recognized.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

All assets in the Water and Sewer Proprietary Fund, except those available to fund current liabilities, are considered restricted because a change in the County charter is required to allow these assets to be used for other purposes. Net position of the water and sewer operations at fiscal year-end was $562.0 million. Net position of the Water and Sewer Proprietary Fund increased $4.0 million due to the receipt of ad valorem fees and capital contributions.

General Fund Budgetary Highlights

The original general fund expenditure and revenue budgets were increased by $12,369,959 during the current fiscal year to fund unanticipated expenses related to the Ellicott City flood response and recovery efforts.

The County spent $6.9 million less than the budget as the County departments exercised caution with spending. The County experienced a favorable variance of $1.3 million budget versus actual due lower than anticipated snow removal expenses. The Health Department showed a favorable variance of budget versus actual expenditures of $1.7 million.

The original general fund expenditure and revenue budgets were increased by $340,000 during the current fiscal year to use certain cost savings that were in an amount greater than revenue shortfall realized during fiscal year 2015.

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, 2017 is $2.1 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 4.5% (a 5.1% increase for governmental activities and a 3.3% increase for business-type activities).

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

- $11.8 Million for Agricultural Land Preservation Program
- $9.9 Million for Public Safety Radio System Enhancements - P25 Core Radio System Upgrade
- $9.8 Million for renovations to Elkridge Library
- $7.9 Million for improvements to US 29 Water Main/MD 108 to Brokenland Parkway
- $6.1 Million for Rehabilitation of Troy Park
- $5.6 Million for the construction of Elkridge Fire Station
- $5.5 Million for the Acquisition of Land
- $3.4 Million for energy savings improvements to County -Owned Facilities
- $2.3 Million for improvements to Montgomery Road Water Main

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land and land improvements	$ 584,171,392	$ 567,582,729	$ 11,753,538	$ 11,400,278	$ 595,924,930	$ 578,983,007
Construction in progress	78,098,481	45,994,578	41,723,733	19,544,799	119,822,214	65,539,377
Buildings and improvements	374,892,439	375,836,470	191,671,385	193,951,213	566,563,824	569,787,683
Machinery and equipment	66,499,244	57,241,995 *	10,501,512	10,045,507 *	77,000,756	67,287,502
Infrastructure	277,314,164	267,506,870 *	427,542,314	426,662,760 *	704,856,478	694,169,630
Total capital assets	$ 1,380,975,720	$ 1,314,162,642	$ 683,192,482	$ 661,604,557	$ 2,064,168,202	$ 1,975,767,199

* FY16 amounts have been restated due to reporting error

Additional information on the County's capital assets are located in Note 6 on pages 63-64 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of $1.6 billion. Of this amount, $1.5 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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	$ 1,128,704,716	$ 1,050,289,405	$ 270,210,682	$ 252,024,295	$1,398,915,398	$ 1,302,313,700
State water quality loan	—	—	21,267,307	24,507,572	21,267,307	24,507,572
Tax increment financing bonds	16,980,000	17,000,000	—	—	16,980,000	17,000,000
Agriculture land preservation	100,122,836	98,661,239	—	—	100,122,836	98,661,239
Special facility revenue bonds	—	—	3,199,000	3,672,000	3,199,000	3,672,000
Other	24,802,374	24,873,547	737,054	986,019	25,539,428	25,859,566
Total outstanding debt	$ 1,270,609,926	$ 1,190,824,191	$ 295,414,043	$ 281,189,886	$1,566,023,969	$ 1,472,014,077

The County's total long-term debt increased by $94.0 million, (6.4% during the current fiscal year). The major factors in this increase were the issuance of $274.3 million Consolidated Public Improvement (CPI) Project Bonds, and $81.5 million in Metropolitan (Metro) District Project Bonds. The County refunded $157.5 million in CPI bonds and $58.5 million in Metro bonds and retired $63.2 million, $10.1 million and $3.2 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired $473,000 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 $2.4 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 65 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 2017 unemployment rate for the County was 3.3%, the lowest it has been since 2008. This compares favorably to the state's unemployment rate of 4.2% and the national rate of 4.4% for the same period.
- The occupancy rate for commercial space as of June 2017 was 94.3% up from 92.8% a year ago. Howard County had an increase of 1,086,445 total rentable building area (RBA) 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 2018 fiscal year.

The fiscal year 2018 general fund budget is $38.1 million or 3.6% more than the fiscal year 2017 budget. This increase is primarily the result of a $13.3 million increase in funding of education, $7.5 million increase for public safety, $16.9 million increase for pay-as-you-go funding on capital projects, and $3.0 million increase in funding for the OPEB Trust.

The County's property tax and income tax rates remained the same for fiscal year 2018. There were also no changes to the Building Excise Tax (used to fund road expansion), Water and Sewer charges, annual refuse and recycling fees or the water and sewer ad valorem.

Currently Known Facts, Decisions and Conditions

The County is anticipating a modest surplus in fiscal year 2018, with income tax receipts up 8.7% through October 2017 compared to fiscal year 2017 in the same period. All other major revenue sources are on budget for fiscal year 2018.

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
smilesky@howardcountymd.gov.

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

Antique Depot

An employee of Ellicott City's Antique Depot hangs an "OPEN" flag above the store's front door. Antique Depot was among the first businesses to reopen following the July 30, 2016 flood.

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, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalent and equity in pooled cash	$ 249,989,063	$ 51,171,194	$ 301,160,257	$ 76,687,817
Cash and securities with fiscal agents	1,686,730	—	1,686,730	—
Investments	48,298,465	—	48,298,465	66,169,380
Receivables:				
Property taxes, net	3,310,356	295,163	3,605,519	—
Due from other governments	106,510,084	909,622	107,419,706	39,075,009
Service billings	—	12,206,936	12,206,936	—
Due from component units	25,324,963	—	25,324,963	—
Other	14,095,867	8,169	14,104,036	3,528,703
Materials and supplies	2,155,360	985,048	3,140,408	1,387,530
Prepaids	302,807	—	302,807	2,103,339
Restricted assets:				
Cash and cash equivalent and equity in pooled cash	—	168,487,581	168,487,581	25,854,526
Investments	—	—	—	7,304,699
Water and sewer assessments receivable	—	4,997,525	4,997,525	—
Other receivables	—	—	—	6,439,307
Internal balances	(760,166)	760,166	—	—
Other non-current receivables	4,364,153	—	4,364,153	—
Capital assets:				
Land and land improvements	584,171,392	11,753,538	595,924,930	102,976,218
Construction in progress	78,098,481	41,723,733	119,822,214	266,226,431
Buildings and improvements, net	374,892,439	191,671,385	566,563,824	1,279,884,260
Machinery and equipment, net	66,499,244	10,501,512	77,000,756	17,160,498
Infrastructure, net	277,314,164	427,542,314	704,856,478	—
Other capital assets	—	—	—	3,073,635
Other non-current assets	—	22,671,682	22,671,682	177,021
Total assets	1,836,253,402	945,685,568	2,781,938,970	1,898,048,373
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	7,006,548	2,814,941	9,821,489	—
Changes in actuarial assumptions for pensions	28,964,539	409,891	29,374,430	173,005
Difference between expected and actual experience	—	—	—	13,825,956
Difference between projected and actual earnings on pension plan investments	—	—	—	584,890
Pension contributions made subsequent to measurement date	38,212,838	928,746	39,141,584	4,499,182
Pension investment earnings greater than projected	45,219,885	1,256,718	46,476,603	—
Derivative instruments - interest rate swap	—	—	—	465,991
Total deferred outflows of resources	119,403,810	5,410,296	124,814,106	19,549,024
Total assets and deferred outflows of resources	1,955,657,212	951,095,864	2,906,753,076	1,917,597,397
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	38,031,207	19,881,438	57,912,645	109,610,703
Accrued interest payable	16,804,869	3,397,098	20,201,967	—
Accrued wages and benefits	16,343,295	660,149	17,003,444	2,273,794
Deposits	7,272,484	1,495,304	8,767,788	696,152
Short-term loans and notes payable	37,869,732	15,580,000	53,449,732	—
Due to primary government	—	—	—	25,324,963
Unearned revenues	8,095,115	783,675	8,878,790	17,847,500

(Continued)

Howard County, Maryland
Statement of Net Position
June 30, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Noncurrent liabilities:				
Due within one year	74,774,800	14,582,843	89,357,643	10,151,168
Due in more than one year, net	1,947,016,456	294,384,295	2,241,400,751	256,989,418
Total liabilities	2,146,207,958	350,764,802	2,496,972,760	422,893,698
DEFERRED INFLOWS OF RESOURCES				
Unearned HAP Subisdy				875,907
Changes in actuarial assumptions for pensions	548,065	41,940	590,005	8,437
Changes in actuarial experience study for pensions	6,973,572	377,157	7,350,729	142,427
Pension investment earnings greater than projected	—	—	—	3,152,354
Total deferred inflows of resources	7,521,637	419,097	7,940,734	4,179,125
Total liabilities and deferred inflows of resources	2,153,729,595	351,183,899	2,504,913,494	427,072,823
NET POSITION				
Net investment in capital assets	834,114,554	414,126,888	1,248,241,442	1,478,415,096
Restricted	114,206,491	27,949,207	142,155,698	16,251,273
Unrestricted	(1,146,393,428)	157,835,870	(988,557,558)	(4,141,795)
Total net position	$ (198,072,383)	$ 599,911,965	$ 401,839,582	$ 1,490,524,574

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

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues			Primary Government Net (Expense) Revenue and Changes in Net Position			
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 66,948,584	$ 52,783,407	$ 10,309,997	$ 138,080	$ (3,717,100)	$ —	$ (3,717,100)	$ —
Public safety	230,134,183	7,138,950	3,539,518	—	(219,455,715)	—	(219,455,715)	—
Public works	168,834,876	48,313,166	18,750,041	7,486,073	(94,285,596)	—	(94,285,596)	—
Recreation and parks	47,094,291	20,182,293	512,526	1,121,436	(25,278,036)	—	(25,278,036)	—
Legislative and judicial	27,693,094	804,298	692,747	—	(26,196,049)	—	(26,196,049)	—
Community services	44,497,229	2,729,532	5,597,711	—	(36,169,986)	—	(36,169,986)	—
State highways	5,842,868	—	—	—	(5,842,868)	—	(5,842,868)	—
Education	739,013,105	—	—	9,417,766	(729,595,339)	—	(729,595,339)	—
Interest on long-term debt	57,494,607	—	—	—	(57,494,607)	—	(57,494,607)	—
Total governmental activities	$ 1,387,552,837	$ 131,951,646	$ 39,402,540	$ 18,163,355	$ (1,198,035,296)	$ —	$ (1,198,035,296)	$ —
Business-type activities:								
Water and sewer	101,312,345	64,761,724	32,669,952	7,606,361	—	3,725,692	3,725,692	—
Other	7,422,276	13,906,569	—	2,656,062	—	9,140,355	9,140,355	—
Total business-type activities	108,734,621	78,668,293	32,669,952	10,262,423	—	12,866,047	12,866,047	—
Total primary government	$ 1,496,287,458	$ 210,619,939	$ 72,072,492	$ 28,425,778	$ (1,198,035,296)	$ 12,866,047	$ (1,185,169,249)	$ —
Component units:								
Public school system	109,129,134	35,194,429	756,722	30,966,754				(42,211,229)
Community college	41,735,613	13,979,008	5,169,178	11,355,311				(11,232,116)
Library	23,931,608	740,797	—	—				(23,190,811)
Housing commission	985,480,528	18,303,301	155,998,503	90,519,063				(720,659,661)
Total component units	$ 1,160,276,883	$ 68,217,535	$ 161,924,403	$ 132,841,128				$ (797,293,817)
	General revenues:							
	Property taxes				608,458,370	—	608,458,370	—
	Local income taxes				436,993,783	—	436,993,783	—
	Transfer tax				37,904,073	—	37,904,073	—
	Recordation tax				24,818,520	—	24,818,520	—
	Building excise tax				6,247,369	—	6,247,369	—
	Hotel / motel tax				5,286,160	—	5,286,160	—
	Admission tax				2,915,333	—	2,915,333	—
	County development tax				125,326	—	125,326	—
	Mobile home tax				614,592	—	614,592	—
	Appropriations from primary government				—	—	—	614,044,474
	Intergovernmental, unrestricted				1,763,063	—	1,763,063	248,054,293
	Unrestricted investment income				1,206,178	895,319	2,101,497	2,071,064
	Miscellaneous				90,510	150	90,660	10,925,715
	Transfers				5,389,399	(5,389,399)	—	—
	Total general revenues				1,131,812,676	(4,493,930)	1,127,318,746	875,095,546
	Change in net position				(66,222,620)	8,372,117	(57,850,503)	77,801,729
	Net position - beginning				(109,182,625)	591,539,848	482,357,223	1,412,722,845
	Adjustment to restate beginning net position				(22,667,138)	—	(22,667,138)	—
	Net position - beginning of year, as restated				(131,849,763)	591,539,848	459,690,085	1,412,722,845
	Net position - ending				$ (198,072,383)	$ 599,911,965	$ 401,839,582	$ 1,490,524,574

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

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and cash equivalents	$ 114,072,013	$ 12,341,475	$ 1,914,454	$ 88,513,218	$ 216,841,160
Cash with fiscal agent	—	—	—	1,686,730	1,686,730
Investments	—	48,298,465	—	—	48,298,465
Receivables:					
Property taxes, net	2,784,218	—	—	526,138	3,310,356
Due from other governments	89,171,975	957,282	1,204,748	15,176,079	106,510,084
Due from other funds	1,643,889	—	—	43,222,182	44,866,071
Due from component units	8,501,192	—	11,360,157	5,463,614	25,324,963
Housing loans	—	—	—	11,044,748	11,044,748
Other	694,861	—	—	295,546	990,407
Prepaid Items	284,214	—	—	4,606	288,820
Economic development loans	—	—	—	197,849	197,849
Materials and supplies	259,849	—	—	639,570	899,419
Total assets	217,412,211	61,597,222	14,479,359	166,770,280	460,259,072
LIABILITIES					
Due to other funds	—	—	35,213,310	7,586,872	42,800,182
Accounts payable / accrued liabilities	4,485,130	36,302	12,407,528	18,375,642	35,304,602
Accrued wages and benefits	10,628,239	10,259	1,804	4,976,606	15,616,908
Short-term loans and notes payable	—	—	24,078,000	13,791,732	37,869,732
Deposits and connection fees	6,867,845	—	—	334,399	7,202,244
Unearned revenue	38,175	—	123,463	7,930,249	8,091,887
Total liabilities	22,019,389	46,561	71,824,105	52,995,500	146,885,555
DEFERRED INFLOWS OF RESOURCES					
Unavailable income taxes	55,330,911	—	—	—	55,330,911
Unavailable property taxes	2,181,741	—	—	503,542	2,685,283
Unavailable fees	1,187,077	—	—	500,000	1,687,077
Unavailable grant revenues	1,758	—	11,590,936	3,006,675	14,599,369
Total deferred inflows	58,701,487	—	11,590,936	4,010,217	74,302,640
Total liabilities and deferred inflows	80,720,876	46,561	83,415,041	57,005,717	221,188,195
FUND BALANCES					
Nonspendable	9,045,255	—	—	644,176	9,689,431
Restricted	2,070,419	—	18,113,169	94,022,903	114,206,491
Committed	67,382,973	3,862,056	—	44,815,124	116,060,153
Assigned	31,953,418	57,688,605	—	2,387,297	92,029,320
Unassigned	26,239,270	—	(87,048,851)	(32,104,937)	(92,914,518)
Total fund balances (deficits)	136,691,335	61,550,661	(68,935,682)	109,764,563	239,070,877
Total liabilities, deferred inflows and fund balances	$ 217,412,211	$ 61,597,222	$ 14,479,359	$ 166,770,280	$ 460,259,072

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, 2017

Amounts reported for governmental activities in the statement of net position (page 21) are different because:		
Total fund balances - governmental funds (page 24)		**$ 239,070,877**
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.		**51,156,405**
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and notes payable	**(1,130,017,837)**	
Capital leases	**(23,617,387)**	
Deferred refunding gain/loss and premium	**(108,783,166)**	
Other noncurrent liabilities	**(3,680,719)**	
Accrued interest payable	**(16,804,869)**	
Compensated absences	**(24,687,386)**	
Net OPEB obligation	**(463,091,645)**	
Landfill closure and post-closure	**(23,988,000)**	**(1,794,671,009)**
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		**1,339,926,411**
The net pension liability is not due and payable in the current period and related deferred outflows and inflows are not an available resource and, therefore, are not reported in the funds.		**(112,221,860)**
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows in the funds.		**78,666,793**
Net position of governmental activities (page 21)		**$ (198,072,383)**

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, 2017

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 518,033,052	$ —	$ —	$ 90,757,812	$ 608,790,864
Other local taxes	469,653,958	9,601,344	9,476,018	25,724,406	514,455,726
State shared taxes	1,818,048	—	—	—	1,818,048
Revenues from other governments	8,939,248	—	15,592,475	28,612,804	53,144,527
Charges for services	14,391,245	—	—	43,037,203	57,428,448
Investment income:					
Interest on investments	809,897	2,807,254	381,371	880,101	4,878,623
Decrease in fair value of investments	—	(3,699,638)	—	—	(3,699,638)
Installment interest from housing loans	—	—	—	27,190	27,190
Licenses and permits	7,090,791	—	—	—	7,090,791
Fines and forfeitures	3,010,509	—	—	1,471,167	4,481,676
Developer fees	—	—	6,650,000	2,420,823	9,070,823
Rental of property	—	—	—	—	—
Payments from component units	2,076,568	—	—	—	2,076,568
Miscellaneous program revenues	3,353,117	600	6,073,236	5,979,505	15,406,458
Total revenues	1,029,176,433	8,709,560	38,173,100	198,911,011	1,274,970,104
EXPENDITURES					
Current:					
General government	45,347,250	—	—	3,356,227	48,703,477
Legislative & judicial	25,589,799	—	—	725,998	26,315,797
Public works	69,646,329	1,506,150	639,795	32,515,177	104,307,451
Public safety	121,955,729	—	—	97,586,174	219,541,903
Recreation and parks	20,322,896	—	—	19,344,922	39,667,818
Community services	33,773,926	—	—	8,493,525	42,267,451
Education	614,028,846	—	85,178,117	—	699,206,963
Capital improvements	—	11,357,590	38,807,071	84,830,090	134,994,751
Debt service:					
Principal	65,451,768	9,294,873	—	20,000	74,766,641
Interest	40,820,997	5,479,845	—	1,137,365	47,438,207
Total expenditures	1,036,937,540	27,638,458	124,624,983	248,009,478	1,437,210,459
Excess (deficiency) of revenues over expenditures	(7,761,107)	(18,928,898)	(86,451,883)	(49,098,467)	(162,240,355)
OTHER FINANCING SOURCES (USES)					
Bond premium	—	—	34,187,798	9,711,453	43,899,251
Capital lease	—	—	3,368,036	—	3,368,036
Capital-related issuance of debt	—	—	96,381,654	37,543,347	133,925,001
Refunding bonds issued	—	—	113,422,347	26,962,653	140,385,000
Installment purchase agreements issued	—	10,756,470	—	—	10,756,470
Payment to bond refunding escrow agent	—	—	(136,657,764)	(32,486,153)	(169,143,917)
Transfers in	22,219,912	—	2,150,805	22,857,258	47,227,975
Transfers out	(17,137,235)	(126)	(7,609,493)	(16,494,649)	(41,241,503)
Total other financing sources (uses)	5,082,677	10,756,344	105,243,383	48,093,909	169,176,313
Net change in fund balances	(2,678,430)	(8,172,554)	18,791,500	(1,004,558)	6,935,958
Fund balances (deficit) - beginning	139,369,765	69,723,215	(87,727,182)	110,769,121	232,134,919
Fund balances (deficit) - ending	$ 136,691,335	$ 61,550,661	$ (68,935,682)	$ 109,764,563	$ 239,070,877

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, 2017

Amounts reported for governmental activities in the statement of activities (page 23) are different because:		
Net change in fund balances - total governmental funds (page 26)		**$ 6,935,958**
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	**103,223,453**	
Less: Depreciation expense	**(40,157,090)**	**63,066,363**
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.		**(821,158)**
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		**10,750,842**
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	**(88,967,401)**	
Revenues that do not provide current financial resources	**74,302,640**	**(14,664,761)**
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.		**(88,971,252)**
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.		**(55,465,301)**
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.		**12,946,689**
Change in net position of governmental activities (page 23)		**$ (66,222,620)**

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, 2017

	Budget Amounts			Variance with
REVENUES	Original	Final	Actual	Final Budget
Property taxes	$ 511,933,800	511,933,800	517,897,807	5,964,007
Other local taxes	462,424,617	462,424,617	469,653,958	7,229,341
State shared taxes	1,605,565	1,605,565	1,818,048	212,483
Revenues from other governments	6,584,100	6,584,100	8,939,248	2,355,148
Charges for services	13,004,856	13,004,856	14,395,403	1,390,547
Interest on investments	1,034,153	1,034,153	703,526	(330,627)
Licenses and permits	6,717,939	6,717,939	7,090,748	372,809
Recoveries for inter-fund services	17,190,777	17,190,777	17,501,425	310,648
Fines and forfeitures	3,122,543	3,122,543	3,010,509	(112,034)
Component units return of funding	2,799,699	2,799,699	2,076,568	(723,131)
Miscellaneous	12,465,638	4,353,258	3,467,448	(885,810)
Total revenues	1,038,883,687	1,030,771,307	1,046,554,688	15,783,381
EXPENDITURES				
Current:				
General government	44,106,388	47,512,785	45,272,216	2,240,569
Legislative & judicial	26,659,495	26,659,495	25,690,100	969,395
Public works	75,787,601	80,579,777	78,954,239	1,625,538
Public safety	127,243,293	128,356,037	128,141,278	214,759
Recreation and parks	21,787,938	21,922,703	21,920,894	1,809
Community services	32,756,851	23,513,027	23,379,692	133,335
Education	614,028,846	614,028,846	614,028,846	—
Health Department	13,396,657	12,673,870	10,924,982	1,748,888
Debt service:				
Principal	61,728,391	65,451,772	65,451,768	4
Interest	44,828,891	40,820,998	40,820,997	1
Total expenditures	1,062,324,351	1,061,519,310	1,054,585,012	6,934,298
Excess (deficiency) of revenues over expenditures	(23,440,664)	(30,748,003)	(8,030,324)	(22,717,679)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	20,672,965	24,073,637	1,401,873	(22,671,764)
Transfers in	14,487,006	31,001,661	30,740,555	(261,106)
Transfers out	(11,719,307)	(24,171,520)	(24,112,104)	59,416
Total other financing sources (uses)	23,440,664	30,903,778	8,030,324	(22,873,454)
Net change in fund balance	—	155,775	—	155,775
Plus prior year encumbrances lapsed			2,406,160	
Less appropriation from fund balance			(1,401,873)	
Fund balances - beginning			126,011,442	
Fund balances - ending			$ 127,015,729	

Health Departments fund balance is combined with the General Fund for the budgetary basis schedule only.

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

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	$ 7,150,000	7,150,000	9,601,344	2,451,344
Investment income	1,500,000	1,500,000	(892,509)	(2,392,509)
Miscellaneous	5,000	6,613,200	600	(6,612,600)
Total revenues	8,655,000	15,263,200	8,709,435	(6,553,765)
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	2,503,705	2,143,705	1,469,548	674,157
Agricultural land preservation board	1,300	1,300	300	1,000
Capital improvements	—	—	11,357,591	(11,357,591)
Debt service:				
Principal	2,445,578	9,303,778	9,294,873	8,905
Interest	5,380,796	5,490,796	5,479,845	10,951
Total expenditures	10,331,379	16,939,579	27,602,157	(10,662,578)
Excess (deficiency) of revenues over expenditures	(1,676,379)	(1,676,379)	(18,892,722)	(17,216,343)
OTHER FINANCING SOURCES				
Appropriation from fund balance	1,676,379	1,676,379	1,676,379	—
Installment purchase agreements issued	—	—	10,756,470	10,756,470
Total other financing sources	1,676,379	1,676,379	12,432,849	10,756,470
Net change in fund balance	—	—	(6,459,873)	(6,459,873)
Plus prior year encumbrances lapsed			6,913	
Less appropriation from fund balance			(1,676,379)	
Fund balance - beginning			69,726,022	
Fund balance - ending			$ 61,596,683	

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

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities			Governmental Activities-
	Water and Sewer Fund	Other Enterprise Funds	Total	Internal Services Funds
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	$ 35,441,243	$ 15,729,951	$ 51,171,194	$ 33,147,903
Receivables:				
Property taxes	295,163	—	295,163	—
Due from other governments	909,622	—	909,622	—
Service billings	12,102,672	104,264	12,206,936	—
Prepaid Expenses	—	—	—	13,987
Other receivables	—	8,169	8,169	1,862,863
Materials and supplies	943,875	41,173	985,048	1,255,941
Restricted assets:				
Equity in pooled cash and cash equivalents	167,927,581	560,000	168,487,581	—
Water and sewer assessments	4,997,525	—	4,997,525	—
Total current assets	222,617,681	16,443,557	239,061,238	36,280,694
Noncurrent assets:				
Restricted assets:				
Receivables:				
Water and sewer assessments	22,391,682	—	22,391,682	—
Other receivables	—	280,000	280,000	—
Capital assets:				
Land and land improvements	3,068,642	8,684,896	11,753,538	—
Construction in progress	41,723,733	—	41,723,733	—
Buildings and improvements, net	188,681,523	2,989,862	191,671,385	2,245,192
Machinery and equipment, net	9,337,071	1,164,441	10,501,512	38,804,116
Infrastructure, net	416,137,954	11,404,360	427,542,314	—
Total noncurrent assets	681,340,605	24,523,559	705,864,164	41,049,308
Total assets	903,958,286	40,967,116	944,925,402	77,330,002
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	2,744,021	70,920	2,814,941	—
Changes in actuarial assumptions for pensions	409,891	—	409,891	—
Pension contributions made subsequent to measurement date	928,746	—	928,746	—
Pension investment earnings greater than projected	1,256,718	—	1,256,718	—
Total deferred outflows of resources	5,339,376	70,920	5,410,296	—
Total assets and deferred outflows of resources	909,297,662	41,038,036	950,335,698	77,330,002
LIABILITIES				
Current liabilities:				
Due to other funds	—	2,065,888	2,065,888	—
Accounts payable	19,273,158	608,280	19,881,438	2,726,605
Accrued wages and benefits	586,967	73,182	660,149	726,387
Compensated absences	1,118	—	1,118	3,147
Short-term loans and notes payable	15,580,000	—	15,580,000	—
Deposits and connection fees	—	—	—	70,240
Unpaid insurance claims	—	—	—	7,037,387
Current portion capital lease obligation	—	—	—	250,513
Unearned revenue	—	—	—	3,228
Current liabilities	35,441,243	2,747,350	38,188,593	10,817,507

(Continued)

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

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities			Governmental Activities-
	Water and Sewer	Other Enterprise Funds	Total	Internal Services Funds
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,495,304	—	1,495,304	—
Developer agreement rebates and deposits	55,677	—	55,677	—
Other debt payable	3,311,048	—	3,311,048	—
Bonds and Note payable	10,730,000	485,000	11,215,000	—
Interest payable	3,397,098	—	3,397,098	—
Current liabilities payable from restricted assets	18,989,127	485,000	19,474,127	—
Total current liabilities	54,430,370	3,232,350	57,662,720	10,817,507
Noncurrent liabilities:				
Developer agreement rebates and deposits	681,377	—	681,377	—
Net OPEB obligation	8,571,546	—	8,571,546	—
Net pension liability	4,181,343	—	4,181,343	—
Compensated absences	769,538	25,092	794,630	1,024,867
Unpaid insurance claims	—	—	—	10,570,694
Long-term capital lease obligation	—	—	—	934,475
Refunding revenue note payable	—	2,714,000	2,714,000	—
Metropolitan district bonds payable	259,485,138	—	259,485,138	—
Unearned revenue	783,675	—	783,675	—
Other long-term debt	17,956,261	—	17,956,261	—
Total noncurrent liabilities	292,428,878	2,739,092	295,167,970	12,530,036
Total liabilities	346,859,248	5,971,442	352,830,690	23,347,543
DEFERRED INFLOWS OF RESOURCES				
Changes in actuarial assumptions for pensions	41,940	—	41,940	—
Changes in actuarial experience for pensions	377,157	—	377,157	—
Total deferred inflows of resources	419,097	—	419,097	—
Total liabilities and deferred inflows of resources	347,278,345	5,971,442	353,249,787	23,347,543
NET POSITION				
Net investment in capital assets	393,011,409	21,115,479	414,126,888	39,864,320
Restricted:				
For debt service	27,389,207	560,000	27,949,207	—
Unrestricted	141,618,701	13,391,115	155,009,816	14,118,139
Total net position	$ 562,019,317	$ 35,066,594	$ 597,085,911	$ 53,982,459
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			2,826,054	
Net position of business-type activities			$ 599,911,965	

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, 2017

	Business-Type Activities			Governmental Activities -
	Water and Sewer	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
User charges	$ 61,736,381	$ 12,614,960	$ 74,351,341	$ 102,998,829
Greens and cart fees	—	859,900	859,900	—
Range fees	—	80,554	80,554	—
Merchandise	—	85,390	85,390	—
Food and beverage	—	212,587	212,587	—
Insurance recoveries	—	—	—	216,420
Miscellaneous sales and services	525,496	53,178	578,674	1,051,172
Total operating revenues	62,261,877	13,906,569	76,168,446	104,266,421
Operating expenses:				
Salaries and employee benefits	13,478,089	1,411,587	14,889,676	14,375,192
Contractual services	15,262,413	3,826,090	19,088,503	11,944,822
Supplies and materials	2,247,774	62,224	2,309,998	4,446,527
Business and travel	92,237	2,199	94,436	77,019
Vehicle fuels and supplies	1,481,419	—	1,481,419	3,547,756
Purchased water and transmission charges	23,416,482	—	23,416,482	—
Sewage treatment charges	7,080,917	—	7,080,917	—
Share of county administrative expenses	4,484,003	1,094,181	5,578,184	928,768
Insurance claims	1,173,190	—	1,173,190	57,238,353
Other administrative	—	82,293	82,293	2,298,473
Depreciation expense	22,359,946	806,190	23,166,136	7,314,373
Less: house connection and capitalized overhead costs	(91,171)	—	(91,171)	—
Total operating expenses	90,985,299	7,284,764	98,270,063	102,171,283
Operating income (loss)	(28,723,422)	6,621,805	(22,101,617)	2,095,138
Nonoperating revenues (expenses):				
Ad valorem charges	32,669,952	—	32,669,952	—
Water and sewer assessment charges	1,619,105	—	1,619,105	—
Interest on investments	824,317	71,002	895,319	84,767
Interest expense	(10,879,791)	(85,688)	(10,965,479)	(26,373)
Gain (loss) on sale of capital assets	150	—	150	—
Other, net	880,742	(51,824)	828,918	—
Total nonoperating revenues (expenses)	25,114,475	(66,510)	25,047,965	58,394
Net income (loss) before contributions and transfers	(3,608,947)	6,555,295	2,946,348	2,153,532
Capital contributions	7,606,361	2,656,062	10,262,423	11,942,972
Transfers in	—	563,072	563,072	1,475
Transfers out	—	(5,952,471)	(5,952,471)	(598,548)
Change in net position	3,997,414	3,821,958	7,819,372	13,499,431
Net position - beginning	558,021,903	31,244,636	—	40,483,028
Net position - ending	$ 562,019,317	$ 35,066,594	$ 7,819,372	$ 53,982,459
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			552,745	
Change in net position of business - type activities			$ 8,372,117	

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, 2017

	Water and Sewer	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 67,354,016	$ 13,831,171	$ 81,185,187	$ 104,984,978
Cash paid to suppliers	(40,008,627)	(3,732,448)	(43,741,075)	(70,101,706)
Cash paid to / for employees	(13,362,610)	(1,403,056)	(14,765,666)	(14,350,042)
Cash paid for interfund services used	(6,057,222)	(340,715)	(6,397,937)	(8,393,644)
Other operating cash receipts	110,000	—	110,000	—
Other operating disbursements	—	(968,746)	(968,746)	(627,851)
Net cash provided by operating activities	8,035,557	7,386,206	15,421,763	11,511,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payable	—	1,885,466	1,885,466	—
Interfund operating tansfers in (out)	—	(5,389,398)	(5,389,398)	(597,073)
Net cash (used for) noncapital financing activities	—	(3,503,932)	(3,503,932)	(597,073)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	90,701,969	—	90,701,969	—
Cash receipts from assessments & connection charges	32,737,379	—	32,737,379	—
Acquisition and construction of capital assets	(36,551,109)	(425,146)	(36,976,255)	(3,669,164)
Capital contribution	2,444,730	—	2,444,730	(24,898)
Proceeds from grant	113,012	—	113,012	—
Payment of long-term debt principal	(71,880,265)	(473,000)	(72,353,265)	—
Interest paid on long-term debt	(8,468,482)	(85,553)	(8,554,035)	(69,150)
Net cash provided by (used for) capital and related financing activities	9,097,234	(983,699)	8,113,535	(3,763,212)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	824,317	70,867	895,184	83,292
Net cash provided by investing activities	824,317	70,867	895,184	83,292
Net increase (decrease) in cash and cash equivalents	17,957,108	2,969,442	20,926,550	7,234,742
Cash and cash equivalents -beginning of the year	185,411,716	13,320,509	198,732,225	25,913,161
Cash and cash equivalents - end of the year	$ 203,368,824	$ 16,289,951	$ 219,658,775	$ 33,147,903
Reconciliation of operating (loss) income to net cash (used for) provided by operating activities				
Operating (loss) income	$ (28,723,422)	$ 6,621,805	$ (22,101,617)	$ 2,095,138
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	22,359,946	806,190	23,166,136	7,314,373
Effect of changes in operating assets and liabilities:				
Accounts and other receivables	4,077,613	(75,398)	4,002,215	718,557
Prepaid expenses	—	—	—	(13,987)
Inventories	(114,101)	(3,475)	(117,576)	60,951
Operating accounts payable	7,919,844	37,084	7,956,928	705,821
Escrow deposits	—	—	—	832,329
Compensated absences and unpaid claims	(76,379)	—	(76,379)	—
Net OPEB obligation and net pension liability	2,592,056	—	2,592,056	—
Capital lease obligations	—	—	—	(201,447)
Total adjustments	36,758,979	764,401	37,523,380	9,416,597
Net cash provided by (used in) operating activities	$ 8,035,557	$ 7,386,206	$ 15,421,763	$ 11,511,735

Noncash investing, capital and financing activities:

In Fiscal Year 2017, $5,161,630 was contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines and $2,444,730 was posted as cash receipt.

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, 2017

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	$ —	$ 8,069,700
Receivables:		
Property tax	—	414,593
Interest and dividends	1,099,116	—
Employer contributions	2,284,724	—
Member contributions	640,892	—
Sale of investments	35,491	—
Other	338,278	—
Investments, at fair value:		
Cash	83,384	—
Equities	393,163,021	—
Alternative Investments	213,226,898	—
Mutual funds	104,627,746	—
Money market funds	16,297,328	—
Fixed income securities	266,494,453	—
Real assets	34,248,391	—
Prepaid insurance	43,874	—
Total assets	1,032,583,596	8,484,293
LIABILITIES		
Accounts payable	—	2,620,287
Investments purchased	843,392	—
Deposits	1,088,880	5,856,399
Other	—	7,607
Total liabilities	1,932,272	8,484,293
NET POSITION		
Net position held in trust for pension and OPEB benefits	$ 1,030,651,324	

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, 2017

ADDITIONS		
Contributions:		
Employer	$	75,232,403
Member		11,291,868
Total contributions		86,524,271
Investment income:		
Net change in fair value of investments		92,116,463
Interest		4,378,820
Dividends		17,316,989
Other		450,270
Investment expense		(2,947,798)
Net investment (loss) income		111,314,744
Total additions		197,839,015
DEDUCTIONS		
Benefits		59,044,212
Administrative expenses		683,690
Total deductions		59,727,902
Change in net position		138,111,113
Net position - beginning		892,540,211
Net position - ending	$	1,030,651,324

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

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2017

	Community College	Housing Commission	Library	Public School System	Total
ASSETS					
Cash and cash equivalents	$ 35,429,515	$ 5,701,759	$ 1,619,972	$ 33,936,571	$ 76,687,817
Investments	4,417,429	4,546,375	1,318,868	55,886,708	66,169,380
Receivables:					
Due from other governments	9,789,340	—	—	29,285,669	39,075,009
Other	717,873	636,430	258,327	1,916,073	3,528,703
Materials and supplies	—	—	—	1,387,530	1,387,530
Prepaid items	516,611	333,656	322,494	930,578	2,103,339
Restricted assets:					
Cash and cash equivalents	—	25,794,312	60,214	—	25,854,526
Investments	7,133,524	—	171,175	—	7,304,699
Mortgage receivable	—	6,439,307	—	—	6,439,307
Capital assets:					
Land and land improvements	757,850	70,185,754	—	32,032,614	102,976,218
Construction in progress	3,273,401	6,898,546	—	256,054,484	266,226,431
Buildings and improvements, net	246,677,002	107,956,730	—	925,250,528	1,279,884,260
Machinery and equipment, net	5,139,109	57,338	34,705	11,929,346	17,160,498
Other capital assets	448,769	—	2,624,866	—	3,073,635
Other non-current assets	177,021	—	—	—	177,021
Total assets	314,477,444	228,550,207	6,410,621	1,348,610,101	1,898,048,373
DEFERRED OUTFLOWS					
Change in actuarial assumptions for pensions	96,857	76,148	—	—	173,005
Difference between expected and actual experience	13,582	—	—	13,812,374	13,825,956
Difference between projected and actual earned on pension plan investment	341,120	243,770	—	—	584,890
Pension contributions made subsequent to measurement date	216,075	126,397	—	4,156,710	4,499,182
Derivative instruments - interest rate swap	—	465,991	—	—	465,991
Total deferred outflows	667,634	912,306	—	17,969,084	19,549,024
Total assets and deferred outflows	315,145,078	229,462,513	6,410,621	1,366,579,185	1,917,597,397
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	6,093,654	4,380,339	741,743	98,394,967	109,610,703
Accrued salaries and benefits	1,563,691	—	710,103	—	2,273,794
Deposits	143,287	552,865	—	—	696,152
Due to primary government	19,861,349	5,463,614	—	—	25,324,963
Unearned revenue	3,453,268	1,190,995	478,237	12,725,000	17,847,500
Long-term liabilities:					
Due within one year	720,072	2,607,210	—	6,823,886	10,151,168
Due in more than one year, net	4,488,111	183,700,525	1,044,223	67,756,559	256,989,418
Total liabilities	36,323,432	197,895,548	2,974,306	185,700,412	422,893,698
DEFERRED INFLOWS					
Unearned HAP Subisdy	—	875,907	—	—	875,907
Change in actuarial assumptions for pensions	—	8,437	—	—	8,437
Difference between expected and actual experience	69,835	72,592	—	—	142,427
Pension investment earnings greater than projected	—	—	—	3,152,354	3,152,354
Total deferred inflows	69,835	956,936	—	3,152,354	4,179,125
Total liabilities and deferred inflows	36,393,267	198,852,484	2,974,306	188,852,766	427,072,823
NET POSITION					
Invested in capital assets, net of related debt	242,584,705	15,369,471	2,659,571	1,217,801,349	1,478,415,096
Restricted for:					
Business-type operations	669,134	3,687,323	—	192,597	4,549,054
Education	10,472,321	—	—	1,229,898	11,702,219
Unrestricted	25,025,651	11,553,235	776,744	(41,497,425)	(4,141,795)
Total net position	$ 278,751,811	$ 30,610,029	$ 3,436,315	$ 1,177,726,419	$ 1,490,524,574

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

Howard County, Maryland
Statement of Activities
Component Units
For the Year Ended June 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Community College	Housing Commission	Library	Public School System	Total
Component units:									
Community college	$ 109,129,134	$ 35,194,429	$ 756,722	$ 30,966,754	$ (42,211,229)	$ —	$ —	$ —	$ (42,211,229)
Housing commission	41,735,613	13,979,008	5,169,178	11,355,311	—	(11,232,116)	—	—	(11,232,116)
Library	23,931,608	740,797	—	—	—	—	(23,190,811)	—	(23,190,811)
Public school system	985,480,528	18,303,301	155,998,503	90,519,063	—	—	—	(720,659,661)	(720,659,661)
Total component units	$ 1,160,276,883	$ 68,217,535	$ 161,924,403	$ 132,841,128	$ (42,211,229)	$ (11,232,116)	$ (23,190,811)	$ (720,659,661)	$ (797,293,817)
General revenues:									
Appropriations from primary government					32,240,298	—	19,543,923	562,260,253	614,044,474
Intergovernmental, unrestricted					37,018,307	—	3,501,906	207,534,080	248,054,293
Investment income					1,529,406	248,391	7,409	285,858	2,071,064
Miscellaneous					—	10,166,564	—	759,151	10,925,715
Total general revenues					70,788,011	10,414,955	23,053,238	770,839,342	875,095,546
Change in net position					28,576,782	(817,161)	(137,573)	50,179,681	77,801,729
Net position - beginning of year					250,175,029	31,427,190	3,573,888	1,127,546,738	1,412,722,845
Net position - end of year					$ 278,751,811	$ 30,610,029	$ 3,436,315	$ 1,177,726,419	$ 1,490,524,574

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

Chrysalis

As Columbia celebrated its 50th birthday, the Chrysalis was dedicated in April 2017 in Merriweather Park at Symphony Woods. The luminous green shell, designed by New York architect and artist Marc Fornes, is a high-performance stage and a lighted public sculpture at night.

Notes to Basic Financial Statements

The Notes are an integral part of the 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 five-member County Council serving separate executive and legislative functions.

The basic financial statements include Howard County, Maryland as the primary government and its significant component units, entities for which the County is considered to be financially accountable. The component units include the activities of the Howard County Public School System, the Library, the Community College, and the Housing Commission. The Volunteer Fire Districts have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary requests and provides a significant amount of funding.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government. They are reported in a separate column to emphasize that they are legally separate from the County. The following are the County's component units that are included in the reporting:

The Howard County Public School System is responsible for the operation of special education, elementary, middle and high schools. The Board of Education is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

The Howard County Library 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 approved by the County Council. The County provides substantial funding to the Commission and approves its annual budget.

Financial information regarding the component units is included in the component units combining statements. Annual financial reports for individual component units can be obtained from their respective administrative offices:

Howard County Public School System
10910 Route 108
Ellicott City, Maryland 21042

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

Howard County Housing Commission
6751 Columbia Gateway Drive, 3rd Floor
Columbia, Maryland 21046

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities present financial information on all the non-fiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used. Government activities, which primarily are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities displays the extent to which direct expenses are offset by program revenues for each function of governmental activities and for each segment of business-type activities. Direct expenses are those that can be attributed to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Agency funds do not have a measurement focus and are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measureable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within sixty days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due.

Property taxes, other local taxes, state shared taxes, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measureable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

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

The *General Capital Projects Fund* is used to account for the construction of general capital projects such as senior centers, community centers, and administrative buildings, in addition to public schools and buildings for the Community College.

The County reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the County's water and sewer operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

The County reports the following fund types:

Special Revenues Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. This definition establishes that at least one restricted or committed revenue source must be the foundation of the special revenue fund. The following revenue sources are included in special revenue funds: local transfer tax, fire and rescue tax, forest conservation developer fees, residential trash collection and disposal fees, 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.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Enterprise Funds are used to account for the activities of the Special Recreation Facility Fund, Watershed Protection and Restoration Fund and Broadband Fund. The Special Recreation Facility Fund accounts for the operations and related debt service costs of a public golf course, the Watershed Protection and Restoration Fund accounts for the maintenance, operations, and improvement of the local stormwater management system and the Broadband Fund accounts for broadband services to private sector businesses as well as non-County government agencies and County departments and component units. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized vehicle fleet and mailing services; technology and communication operation; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; and County employee health benefit costs.

Agency Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents for State property tax, bay restoration fees, surety bonds held on construction work, and multifarious funds donated to be used by the Law Library, the Revenue Authority and the Domestic Violence Center.

Pension Trust Funds are used to account for the activities of the County's single-employer public employee retirement plans. These include the Police and Fire Employees' Retirement Plan and the General Employees' Plan. The plans account for employee contributions, County contributions and the earnings and profits from investments. They also account for the disbursements made for employee retirements, withdrawals, disability, and death benefits as well as administrative expenses. Annual Financial Reports for both pension trust funds can be obtained from their administrative office at Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland, 21043 or from the website at www.howardcountymd.gov.

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. Transfer of appropriations between general classifications of expenditures in the current expense budget within the same office or department and within the same fund may be authorized by the Executive. Transfers between offices, departments, institutions, boards, commissions or other agencies of the County government and within the same fund of the current expense budget may be made during the last quarter of the fiscal year and then only on the recommendation of the Executive and with the approval of the Council. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from 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 2017, the Council approved four operating budget supplements, three captal budget transfers, and one bill amending the annual budget appropriation ordinance.

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. Additionally, the County adopted GASB Statement 79 in the current fiscal year, as further described in part T to this footnote.

The investments of the Pension Trust Funds are reported at fair value or net asset value, as further described in note 2. The securities of the Pension Trust Funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in the Governmental Funds represent stripped-coupon U.S. Treasury securities stated at fair value in the Agricultural Land Preservation Fund. They are also reported in aggregate as part of U.S. Government Securities in the Equity in Pooled Cash and Cash Equivalents and Investments note.

Also, in accordance with investment policy, the Pension Trust Funds may invest in collateralized mortgage obligations (CMO) and putable bonds. These investments are reported as part of U.S. Government Agency notes in the Equity in Pooled Cash and Cash Equivalents and Investments note disclosure.

F. Loans Receivable

For purposes of the fund financial statements, housing loans in the Community Renewal Fund are charged to the budget upon funding, and the loans are recorded with an offset to a non-spendable fund balance account. A receivable, "due from component units," along with an offset to non-spendable fund balance, is recorded in the General Fund as the Howard Community College has an agreement to reimburse the County for bond issues related to construction costs of a parking deck and the Horowitz Visual and Performing Arts Center. For purposes of the government-wide financial statements, neither housing loans nor the receivable from the College are offset by restricted Net Position accounts.

G. Inventory

Materials and supplies are valued at cost, using the weighted average method. Materials and supplies are recorded as assets when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting. The County also has some materials and supplies that are expensed off directly when purchased, as they are consumable items purchased for the use within County, examples include office supplies, paper towels and cleaning materials.

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	50-100	Furniture and equipment	5-20

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

I. Compensated Absences

County employees are granted vacation, personal, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees have no leave accrual limit. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation benefits at yearend 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 recognized as revenue when billed.

From 1980 to 2004, the receivable increased as the water and sewer system was being built. The receivable is now declining and will continue to do so as debt is retired and there are minimal new assessments. The Water and Sewer ad valorem charge (billed annually to all property within the Metropolitan District) is sufficient to fund the debt service related to the cost of infrastructure.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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) until then. The government has several items that qualify for reporting in this category. The first is the deferred refunding amount reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The remaining line items are related to the pension plans reported in the government-wide statement of net position and encompass the following. Changes in actuarial assumptions are amortized over the average expected remaining service life of employees. The difference between expected and actual experience and the difference between projected and actual earnings on pension plan investments are related to the component units' pension plans and are amortized over five years. The final item is for pension contributions made subsequent to the measurement date. This amount will be recognized on the government-wide statement of activities in the next fiscal year.

In addition to liabilities, the statement of net 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several types of deferred inflows of resources that qualify for reporting in this category. In the government-wide statement of net position the government reports unavailable revenue from prepaid taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government reports the following items related to the pension plans. Changes in actuarial assumptions and changes in actuarial experience study are amortized over the average expected remaining service life of employees. Investment earnings greater than projected are amortized over five years.

Under the modified accrual basis of accounting, several deferred inflows of resources are reported as unavailable revenues. In the governmental balance sheet the government reports deferred inflows of resources from: income and property taxes, fees, grant revenues and prepaid taxes. 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 above fund balance categories are reported.

P. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis" of both the General Fund and Agricultural Land Preservation Fund are prepared on a basis consistent with their budgets and are reported within the basic financial statements. The "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis" for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets and are presented as supplementary information. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as expenditures of the current period, including certain contractual services. Also, the budgets include appropriations of prior year fund balances as other sources in the current year. The "Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds" is prepared on a basis consistent with GAAP wherein encumbrances are treated only as an assignment of fund balance, prior year fund balances are not included as other sources, and contractual services/ expenditures are recorded on a modified accrual basis.

The financial statements are reconciled below:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - revenues and other sources over expenditures and other uses	$ —	$ (6,459,873)
Adjustments:		
Current year encumbrances outstanding	9,592,707	—
Prior year encumbrances expended this year	(12,382,940)	(1,676,679)
Effective of recording contractual service expenditures modified accrual basis	(166,130)	(36,302)
Other	187,933	—
GAAP basis - net change in fund balances	$ (2,768,430)	$ (8,172,854)

The ending fund balances are reconciled as follows:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - ending fund balance	$ 127,015,729	$ 61,596,683
Adjustments:		
Elimination of encumbrances outstanding	15,721,191	—
Accruals	(5,806,881)	(46,022)
Other	(238,704)	—
GAAP basis - ending fund balance	$ 136,691,335	$ 61,550,661

R. Net Position Restricted

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

Governmental activities	$ 114,206,491
Business-type activities	27,949,207
Component units activities	16,251,273
Total	$ 158,406,971

S. Fair Value Measurements

Howard County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

T. Implementation of New Accounting Principles

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

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68:* The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. The required changes are reflected in the County's financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* approved in June 2015 and effective for fiscal years beginning after June 15, 2016: This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, O*PEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The required changes are reflected in the County's financial statements.

Statement No. 77, *Tax Abatement Disclosure*, effective for fiscal years beginning after December 15, 2015: For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. Statement No. 77 addresses the ability for financial statement users to assess limitations on a government's ability to raise resources resulting from government programs that use tax abatements. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The required changes are reflected in the County's financial statements.

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 seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2017 budget was prepared, the fiscal year 2015 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2015 audited expenditures. An increase of $3,210,334 was made to the fund in fiscal year 2017, which resulted in achieving the charter target of $67,382,973.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2017	2015	$ 962,613,898	7%	$ 67,382,973
2018	2016	1,003,696,671	7%	70,258,767
2019	2017	1,046,979,259	7%	73,288,548

*Budgetary expenditures and encumbrances less pay-as-you-go expenditures.

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.

A. County's Cash and Cash Equivalents and Investments

The County maintains a cash, cash equivalents, and investment pool that is available for use by all funds except the Pension and Other Post-Employment Benefits Trust funds. Each County fund is allocated interest income based on its share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits. The carrying amount of total deposits, including certificates of deposit, for the County was $29,320,643 and the bank balance was $34,497,281, at fiscal year-end. The bank balance was covered by federal depositary insurance or by collateral held by the County's agent in the County's name. Petty cash was $14,524 at June 30, 2017

The County's component units had a combined bank balance of $77,185,114, of which $659,751, reported by the Housing Commission, was not collateralized. All other bank balances were covered by federal depositary insurance or by collateral held by the component unit's agent in the component unit's name. The component units do not have a policy covering deposits.

The table below reconciles the County's deposits and investments to the government-wide Statement of Net Position and the Statement of Fiduciary Net Position – Pension and Other Post-Employment Benefits Trust Funds and Agency Funds:

Statement of Net Position Amounts:	Primary Government	Fiduciary Funds	Component Units
Equity in pooled cash and investments	$ 301,160,257	$ 8,069,700	$ 76,687,817
Cash with fiscal agent	1,686,730	—	—
Restricted equity in pooled cash and cash equivalents	168,487,581	—	25,854,526
Investments	48,298,465	1,028,141,221	73,474,079
Total	$ 519,633,033	$ 1,036,210,921	$176,016,422
Deposits and Investment Summary:			
Carrying value of cash deposits	$ 21,265,467	$ 8,069,700	$102,542,343
Investments	498,367,566	1,028,141,221	73,474,079
Total	$ 519,633,033	$ 1,036,210,921	$176,016,422

Investments: The County has adopted an investment policy that is designed to provide maximum safety and liquidity of funds while providing a reasonable rate of return. Permissible investments include U.S. Treasury Obligations, U.S. Government Agency and U.S. Government-Sponsored Enterprises, repurchase agreements, collateralized certificates of deposit, bankers' acceptances, commercial paper, the Maryland Local Government Investment Pool, and mutual funds dealing in government securities. The County's policy and State law require that the underlying collateral for repurchase agreements and certificates of deposit must have a market value of at least 102% of the investment's cost plus accrued interest.

The County's policy is more restrictive than State law, limiting the percentage of total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Treasury Obligations – 100%, U.S. Government Agency and U.S. Government-Sponsored Enterprises – 90%, repurchase agreements – 90%, collateralized certificates of deposit – 5%, bankers' acceptances – 30%, commercial paper – 5%, and mutual funds – 60%. State law places no limits on these types of investments. Another restriction the County has is to limit the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. In addition, all component units have investment policies.

Investments of the County and its Component Units at fiscal year-end:

Investment Type	Fair Value		
	Primary Government	Component Units	Total Reporting Entity
U.S. Government securities	$ 48,298,465	$ —	$ 48,298,465
U.S. Government - Sponsored Enterprises	260,979,242	—	260,979,242
Maryland Local Govt. Investment Pool	183,204,382	56,663,129	239,867,511
Money market funds	5,885,477	—	5,885,477
Fixed Income	—	608,060	608,060
Mutual Funds	—	2,063,904	2,063,904
Interest in external investment pool	—	8,756,868	8,756,868
Interest in irrevocable Trust	—	122,121	122,121
Treasury Bills	—	713,622	713,622
Equity in properties under home ownership	—	4,546,375	4,546,375
Total	$ 498,367,566	$ 73,474,079	$ 571,841,645

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2017:

Investments by fair value level:	Total	Primary Government Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
U.S. Government securities	$ 48,298,465	$ 48,298,465	$ —	$ —
U.S. Government - Sponsored Enterprises	260,979,242	—	260,979,242	—
Total investments by fair value level	$ 309,277,707	$ 48,298,465	$ 260,979,242	$ —
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	183,204,382			
Money market funds	5,885,477			
Investments measured at amortized cost	$ 189,089,859			
Total investments	$ 498,367,566			

Investments by fair value level:	Total	Component Units Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)*
Treasury bills	$ 713,622	$ 713,622	$ —	$ —
Fixed income	608,060	608,060	—	—
Mutual funds	2,063,904	2,063,904	—	—
Interest in external investment pool	8,756,868	—	—	8,756,868
Interest in irrevocable trust	122,121	—	122,121	—
Total investments by fair value level	$ 12,264,575	$ 3,385,586	$ 122,121	$ 8,756,868
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	56,663,129			
Investments measured at amortized cost	$ 56,663,129			
Investments measured at the net asset value (NAV):				
Equity in properties under home ownership	4,546,375			
Total investments measured at the NAV	$ 4,546,375			
Total investments	$ 73,474,079			

* The Howard Community College Educational Foundation's interest in an external investment pool have no readily determined market value and are valued at fair value as estimated by the University System of Maryland Foundation (USMF). USMF's management estimates fair value of the underlying market values of the investments. Because of the inherent uncertainty of the valuation, it is reasonably possible that such estimated values may differ from the values that would have been used had a ready market for the securities existed.

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/ Amortized Cost	Weighted Average Maturity (in years)
U.S. Government securities	$ 48,298,465	4.4
U.S. Government - Sponsored Enterprises	260,979,242	0.82
Total	$ 309,277,707	
Portfolio weighted average maturity		1.38

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. Investments in short-term commercial paper is rated P-1 by Moody's Investor Services.

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, Federal Farm Credit Bank and the Federal Agricultural Mortgage Corporation. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 84.4% of the County's total investments.

B. Pension Trust Funds' Cash and Investments

The County's Pension Trust funds, the Howard County Police and Fire Employees' Retirement Plan, and the Howard County Retirement Plan (the Plans), share commingled funds that are allocated based on each Plan's percentage of ownership. The Plans have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Plans employ State Street Bank as trustee for their assets.

Investments: The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	30.0%	40.0%	50.0%
Alternative Investments	15.0%	22.5%	27.5%
Fixed Income	20.0%	30.0%	40.0%
Real Assets	2.5%	7.5%	12.5%

Investments of the Plans at fiscal year-end:

Investments	Fair Value/NAV
Equities	$ 393,163,021
Alternative Investments	213,226,897
Money market funds	16,255,133
Fixed income	266,494,453
Real assets	34,248,391
Total	$ 923,387,895

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/ NAV	Weighted Average Maturity (in years)
Corporate bonds	$ 48,063,867	12.83
U.S. Government - Sponsored Enterprises	32,426,834	22.59
Government Issued/Treasuries	20,657,021	2.71
Collateralized mortgage obligations	3,625,532	24.87
Municipal securities	3,354,722	12.61
Credit card receivable	1,127,648	4.93
Auto loan receivable	555,186	9.05
Alternative investments, mutual funds and TIPS identified as fixed income for reporting purposes	156,683,643	N/A
Total	$ 266,494,453	
Portfolio weighted average maturity		14.10

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:

Standard & Poor's Rating or Comparable	Fair Value
AAA to A-	$ 30,749,276
BBB to B	41,255,157
CCC	1,754,011
Not rated	192,736,009
Total	$ 266,494,453

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 $15,290,466 which was partially used for settlement of open purchases of $844,298. 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 three-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 no hedges in place.

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 40.0% at any given time. At year-end, the Plans' had no exposure to foreign currency risk.

Pension Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurement Using		
Investments by fair value level	Total	(Level 1)	(Level 2)	(Level 3)
Debt securities:				
Collaterized Mortgage Obligations(Fannie Mae and Freddie Mac)	$ 3,625,531	$ —	$ 3,625,531	$ —
Corporate bonds	48,063,867	—	48,063,867	—
Auto loan receivables	555,186	—	555,186	—
Credit card receivables	1,127,648	—	1,127,648	—
Commingled Funds (fixed income)	100,220,822	—	100,220,822	—
FHLMC and FNMA bonds	32,426,834	—	32,426,834	—
U.S. Treasury securities	20,657,021	20,657,021	—	—
Municipals bonds	3,354,722	—	3,354,722	—
Preferred stock	1,234,050	1,234,050	—	—
Treasury Inflation Protected Securities	21,078,931	—	21,078,931	—
Total debt securities	232,344,612	21,891,071	210,453,541	—
Equity securities:				
Common Stocks	187,797,069	187,797,069	—	—
Small Company Portfolio	20,461,019	20,461,019	—	—
Emerging Markets Value Portfolio	60,877,509	60,877,509	—	—
Real Estate Investment Trusts (REITS)	5,193,695	5,193,695	—	—
Total equity securities	274,329,292	274,329,292	—	—
Total investment by fair value level	$ 506,673,904	$ 296,220,363	$210,453,541	$ —
Investments measured at the net asset value (NAV):				
Private equity funds	$ 137,476,738			
Equity hedge funds	109,899,999			
Real assets funds	34,248,391			
International equity funds	57,158,747			
Commingled funds	61,674,983			
Total investments measured at the NAV	$ 400,458,858			
Total investments measured at fair value/NAV*	$ 907,132,762			

*Does not include money market funds totaling $16,255,133, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Fixed income securities are priced on a daily basis, market to market, using a variety of third party pricing sources, market data and methodologies.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented below:

	Fair Value	Unfunded Commitments	Frequency (if Currently Eligible)	Notice Period
Private equity funds	$ 137,476,738	$ 55,942,729	Illiquid	
Equity Hedge fund 1	54,138,067	—	Quarterly	65 days
Equity Hedge fund 2	55,761,932	—	Semi Annually	95 days
Real assets funds	34,248,391	20,611,637	Illiquid	
International equity funds	57,158,747	—	Monthly	15 days
Commingled funds	61,674,983	—	Daily	5 days
	$ 400,458,858	$ 76,554,366		

Private Equity Funds: This represents investments that are entirely through fund of funds ("FOF") vehicles and invest in both debt and equity strategies. Exposures are diversified by manager, region, strategy and vintage year. Managers retained pursue distressed debt, venture, or buyout strategies. This type also includes investment in the private equity secondary market. The FOF investments have 10 – 40 underlying managers/funds building broad exposures for diversified performance. These funds have liquidity restrictions for the life of the investment, 7 – 10 years. Options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure.

Equity Hedge Funds: This represents investments in two Hedge Fund of Fund ("FOF") managers. Each FOF manager invests in underlying hedge funds to provide a broadly diversified portfolio. One invests with 90 – 100 underlying managers/funds to execute its global market strategy. The other invests in 20 – 40 underlying managers/funds in a relative value mandate. The hedge fund strategy is designed to diversify by manager/fund to reduce single manager/fund risk while offering portfolio diversification and provide a return profile that is uncorrelated to the rest of the assets in the portfolio. The fair values of the investments are determined using the NAV per share (or its equivalent) of the investments. These funds have liquidity restrictions of 3 to 6 months.

Real Assets Funds: This represents funds that invest in institutional real estate (office, multi-family, industrial, and retail) and natural resources strategies. The fair values of the investments in these strategies are determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partnership's capital. The real estate strategies deployed include a US focused property strategy (core to core plus) and a global fund of funds ("FOF") strategy. The global FOF manager invests in 20 – 30 underlying managers/funds. The natural resources investments are through FOF strategies. The natural resource managers invest in 10 – 25 underlying relationships as they build a diversified portfolio with exposure to oil, natural gas, agriculture, timber and other natural resources. Capital commitments are made to these types of investments and funds are invested through a call down structure. These funds have liquidity restrictions for the life of the investment, 7 – 10 years. Options for exit are limited to sale on the secondary market.

International Equity Funds: This represents investments primarily in value oriented equity securities of international developed markets (non-U.S. issuers; e.g. MSCI EAFE) with the objective of achieving a longterm return above a passive benchmark (EAFE). This manager focuses on a dividend discount model value based philosophy for publicly traded equity. All securities are recorded at fair value. Foreign securities are valued on the basis of quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Fund may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities.

Commingled Fund: This represents investments primarily in growth oriented equity securities of international developed markets (non U.S. issuers; e.g. MSCI EAFE). The objective of this fund is to achieve long-term growth of capital and a return above a passive benchmark (EAFE) by identifying publically traded equities with strong growth prospects. NAVs are normally calculated as of 4:00 pm Eastern Time for each business day the relevant exchange (usually the NYSE) is open. Securities for which market quotations are readily available and reliable are to be valued using the applicable market quotations.

Other Post-Employment Benefits (OPEB) Trust Funds' Cash, Cash Equivalents and Investments

The County's OPEB Trust funds have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Trust employs U.S. Bank as the custodian of its assets.

Investments: The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	39.0%	65.0%	99.0%
Fixed Income	20.0%	35.0%	60.0%

Investments of the Plans at fiscal year-end:

Investments	Fair Value/Amortized Cost
Cash	$ 42,195
Mutual Funds	83,384
Money market funds	104,627,746
Total	$ 104,753,325

Credit Risk: The Maryland Local Government Investment Pool, listed as Mutual Funds in the above schedule, is rated AAA by Standard & Poor's. The money market funds used by U.S. Bank are unrated, as are the mutual funds used by the Plans.

Other Postemployment Benefits (OPEB) Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurement Using		
Investments by fair value level	Total	(Level 1)	(Level 2)	(Level 3)
Equity securities:				
Mutual Finds - Equity	$ 71,474,265	$ 71,474,265	$ —	$ —
Mutual Funds - Fixed Income	33,153,481	33,153,481	—	—
Total equity securities	104,627,746	104,627,746	—	—
Total investment by fair value level *	$ 104,627,746	$ 104,627,746	$ —	$ —

*Does not include cash and money market funds totaling $138,154, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

3. Receivables

Receivables at fiscal year-end of the County's major individual funds and other aggregate remaining funds (including non-major governmental funds, non-major proprietary funds, internal service funds, and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	General Fund	Agricultural Land Pres. Fund	General Capital Project	Water and Sewer	Non-Major and Other Funds	Total
Property taxes	$ 4,100,867	$ —	$ —	295,163	$ 940,731	$ 5,336,761
Due from other governments	89,171,975	957,282	1,204,748	909,622	15,176,079	107,419,706
Due from component units	8,501,192	—	11,360,157	—	5,463,614	25,324,963
Housing loans	—	—	—	—	11,044,748	11,044,748
Other	694,861	—	—	—	7,042,928	7,737,789
Service billings	—	—	—	12,102,672	104,264	12,206,936
Water and sewer assessments	—	—	—	27,389,207	—	27,389,207
Gross receivables	102,468,895	957,282	12,564,905	40,696,664	39,772,364	196,460,110
Less: Allowance for uncollectibles	(1,316,649)	—	—	—	—	(1,316,649)
Total Receivables	$ 101,152,246	$ 957,282	$ 12,564,905	$ 40,696,664	$ 39,772,364	$195,143,461

Due from other governments consists of uncollected tax and grant revenues from Federal and State governments. Property tax receivables in the proprietary funds are liens on real property that will be sold via the annual tax sale process if not paid, therefore, an allowance has not been established.

4. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables:

The composition of interfund balances (Due to/from other funds) at fiscal year-end is as follows:

Due from other funds	Due to other funds	Amount
General Fund	Special Recreation Facility	$ 1,643,889
		1,643,889
Highway Fund	General Capital Projects	35,213,310
	Library Fund Capital Projects	968,994
	Storm Drain Capital Projects	6,617,878
Recreation Program Fund	Special Recreation Facility	422,000
		43,222,182
Total Interfund Receivable/Payable		$ 44,866,071

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

Transfers:

Interfund transfers for the year consisted of the following:

Fund	General Fund	General Capital Projects Fund	Agricultural Land Pres. Fund	Non-Major Governmental Funds: Special Revenue Funds	Non-Major Governmental Funds: Debt Service Funds	Non-Major Governmental Funds: Capital Projects Funds	Non-Major Governmental Funds: Enterprise Funds	Internal Service Funds	Total In
Major Funds									
General Fund	$ —	$7,609,493	$ 126	$ 1,854,188	$ 1,432	$ 12,714,671	$ 4,526	$ 35,476	$ 22,219,912
General Capital Projects	2,150,805	—	—	—	—	—	—	—	2,150,805
Non-Major									
Special Revenue	472,042	—	—	—	—	—	—	—	472,042
Debt Service	1,107,420	—	—	—	—	—	—	—	1,107,420
Capital Projects	13,405,493	—	—	1,924,358	—	—	5,947,945	—	21,277,796
Enterprise	—	—	—	—	—	—	—	563,072	563,072
Internal Service	1,475	—	—	—	—	—	—	—	1,475
Total Out	$ 17,137,235	$7,609,493	$ 126	$ 3,778,546	$ 1,432	$ 12,714,671	$ 5,952,471	$ 598,548	$ 47,792,522

The transfers from the General Fund are the disbursement of pay-as-you-go funding to various capital projects, funding of bond anticipation note debt service expenditures in excess of interest income, and interest allocation to various funds. Transfer tax revenue is dedicated to various functions in the Capital Projects and Non-Major Special Revenue Funds. Part of that revenue is then transferred to the General Fund to cover each function's share of debt service costs for the year. Transfers from the Non-Major Enterprise Funds are to pay for watershed protection related capital projects.

5. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed value certified as of that date for all taxable real property located in the County. Assessed values are established by the Maryland State Department of Assessments and Taxation at 100 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 ½ percent is allowed if payment is made in July. Property taxes are billed and payable semi-annually on properties designated as "principal residence" unless a taxpayer makes an election to pay annually. The first installment is due by September 30 while the second installment is due December 31. If delinquent, taxes are charged a penalty and interest (1.5 percent) each month that they remain unpaid. If the annual payment election is made, taxes become delinquent October 1 and are charged a penalty and interest (1.5 percent) each month that taxes remain unpaid. Tax lien certificates are sold at a public auction in May or June for properties with delinquent taxes. Property taxes levied during the current year are recorded as receivables and revenue, net of estimated uncollectible amounts of personal property tax. The net receivables uncollected 60 days after year-end are recorded as deferred inflows of resources as described in Note 3.

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

6. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	$ 567,582,729	17,329,818	741,155	$ 584,171,392
Construction in progress	45,994,578	109,954,456	77,850,553	78,098,481
Total capital assets, not being depreciated	613,577,307	127,284,274	78,591,708	662,269,873
Capital assets being depreciated:				
Buildings	357,689,823	7,157,311	50,000	364,797,134
Improvements other than buildings	212,474,676	12,289,320	25,000	224,738,996
Machinery and equipment	171,515,176	22,468,969	1,754,038	192,230,107
Infrastructure	471,771,870	23,810,596	—	495,582,466
Total capital assets, being depreciated	1,213,451,545	65,726,196	1,829,038	1,277,348,703
Less accumulated depreciation for:				
Buildings	99,283,306	7,119,936	4,083	106,399,159
Improvements other than buildings	95,044,723	13,204,913	5,104	108,244,532
Machinery and equipment	114,273,181	13,030,768	1,573,086	125,730,863
Infrastructure	204,265,000	14,003,302	—	218,268,302
Total accumulated depreciation	512,866,210	47,358,919 *	1,582,273	558,642,856
Total capital assets, being depreciated, net	700,585,335	18,367,277	246,765	718,705,847
Governmental activities capital assets, net	$ 1,314,162,642	145,651,551	78,838,473	$ 1,380,975,720

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

Governmental activities:	Amount
General government	$ 1,680,157
Public safety	5,168,124
Public facilities	25,994,118
Legislative and judicial	22,755
Community services	306,994
Recreation and parks	5,531,177
Education	1,453,766
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	7,314,374
Total depreciation expense - governmental activities	$ 47,471,465 *

*Transfers of capital assets are processed via the gross method, wherein the original acquisition cost and accumulated depreciation amount are transferred separately. Among transfers between governmental and business–type activities the related depreciation expense does not transfer with the asset, resulting in a variance between increases to accumulated depreciation and depreciation expense.

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	$ 11,400,278	353,260	—	$ 11,753,538
Construction in progress	19,544,799	39,123,097	16,944,163	41,723,733
Total capital assets, not being depreciated	30,945,077	39,476,357	16,944,163	53,477,271
Capital assets being depreciated:				
Buildings	238,038,198	23,895	—	238,062,093
Improvements other than buildings	76,152,307	5,406,984	—	81,559,291
Machinery and Equipment	14,177,543	1,627,558	—	15,805,101
Infrastructure	709,987,685	15,165,648	—	725,153,333
Total capital assets, being depreciated	1,038,355,733	22,224,085	—	1,060,579,818
Less accumulated depreciation for:				
Buildings	78,709,434	4,705,820	—	83,415,254
Improvements other than buildings	41,529,858	3,004,887	—	44,534,745
Machinery and Equipment	4,132,036	1,171,553	—	5,303,589
Infrastructure	283,324,925	14,286,094	—	297,611,019
Total accumulated depreciation	407,696,253	23,168,354 *	—	430,864,607
Total capital assets, being depreciated, net	630,659,480	(944,269)	—	629,715,211
Business-type activities capital assets, net	$ 661,604,557	38,532,088	16,944,163	$ 683,192,482

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

Business-type activities:	Amount
Water and sewer system	$ 22,359,946
Golf course	47,932
Inter-County Broadband	681,729
Watershed	76,529
Total depreciation expense - business-type activities	$ 23,166,136 *

* Transfer of assets are processed via the gross method, wherein the original acquisition cost and accumulated depreciation amounts are transferred separately. Among transfers between governmental and enterprise business type activities, the related depreciation expense does not transfer with the asset resulting in a variance between increases to accumulated depreciation and depreciation expense.

Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were 189,475,962.

7. Long-Term Obligations

A. Primary Government

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

	Due Dates at Fiscal Year Ending	Interest Rates		Amount Outstanding
Governmental Activities:				
Consolidated public improvement bonds	2018 - 2037	3.00% to 5.00%		$ 1,012,915,000
Total debt subject to statutory limit				1,012,915,000
Tax increment financing bonds	2016 - 2044	4.80% to 6.10%		16,980,000
Compensated absences	various	not applicable		25,712,254
Capital leases	various	1.64% to 2.88%		24,802,374
Net OPEB obligation	various	not applicable		463,091,645
Net pension liability	various	not applicable		217,097,486
Landfill closure obligation	various	not applicable		23,988,000
Agricultural land preservation program	2016 - 2033	2.19% to 8.60%		100,122,836
Total Governmental Activities			(1)	$ 1,884,709,595
Business Type Activities:				
Metropolitan district bonds	2018 - 2047	2.00% to 5.00%		$ 255,630,000
State water quality revolving loan	2018 - 2031	1.00% to 2.40%		21,267,307
Special facility revenue bonds	2018 - 2022	2.475%		3,199,000
Compensated absences	various	not applicable		794,630
Net OPEB obligation	various	not applicable		8,571,546
Net pension liability	various	not applicable		4,181,343
Major water and sewer agreements	various	not applicable		737,054
Total Business Type Activities			(2)	$ 294,380,880
Total				$ 2,179,090,475

Note (1): Does not include deferred refunding premium liability of $115,789,716, unpaid claims of $17,608,082 and other non-current liabilities of $3,680,716, included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of $14,580,682 and unamortized bond discount of $4,458 included in the Statement of Net Position.

The County is subject to State and County law which limits the amount of applicable General County debt outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was $2,382,086,832, providing a debt margin of $1,037,717,374. The authorized, unissued General County Bonds, Metropolitan District Bonds and Tax Increment Finance Bonds at fiscal year-end were $398,467,690, $304,575,001 and $120,000,000, respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with debt agreement provisions.

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

	Beginning Balance	Additions	Retirements		Ending Balance	Amounts Due Within One Year
Governmental Activities:						
Consolidated public improvement bonds	$ 959,245,000	274,310,000	220,640,000		$1,012,915,000	$ 58,029,999
Tax increment financing bonds	17,000,000	—	20,000		16,980,000	40,000
Compensated absences	24,876,142	1,664,059	827,947		25,712,254	285,670
Capital leases	24,873,547	3,509,143	3,580,316		24,802,374	3,879,006
Landfill closure obligation	31,611,000	—	7,623,000		23,988,000	—
Agricultural land preservation program	98,661,239	10,756,470	9,294,873		100,122,836	5,502,738
Total Governmental Activities	$1,156,266,928	290,239,672	241,986,136	(1)	$1,204,520,464	$ 67,737,413
Business Type Activities:						
Metropolitan district bonds	$ 242,755,000	81,515,000	68,640,000		$ 255,630,000	$ 10,730,000
State water quality revolving loan	24,507,572	—	3,240,265		21,267,307	3,311,048
Special facility revenue bonds	3,672,000	—	473,000		3,199,000	485,000
Compensated absences	844,993	31,124	81,487		794,630	1,118
Major water and sewer agreements	986,019	304,642	553,607		737,054	55,677
Total Business Type Activities	$ 272,765,584	81,850,766	72,988,359	(2)	$ 281,627,991	$ 14,582,843
Total	$1,429,032,512	372,090,438	314,974,495		$1,486,148,455	$ 82,320,256

Note (1): Does not include deferred refunding premium liability of $115,789,716 unpaid claims of $17,608,082 (including $7,037,387 due within one year), other non-current liabilities of $3,680,716, net OPEB obligations of $463,091,645, and net pension liability of $217,097,486 included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of $14,580,682, net OPEB obligation of $8,571,546, net pension liability of $4,181,343 and unamortized bond discount of $4,458 included in the Statement of Net Position.

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 25, 2017, the County issued $133,925,000 in Consolidated Public Improvement Project Bonds 2017 Series A, with a true interest cost of 2.94%, $140,385,000 in Consolidated Public Improvement Refunding Bonds 2017 Series B, with a true interest cost of 2.25% and $81,515,000 in Metropolitan District Project and Refunding Bonds 2017 Series C, with a true interest cost of 3.09%. The County issued these bonds to refund $157,475,000 and $58,510,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively; pay off $147,800,000 of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2014 Series (BANs); reimburse the County for costs related to capital projects; and to pay bond issuance costs. The savings or aggregate difference in debt service from refunding Consolidated Public Improvement Bonds was $12,313,042 and from refunding Metropolitan District Bonds was $8,926,163. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was $6,063,662 and from refunding Metropolitan District Bonds was $2,768,370.

The County issues debt to finance the construction of certain capital facilities of its component units and to finance major water and sewer projects done in conjunction with the City of Baltimore (the “City”) and Baltimore County, which affects the “unrestricted” net position component in the statement of net position.

The following summarizes these situations in which the County is reporting the debt in its financial statements, while the corresponding assets are reported by the other reporting entity.

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had approximately $575 million of its net Consolidated Public Improvement general obligation bonds outstanding that is related to capital facilities of the component units at fiscal year end.

- The Metropolitan District Act requires Baltimore City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. Since 2004, the County has contributed approximately $79.7 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 19.8%of its net Metropolitan District general obligation bonds outstanding or $50.6 million is related to these facilities at fiscal year-end.

Since 1993, the County has participated in the State Water Quality Revolving Loan Program. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax exempt financing. As of fiscal year-end, the County has borrowed $91,255,779, of which $77,045,779 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation. The outstanding balances of these loans are $21,267,307.

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. This reserve will not be available for other purposes until the maturity of the notes on August 15, 2022. 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. For fiscal year 2017, the net available revenue and debt service payments were $1,467,983 and $558,688, respectively.

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, $176,845,000 of Consolidated Public Improvement Bonds and $55,075,000 of Metropolitan District Bonds were considered defeased.

Under its Agricultural Land Preservation Program, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. The County acquires the development rights to the land in perpetuity. Historically, under the terms of the agreement, the County paid the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price until maturity. The remaining amount of the purchase price was paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (see Note 2). Under the current program, the County pays five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest.

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

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds		Agricultural Land Program	
	Principal	Interest*	Principal	Interest
2018	$ 58,030,000	$ 41,366,528	$ 5,502,738	$ 5,154,575
2019	64,225,000	41,032,654	4,077,745	5,010,880
2020	65,295,000	37,792,216	16,904,745	4,646,662
2021	66,420,000	34,748,916	17,683,745	3,394,197
2022	67,160,000	31,618,716	6,952,745	2,290,326
2023-2027	338,655,000	110,384,181	32,029,726	6,883,219
2028-2032	248,275,000	46,374,871	14,903,704	1,066,147
2033-2037	104,855,000	9,187,656	2,067,687	93,938
Total	$ 1,012,915,000	$ 352,505,738	$ 100,122,835	$ 28,539,944

*Includes administrative fees

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Special Facility Revenue Bonds		Water Quality Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest*
2018	$ 11,245,000	$ 8,815,406	$ 485,000	$ 73,710	$ 3,311,048	$ 617,798
2019	11,030,000	9,018,800	497,000	61,570	3,383,413	545,433
2020	11,180,000	8,613,088	510,000	49,123	3,457,397	471,449
2021	9,610,000	8,220,663	522,000	36,364	3,533,036	395,810
2022	9,680,000	7,803,481	535,000	23,296	3,610,367	318,479
2023-2027	52,025,000	32,718,331	650,000	2,587	3,152,173	329,804
2028-2032	49,655,000	22,588,130	—	—	819,873	63,842
2033-2037	49,030,000	14,148,906	—	—	—	—
2038-2042	36,330,000	6,210,362	—	—	—	—
2043-2047	15,845,000	1,363,565	—	—	—	—
Total	$ 255,630,000	$119,500,732	$ 3,199,000	$ 246,650	$ 21,267,307	$ 2,742,615

*Includes administrative fees.

Special Obligation Bonds

On March 11, 2014, the County issued its first Special Obligation Tax Increment Financing (TIF) Bonds in the amount of $17 million, with an overall true interest cost of 6.15%. The proceeds were used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73 acres as a Tax Increment Financing District, at the site of the MARC Savage Commuter Rail Station. The land is state-owned, thus no real property taxes were paid to the County for this property. However, County management anticipates opportunities for local economic development by putting tax-exempt property on the local tax roll while improving transportation infrastructure.

A companion special tax district has been created as a backup for the Special Obligation TIF bonds. Special taxes will be imposed on property owners located within the special tax district in any year where the tax increment collections are lower than the next year's debt service obligation and TIF District expenses. The special taxes are also to be pledged for the repayment of the Special Obligation TIF bonds.

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the real property tax increment to be realized from the TIF District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is $35,523,140 A reserve fund in the amount of $1,678,465 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2044. Additionally, as of fiscal year end, $830 is being held by an escrow agent for fiscal year 2017 debt service. Pledged revenues of $54,526 were recognized in fiscal year 2017. The debt of $16,980,000 is included in the primary government's long-term debt on the Statement of Net Position.
The bond offering is part of an overall Public Private Partnership (P3) development project known as Annapolis Junction Town Center. When completed, the entire development project will be a comprehensive mixed-use State Transit-Oriented Development (TOD) and will include 100,000 square feet of Class A office space, 416 luxury apartment units, a 150-room hotel, 17,250 square feet of retail space and the 700-space parking garage (financed by the TIF). The project will also include two additional parking garages, to be funded privately, to separately support parking needs for businesses and residents.

A summary of debt service requirements to maturity, including principal and interest, for the TIF governmental activities at fiscal year-end are below.

Debt service requirements of TIF governmental activities:

Year ending	Tax Increment Financing Bonds		
June 30:	Principal	Interest	Annual Debt Service
2018	$ 40,000	$ 1,011,605	$ 1,051,605
2019	65,000	1,009,685	1,074,685
2020	90,000	1,006,565	1,096,565
2021	115,000	1,002,245	1,117,245
2022	145,000	996,725	1,141,725
2023-2028	1,570,000	5,765,300	7,335,300
2029-2034	3,250,000	5,001,490	8,251,490
2035-2040	5,805,000	3,491,640	9,296,640
2041-2044	5,900,000	936,350	6,836,350
Total	$ 16,980,000	$ 20,221,605	$ 37,201,605

B. Component Units

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

Component Unit	Beginning Balance	Additions	Reductions	Ending Balance
Public School System:				
Capital leases, workers compensation, compensated absences and net pension liability	$ 67,842,264	14,278,960	7,540,779	$ 74,580,445
Community College:				
Compensated absences and net pension liability	4,847,886	964,689	604,392	5,208,183
Library:				
Compensated absences	1,109,366	946,270	1,011,413	1,044,223
Housing Commission:				
Loans, compensated absences and net pension liability	160,915,195	28,363,886	2,971,346	186,307,735
Total	$ 234,714,711	44,553,805	12,127,930	$ 267,140,586

*Financial statements for the Housing Commission are reported on a calender year basis.

8. Short-Term Debt

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

Type	Beginning Balance	Issued	Retired	Ending Balance
Bond Anticipation Notes	$ 49,500,000	151,749,732	147,800,000	$ 53,449,732

Bond anticipation notes (BANS) are issued to finance expenditures of certain capital projects and will be repaid from the proceeds when the County issues debt.

9. Conduit Debt

From time-to-time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Retirement Community Revenue Bonds, and Recovery Zone Facility Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At fiscal year-end, there were 20 series of conduit debt outstanding. The aggregate principal amount outstanding for the 11 series issued after July 1, 1996 was $95,725,062. The aggregate principal amount outstanding for the 9 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled $59,155,000.

10. Lease Obligations

A. Operating Leases - Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the fiscal year amounted to $1,295,745.

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

Fiscal Year		
2018	$	765,656
2019		589,488
2020		579,042
2021		375,731
2022		337,597
2023-2027		705,232

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

Lease revenues for the year amounted to $1,734,404. Future lease revenues are as follows:

Fiscal Year		
2018	$	1,368,894
2019		1,187,202
2020		1,146,283
2021		956,478
2022		850,029
2023-2027		3,900,142

B. Capital Leases

The County maintains lease agreements with Grant Capital Management Inc., Key Bank and TD Asset Management Fund, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates of the leases.

The assets acquired and placed in service are as follows:

Machinery and equipment	$	18,590,720
Less: accumulated depreciation		(5,268,245)
Total asset value under capital leases	$	13,322,475

The leases have maturity dates ranging from December 2019 to June 2030. The County makes annual principal and interest payments.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, are as follows:

Year ending June 30:		Activities
2018	$	4,483,048
2019		4,536,131
2020		3,515,485
2021		2,496,086
2022		2,350,294
2023-2028		8,593,954
2029-2030		2,360,662
Total minimum lease payments		28,335,660
Less: amount representing interest		(3,533,286)
Present value of minimum lease payments	$	24,802,374

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 10 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 that are legally restricted for special purposes such as public housing projects.

12. Fund Equity

The governmental fund balances at June 30, 2017 are composed of the following:

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Funds	Other Governmental Funds	Total
FUND BALANCES					
Nonspendable:					
Inventory	$ 259,849	$ —	$ —	$ 639,570	$ 899,419
Prepaid items	284,214	—	—	4,606	288,820
Long term receivable:					
Due from component units	8,501,192	—	—	—	8,501,192
Total nonspendable	9,045,255	—	—	644,176	9,689,431
Restricted for:					
Catalyst loan program	—	—	—	631,857	631,857
Economic development initiative	—	—	—	856,484	856,484
Fee in lieu	—	—	—	599,342	599,342
Fire & rescue services	—	—	—	16,987,743	16,987,743
Forest conservation	—	—	—	1,957,793	1,957,793
Health department	2,070,419	—	—	—	2,070,419
Middle Patuxent environmental area program	—	—	—	46,128	46,128
Open space	—	—	—	14,091	14,091
Parkland watershed facilities	—	—	—	486,286	486,286
Program revenue	—	—	—	474,954	474,954
Public road facilities	—	—	—	68,670,802	68,670,802
Public school facilities	—	—	18,113,169	—	18,113,169
Speed enforcement	—	—	—	1,224,072	1,224,072
Tax increment financing project	—	—	—	2,073,351	2,073,351
Total restricted	2,070,419	—	18,113,169	94,022,903	114,206,491
Committed for:					
Budget stabilization account	67,382,973	—	—	—	67,382,973
Agricultural land preservation	—	3,862,056	—	—	3,862,056
Community renewal programs	—	—	—	21,850,103	21,850,103
Environmental services	—	—	—	13,845,154	13,845,154
Firehouse & training facilities	—	—	—	7,726,272	7,726,272
Recreation programs	—	—	—	1,393,595	1,393,595
Total committed	67,382,973	3,862,056	—	44,815,124	116,060,153

(Continued)

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Funds	Other Governmental Funds	Total
Assigned for:					
Funding for one time expenditures	3,310,980	—	—	—	3,310,980
Future balloon payments	—	48,298,465	—	—	48,298,465
Pay-as-you-go contributions to capital projects	6,646,560	—	—	—	6,646,560
Policy Reserve	5,000,000	—	—	—	5,000,000
Purchase commitments	13,785,544	—	—	—	13,785,544
Streetlights	—	—	—	2,387,297	2,387,297
Subsequent year's budget stabilization account	3,210,334	9,390,140	—	—	12,600,474
Total assigned	31,953,418	57,688,605	—	2,387,297	92,029,320
Unassigned	26,239,270	—	(87,048,851)	(32,104,937)	(92,914,518)
Total fund balance	$ 136,691,335	$ 61,550,661	$ (68,935,682)	$ 109,764,563	$ 239,070,877

13. Landfill Closure and Post-Closure Care Cost

State and Federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each fiscal year-end. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating cost are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate $29,993,435. 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 $23,988,000 of these costs. This cumulative amount reported to date is based on the use of 69.85% 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 $6,005,435. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

14. Tax Abatements

As of June 30, 2017 the County provides tax abatements through two programs the Pilot Program and Commercial or Industrial Business Program.

PILOT (Payment in Lieu of Taxes)

In accordance with Howard County Code Sec. 13.1320. Property of Commission tax-exempt; exemption of property from levy and execution, the property of the Commission is declared to be used for essential public and governmental purposes and the Commission and its property are exempt from all taxes and special assessments of the County or the State. The Housing Commission which is a separate legal entity serves as the Public Housing Authority for the purpose of developing and managing housing resources for low and moderate income residents of Howard County. The Commission also owns and manages residential property, maintains these properties, develops affordable housing opportunities for the citizens of Howard County through partnerships with developers or land acquisition for development, and operates the Housing Choice Voucher. In lieu of County taxes and special assessments, the Commission makes payments to the County in an amount set by mutual agreement between the Commission and the County; provided, however, that the sum to be paid to the County does not exceed an amount equal to the regular taxes levied upon similar property.

By virtue of this agreement, all real property of the Commission is exempt from levy and sale and no execution or other judicial process shall issue against the same, nor shall any judgment against the Commission be a charge or lien upon its real property. The provisions shall not limit a right to foreclose or otherwise enforce:

(1) Any mortgage or deed of trust recorded against any property of the Commission; or
(2) Any pledge or lien given by the Commission on its rents, fees, or revenues.
(3) May not deprive the County of its right to collect any service charge agreed upon in lieu of taxes in the same manner as all such taxes are now, or may hereafter be, collectible under the laws of this State and of the County.

No other commitments were made by the County as part of these agreements.

Commercial or Industrial Business

In accordance with § 9-315(a)(3) of the Tax-Property Article, Annotated Code of Maryland, there is a Howard County property tax credit against the tax on real property owned or occupied by a commercial or industrial business that engaged in an activity identified in the Howard County Economic Development Strategic Plan as a target for the County's business attraction and retention efforts. A commercial or industrial business qualifies for a tax credit under this section if the business:

(1) Applies for the credit under procedures of Howard County Code Sec.20.123-Commerical or industrial business
(2) (i) Owns real property in Howard County that is new construction, or an improvement to an existing facility; or
(ii) Subject to the provisions of subsection (f)(2) of this section, rents or leases real property in Howard County that is new construction or an improvement to an existing facility;
(3) Is currently or will be doing business in Howard County;
(4) Will employ at least 12 additional full-time local employees by the second year in which the credit is allowed, not including an employee filling a job created when a job function is shifted from an existing location in the State to Howard County; and
(5) Makes a substantial investment in Howard County which includes the acquisition of a building, land, or equipment that totals at least $2,000,000; or the creation of ten positions with salaries greater than the current average wage in Howard County.

The tax credit under this section shall be granted annually for a term not to exceed ten years beginning with the first tax year in which the real property tax would increase as a result of an increase in assessment due to new construction or an improvement to an existing facility. The tax credit under this section may not exceed the amount of the County property tax imposed on the property that is a result of an increase in assessment due to the new construction or improvement. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. No other commitments were made by the County as part of these agreements.

For the fiscal year ended June 30, 2017 , the County abated taxes totaling $1,645,947 including the following tax abatement agreement/s that each exceeds 10 percent of the total amount abated:

Tax Abatement Program	Amount of Taxes Abated
PILOT (Payment in Lieu of Taxes)	$ 1,525,947

15. Retirement Plans

Summary of Significant Accounting Policies

Pension: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Retirement Plan (HCRP) and Police and Fire Employees' Plan (PFEP) and additions to/deductions from the two plans' fiduciary net position have been determined on the same basis as they were reported by each plan as of June 30, 2016. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

General Information about the Pension Plans

Plan description: The Howard County Retirement Plan ("Retirement Plan") and the Howard County Police and Fire Plan ("Police and Fire Plan") are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland, which provide retirement benefits as well as death and disability benefits and cost-of-living adjustments.

The Plans were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478, and 1.401A to 1.478A. Essentially all the County full-time benefited and part-time benefited employees are eligible to participate in one of the Retirement Plans, except for certain exceptions provided for in Howard County Code Section 1.406.

Responsibilities for administration and operation of the Retirement Plan and Police and Fire Plan vest in Retirement Committees with seven members each ("Committees"). The Committees have authority to establish and amend the respective benefit and contribution provisions.

Generally, the majority of employees of the primary government, except certain police and fire officers, participate in the Retirement Plan, which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Certain police and fire personnel participate in the Police and Fire Plan, which was established July 1, 1990.

The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees' Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees").

Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by accessing the reports online at www.howardcountymd.gov.

A. Howard County Retirement Plan:

Benefits provided: Under the Retirement Plan, participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary.

A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Participating general employees with 30 years of eligibility service, regardless of age, or who attain the age of 62 and older, with two to five years of eligibility service (for a total of 67 years), are entitled to a normal retirement benefit. For creditable service earned prior to June 30, 2012, the benefit is 1.55% of the participant's average compensation times the participant's creditable service; for creditable service after July 1, 2012, the multiplier is 1.66%. The Plan permits early retirement for participants who attain the age of 55 with at least 15 years of Eligibility Service or have 25 years of eligibility service, regardless of age. For early retirement, the benefit is reduced by 0.5% for each month that the benefit begins prior to normal retirement date.

For participating AFSCME Local 3085, the benefit is 1.66% of the participant's average compensation times all years of creditable service.

Participating Corrections employees are entitled to receive a normal retirement benefit of 2.5% of average compensation multiplied by years of creditable service (up to 20 years) plus 1.0% of average compensation multiplied by creditable service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average compensation). Normal retirement is the attainment of age 62 and older, with two to five years of eligibility service (for a total of 67 years), or the completion of 20 years of eligibility service regardless of age.

Annually, the retirement benefits are adjusted for cost of living adjustment ("COLA"). The Plan uses the Consumer Price Index ("CPI-U") for the Washington/Baltimore area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. Maximum annual COLA is 3%.

Employees covered by benefit terms: At July 1, 2015 and 2014, the following employees were covered by the benefit terms:

	2015	2014
Inactive employees or beneficiaries currently receiving benefits	637	569
Inactive employees entitled to but not yet receiving benefits	195	191
Active employees	1,692	1,669
Total	2,524	2,429

Contributions: The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections participants with less than 20 years of creditable service, 0% for Corrections participants with greater than 20 years of creditable service, and, effective January 1, 2014, 3.0% of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan which was 12.4% and 13.5% of covered payroll in fiscal years 2016 and 2015, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	Varies by service, 4.00 to 6.75 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	40.0%	4.99%
Alternative investments	22.5%	5.17%
Fixed income	30.0%	2.04%
Real assets	7.50%	5.17%
Total	100.0%	

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 1.38 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2015	$ 394,134,559	$ 354,412,830	$ 39,721,729
Changes for the year:			
Service cost	15,093,136	—	15,093,136
Interest	29,046,329	—	29,046,329
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(4,092,821)	—	(4,092,821)
Changes of assumptions	—	—	—
Contributions - employer	—	13,428,152	(13,428,152)
Contributions - member	—	3,757,264	(3,757,264)
Net investment income	—	4,743,371	(4,743,371)
Benefit payments, including refunds of employee contributions	(13,700,350)	(13,700,350)	—
Administrative expense	—	(341,734)	341,734
Net changes	26,346,294	7,886,703	18,459,591
Balance as of 6/30/2016	$ 420,480,853	$ 362,299,533	$ 58,181,320

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County and the component units participating in the General Employees Plan (Economic Development Authority [(1)] and Housing Commission), calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's net pension liability	$ 110,230,156	$ 56,652,907	$ 11,808,488
Economic Development Authority[1]	1,536,600	789,737	164,609
Housing Commission	1,437,250	738,676	153,966
Total	$ 113,204,006	$ 58,181,320	$ 12,127,063

[1]Economic Development Authority statements are not included in the County's CAFR due to immateriality.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County and the participating component units recognized pension expense of $16,868,104, and $469,718 respectively. The County and the participating component units reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 5,466,044
Changes of assumptions	6,238,835	607,830
Net difference between projected and actual earnings on pension plan investments	17,617,277	—
Contributions subsequent to the measurement date	14,179,325	—
Total	$ 38,035,437	$ 6,073,874

Other than contributions subsequent to the measurement date ($14,179,325), which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2018	$ 3,312,724
2019	3,312,722
2020	7,986,353
2021	4,852,965
2022	(1,097,839)
Thereafter	(584,687)
Total	$ 17,782,238

B. Police and Fire Plan:

Benefits provided: All of the County's full-time career police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. The Plan provides retirement benefits as well as death and disability benefits and cost-of-living adjustment.

Participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive a benefit equal to 2.5% of average compensation times the number of years of creditable service, payable at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or the designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Employees who attain the age of 62 with at least five years of eligibility service and employees who have completed 20 years of eligibility service, if at least 10 years were served as a covered employee, are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50% (with 20 years of service) to 80% (with 30 years of service) of average compensation for police, and from 50% (with 20 years of service) to 70% (with 30 years of service) of average compensation for firefighters.

Annually, the retirement benefits are adjusted for COLA. The Plan uses the CPI-U for the Washington/Baltimore area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. Maximum annual COLA is 2%.

Employees covered by benefit terms: At July 1, 2015 and 2014, the following employees were covered by the benefit terms:

	2015	2014
Inactive employees or beneficiaries currently receiving benefits	335	313
Inactive employees entitled to but not yet receiving benefits	18	20
Active employees	882	882
Total	1,235	1,215

The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active Police Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP account is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The account is also credited with the required employee contributions and interest. Adjustments are made for cost-of-living increases awarded to retirees and additional sick leave earned. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by plan as of June 30, 2016 is $10,463,431.

Contributions: The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. 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, which was 30.0% and 32.0% of covered payroll in fiscal years 2016 and 2015, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016.

Actuarial Assumptions: The total pension liability in the July 1, 2015 actuarial valuation rolled forward to June 30, 2016 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	Varies by service, 4.25 to 7.55 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	40.0%	4.99%
Alternative investments	22.5%	5.17%
Fixed income	30.0%	2.04%
Real assets	7.5%	5.17%
Total	100.0%	

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 1.38 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2015	$ 542,249,609	$ 432,029,024	$ 110,220,585
Changes for the year:			
Service cost	18,973,707	—	18,973,707
Interest	39,997,860	—	39,997,860
Changes of benefit terms	(1,704,455)	—	(1,704,455)
Differences between expected and actual experience	7,598,657	—	7,598,657
Changes of assumptions	—	—	—
Contributions - employer	—	21,636,281	(21,636,281)
Contributions - member	—	7,040,881	(7,040,881)
Net investment income	—	6,458,907	(6,458,907)
Benefit payments, including refunds of employee contributions	(17,889,631)	(17,889,631)	—
Administrative expense	—	(326,833)	326,833
Net changes	46,976,138	16,919,605	30,056,533
Balance as of 6/30/2016	$ 589,225,747	$ 448,948,629	$ 140,277,118

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5)%	Current Discount Rate (7.5)%	1% Increase (8.5)%
County's net pension liability	$ 225,539,351	$ 140,277,118	$ 70,281,424

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of $25,353,948. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,838,791	$ 1,277,282
Changes of assumptions	23,289,752	—
Net difference between projected and actual earnings on pension plan investments	21,793,892	—
Contributions subsequent to the measurement date	24,729,051	—
Total	$ 76,651,486	$ 1,277,282

Other than contributions subsequent to the measurement date ($24,729,051), which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2018	$ 7,595,338
2019	7,595,340
2020	13,119,500
2021	9,194,910
2022	3,927,799
Thereafter	9,212,266
Total	$ 50,645,153

C. Component Units:

Generally, all employees of three of the component units (Board of Education, Howard Community College and Library) are covered by the Maryland State Retirement and Pension System (the System), which is a cost-sharing, multi-employer defined benefit pension plan. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers and employees of participating governmental units. The plans are administered by the State Retirement Agency.

These three component units adopted GASB 68 for the year ended June 30, 2015 and reported their proportionate share of the collective pension amounts calculated by the Maryland State Retirement and Pension System. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportionate share of these component units' net pension liability was based on a

projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

As of June 30, 2017, the Howard County School System and Howard County Community College proportions for the System were 0.217% and 0.0117%, respectively, which were substantially the same from their proportions measured as of June 30, 2016. Howard County School System and Howard County Community College reported net pension liabilities of $51,112,176 and $2,757,041, respectively. For the year ended June 30, 2017, Howard County School System and Howard County Community College recognized pension expense of $7,151,568 and $23,251, respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

16. Other Post-Employment Benefits (OPEB)

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, Economic Development Authority, and Housing Commission), and its component units, Howard County Community College and Howard County Public School System. The Plan is administered and overseen by a Board of Trustees comprised of the Chief Administrative Officer, the Director of Finance, and Budget Administrator.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 15. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of 15 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 10 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	3,158
Active plan members	9,895
Deferred vested terminations	35
Total	13,088

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. The Plan's insurance costs are paid by the retirees, the County and its component units through the County's self-insurance fund (internal service fund).

Funding Policies and Funded Progress from Employer's Perspective under GASB Statement No. 45

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 $13,000,000 to the trust. The County has re-adopted its eight-year phase-in funding policy due to improvement in the economy. The County budget for fiscal year 2018 includes funding for pay-as-you-go OPEB costs as well as $16,000,000 to the trust.

Per the most recent actuarial valuation which was prepared as of July 1, 2016, the actuarial accrued liability (AAL) was $994,404,000 and there was $85,869,000 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was $908,535,000. The annual covered payroll of active employees covered by the Plan was $760,624,444 and the ratio of the UAAL to covered payroll was 119.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, located following the notes, provides multi-year trend data to help determine whether net plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution (ARC) amount and OPEB expense per the most recent actuarial valuation report as of July 1, 2016 are presented below. The end-of-year net OPEB obligation (NOO) is calculated below:

	Actuarial Unfunded Accrued Liability	Amortization of Actuarial Unfunded Accrued Liability	Normal Cost	Annual OPEB Cost (AOC)	ARC Funding	PAYGO Funding	Net OPEB Obligation (NOO)
	(1)	(2)	(3)	(2)+(3)	(4)	(5)	(2)+(3)-(4)-(5)
Schools	$ 596,437,000	35,028,000	24,627,000	59,655,000	8,085,440	15,807,027	35,762,533
College	22,901,000	1,345,000	1,610,000	2,955,000	400,511	71,607	2,482,882
County [1]	289,197,000	16,983,000	16,322,000	33,305,000	4,514,049	7,445,392	21,345,559
	908,535,000	53,356,000	42,559,000	95,915,000	13,000,000	23,324,026	59,590,974
			Beginning balance				416,748,091
			Less NOO amortization				24,471,409
			Plus interest on NOO				19,795,534
			Total NOO				$ 471,663,190

[1] Enterprise fund share of PAYGO funding and net OPEB obligation is $371,532 and $1,173,987 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
2015	$ 56,470,000	$ 30,077,226	53%	$ 387,883,449
2016	65,718,000	36,852,238	56%	416,748,091
2017	91,220,000	36,324,026	40%	471,663,190

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

Fiscal Year	Plan Assets	AAL
2012	$ 21,306,000	$ 649,960,000
2013	27,007,000	744,203,000
2014	32,860,000	760,760,000
2015	54,230,000	587,850,000
2016	70,575,000	713,222,000
2017	85,869,000	994,404,000

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 45.

Actuarial valuation date	1/1/16 data rolled forward for the calculation of Plan's expense as of 7/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Amortized over a closed period of 21 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 2017 is 5.60%. The ultimate rate is 3.90%.
	Dental trend to be applied is 5.00% for all years
Interest assumption	Discount rate of 4.75%
Salary increases	3.00%

Plan Perspective under GASB Statement No. 74

The County adopted the provisions of GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans," which supersedes Statement No. 43. A separate actuarial valuation report was prepared using the same January 1, 2016 data from the July 1, 2016 valuation and was rolled forward to June 30, 2017. The methods, assumptions, and participant data used in the previous report described were maintained, with the exception of the discount rate, in order to calculate the total OPEB liability. A summary of the changes included in the June 30, 2017 report are as follows.

Actuarial cost method	Entry Age Normal
Interest assumption	Discount rate of 3.20% as of 6/30/17 and 3.94% as of 6/30/18
Inflation	2.30%
Municipal bond rate	2.85% as of 6/30/17 and 3.58% as of 6/30/18 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index
Projected cash flows	Member and County contributions will continue to increase $3 million per annum.
	Long-term expected rate of return was applied to fiscal years 2018 through 2036.
Mortality	Generational RP-2000 Combined Mortality Table for Males and Females projected using Scale AA

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class, included in the Plan's target allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Equities	3.27%
Fixed Income	1.14%

Based on the aforementioned methods and assumptions, the components of the County's Net OPEB liability as of 6/30/17 were as follows:

Total OPEB liability	$ 1,209,916,000
Plan fiduciary net position	(104,280,652)
County's net OPEB liability	$ 1,105,635,348
Plan fiduciary net position as a percentage of the total OPEB liability	8.62%

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

Discount Rate Sensitivity	1% Decrease 2.94%	Discount Rate 3.94%	1% Increase 4.94%
Total OPEB Liability	$ 1,436,641,000	$ 1,209,916,000	$ 1,029,030,000
Net OPEB Liability	$ 1,332,360,348	$ 1,105,635,348	$ 924,749,348

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher:

Trend Sensitivity Year 2075	1% Decrease 2.90%	Discount Rate 3.90%	1% Increase 4.90%
Total OPEB Liability	$ 1,002,264,000	$ 1,209,916,000	$ 1,485,339,000
Net OPEB Liability	$ 897,983,348	$ 1,105,635,348	$ 1,381,058,348

Financial Statements

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

Statement of Net Position	
ASSETS	
Receivables:	
Interest and dividends	$ 37
Investments, at fair value:	
Cash	83,384
Mutual funds	42,115
Money market funds	104,627,826
Total assets	104,753,362
LIABILITIES	
Other	472,710
Total liabilities	472,710
Net position held in trust for other post-employment benefits	$ 104,280,652

Statement of Changes in Net Position	
ADDITIONS	
Contributions:	
Employer	$ 36,324,027
Total contributions	36,324,027
Investment income (expense):	
Net change in fair value of investments	8,115,937
Interest	1,449
Dividends	2,015,509
Investment expense	(221,070)
Net investment income	9,911,825
Total additions and net investment income	46,235,852
DEDUCTIONS	
Benefits	23,244,247
Administrative expenses	3,002
Total deductions	23,247,249
Change in net position	22,988,603
Net position - beginning	81,292,049
Net position - ending	$ 104,280,652

17. Length of Service

Summary of Significant Accounting Policies

Pension: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Length of Service Award Program (LOSAP) have been determined on the full accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

General Information about the Pension Plans

Plan description: The Howard County Length of Service Award Program (LOSAP) is a single-employer defined benefit retirement plan administered by Howard County, Maryland, which provides retirement and death benefits to volunteer firefighting and emergency medical service personnel who donate their time and services to one of the six volunteer fire corporations in the County.

The LOSAP was established and operates under the provisions of the Howard County Code, Sections 17.102 and 17.103. It was established in 1991 and last amended effective January 1, 2015. Separate financial statements for the program are not issued.

Benefits provided: Under the LOSAP, participants become vested after 25 years of eligible service beginning at age 50. No benefit is paid if service is less than 25 years.

There are no disability benefits. A death benefit equal to the total of six months LOSAP payment is paid to the designated beneficiary. In addition, $5,000 is paid to the designated beneficiary for burial expenses.

Participants aged 50 years with 25 years of eligibility service are entitled to a normal retirement benefit. Effective January 1, 2015, a monthly benefit is equal to 1% of the current annual starting salary of a trainee in the Department of Fire and Rescue Services (which is $478 as of January 1, 2016), plus $10 for each full year of certified active service over 25 years. The monthly amount representing 1% of the current starting salary of a trainee cannot exceed $770.25 based on limitations presented in the County Code.

All benefits are paid from the Fire and Rescue Reserve Fund as they become due. This is an unfunded program; therefore, there are no assets in the program.

Employees covered by benefit terms: At January 1, 2016 the following employees were covered by the benefit terms:

	2016
Inactive employees or beneficiaries currently receiving benefits	89
Active employees	370
Total	459

Net Pension Liability

The County's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	The starting salary of a trainee in the DFRS is assumed to increase by 2.75% annually
Interest	7% compounded annually
Investment rate of return	none
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

Discount rate: The discount rate used to measure the total pension liability was 2.85 percent.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2015	$ 23,277,195	$ —	$ 23,277,195
Changes for the year:			
Service cost	1,026,960	—	1,026,960
Interest	654,707	—	654,707
Changes of benefit terms	—	—	—
Differences between expected and actual experience	—	—	—
Changes of assumptions	—	—	—
Contributions - employer	—	—	—
Contributions - member	—	—	—
Net investment income	—	—	—
Benefit payments	(610,058)	—	(610,058)
Administrative expense	—	—	—
Other changes	—	—	—
Net changes	1,071,609	—	1,071,609
Balance as of 6/30/2016	$ 24,348,804	$ —	$ 24,348,804

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 2.85 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.85 percent) or 1 percentage-point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
County's net pension liability	**$ 28,965,764**	**$ 24,348,804**	**$ 20,727,559**

Pension plan fiduciary net position: There are no separately issued financial reports for the LOSAP.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of $1,681,667. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 665,464	$ —
Total	$ 665,464	$ —

18. Deferred Compensation Plan

Deferred compensation plans are available to all County employees. The plans were established in accordance with Internal Revenue Code Section 457. A deferred compensation plan offers employees an opportunity to defer a portion of their salary along with the related Federal and State income taxes until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The 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.

19. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The reporting entity, excluding the Howard County Public School System, has established two internal service funds to account for and finance its uninsured risks of loss. The reporting entity's risk financing techniques include a combination of risk retention through self-insurance and risk transfer using a risk pool. The Employee Benefits Self-Insurance Fund provides full coverage for employee benefits and long-term disability claims. The Risk Management Self-Insurance Fund provides coverage up to a maximum of $1,000,000 for each automobile liability claim, $1,000,000 for each general liability claim, $100,000 for each property damage claim, and unlimited coverage for each workers' compensation claim.

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage for the entity's property, general, and automobile liability coverages. LGIT consists of various counties and local municipalities and was created to provide broader insurance coverages than those available from commercial insurers, as well as loss control and risk management services. The County pays an annual premium to LGIT for this coverage.

Liability claims settled by the County in the past five fiscal years have not exceeded the Risk Management Fund's $1,000,000 retention to trigger payment by LGIT; however, a few small property claims have exceeded the $100,000 retention and have been paid by LGIT. All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the internal service funds based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management programs.

At fiscal year-end, the combined Net Position for the two internal service funds was $2,048,514. The combined claims liability of the two funds, $17,608,081, is based on generally accepted accounting principles, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2017 and 2016 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2017	$16,296,841	57,238,142	(55,926,902)	17,608,081	$7,037,387
2016	$15,179,961	50,645,520	(49,528,640)	16,296,841	$7,048,193

The current portion is included in the non-current liabilities - due within one year and the non-current portion is included in non-current liabilities - due in more than one year, on the government-wide Statement of Net Position.

20. Individual Fund Disclosure

Individual Fund Disclosure:

The General Capital Projects Fund, a major fund, as well as the Public Libraries and Storm Drainage Capital Projects Funds, non-major funds, plan to eliminate their deficit fund balances of ($68,935,683), ($8,437,235) and ($7,013,099), respectively, through receipt of future grant revenues and future bond sales.

The Risk Management Self-Insurance Internal Service Fund, a non-major fund, will eliminate its deficit of ($59,378) through increased charge-back funding from other funds in fiscal years 2018 and 2019.

Change in Accounting Principle:

The implementation of GASB 73 requires the Governmental Activities to retroactively record a net pension liability for the County's LOSAP plan which is now calculated as the present value of projected benefit payments to current active and inactive volunteer firefighting and emergency medical service personnel attributable to past periods of service, less the amount of the pension plan's fiduciary net position. This resulted in a decrease to beginning net position of ($22,667,138) in governmental activities.

21. Commitments and Contingencies

A. Grants

The County receives grant funds, principally from the U.S. Government, for various County programs. Expenditures from certain of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

B. Construction

The County had $849,129,774 authorized but unobligated capital project appropriations at fiscal year-end.

C. Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to contracts executed 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	$ 1,316,121	$ —	$ 13,785,544	$ 15,101,665
Non-Major Governmental Funds	36,692,106	10,108,223	—	46,800,329
Total	$ 38,008,227	$ 10,108,223	$ 13,785,544	$ 61,901,994

Bikeshare

A group of doctors, nurses and staff from Howard County General Hospital take their inaugural ride during the kickoff of Howard County Bikeshare in July 2016.

Required Supplementary Information

Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2016	2015	2014	2013
Total pension liability				
Service cost	$ 15,093	$ 14,073	$ 12,727	Information for FY2013 and earlier not available
Interest	29,046	27,198	24,974	
Changes of benefit terms	—	—	3,534	
Differences between expected and actual experience	(4,093)	(2,741)	—	
Changes of assumptions	—	(851)	10,918	
Benefit payments, including refunds of member contributions	(13,700)	(12,375)	(11,139)	
Net change in total pension liability	26,346	25,304	41,014	
Total pension liability - beginning	394,135	368,831	327,817	
Total pension liability - ending (a)	$ 420,481	$ 394,135	$ 368,831	
Plan fiduciary net position				
Contributions - employer	$ 13,428	$ 13,967	$ 12,778	
Contributions - member	3,757	3,573	2,979	
Net investment income	4,743	9,983	45,956	
Benefit payments, including refunds of member contributions	(13,700)	(12,375)	(11,139)	
Administrative expense	(341)	(311)	(283)	
Net change in plan fiduciary net position	7,887	14,837	50,291	
Plan fiduciary net position - beginning	354,413	339,576	289,285	
Plan fiduciary net position - ending (b)	$ 362,300	$ 354,413	$ 339,576	
County's net pension liability - ending (a)-(b)	$ 58,181	$ 39,722	$ 29,255	
Plan fiduciary net position as a percentage of the total pension liability	86.16%	89.92%	92.07%	
Total Covered payroll [1]	$ 108,292	$ 103,462	$ 97,542	
County's net pension liability as a percentage of covered payroll	53.73%	38.39%	29.99%	
Expected average remaining service years of all participants	7	7	7	

Notes to Schedule:
Benefit changes and change of assumptions: None

Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of County Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2016	2015	2014	2013
Actuarially determined contribution	$ 13,428	$ 13,967	$ 12,778	Information for FY2013 and earlier not available
Contributions in relation to the actuarially determined contribution	13,428	13,967	12,778	
Contribution deficiency (excess)	$ —	$ —	$ —	
Covered payroll[1]	$ 108,292	$ 103,462	$ 97,542	
Contributions as a percentage of covered payroll[1]	12.40%	13.50%	13.10%	

[1] *In accordance with GASB No. 82, amounts shown reflect pensionable earnings only.*

Notes to Schedule:

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past would not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 7 to 24 years.
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by service. 4.00 to 6.75 percent, including inflation
Investment rate of return	7.50%, before expenses, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA
Cost-of-Living Increases	2.75%

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2016	2015	2014	2013
Total pension liability				
Service cost	$ 18,974	$ 17,709	$ 17,535	Information for FY2013 and earlier not available
Interest	39,998	36,208	33,630	
Changes of benefit terms	(1,705)	—	—	
Differences between expected and actual experience	7,599	(1,597)	—	
Changes of assumptions	—	16,621	14,989	
Benefit payments, including refunds of member contributions	(17,890)	(18,941)	(15,679)	
Net change in total pension liability	46,976	50,000	50,475	
Total pension liability - beginning	542,250	492,250	441,775	
Total pension liability - ending (a)	$ 589,226	$ 542,250	$ 492,250	
Plan fiduciary net position				
Contributions - employer	$ 21,636	22,530	20,822	
Contributions - member	7,041	7,006	6,526	
Net investment income	6,460	11,531	54,733	
Benefit payments, including refunds of member contributions	(17,890)	(18,941)	(15,679)	
Administrative expense	(327)	(368)	(271)	
Other	—	—	—	
Net change in plan fiduciary net position	$ 16,920	$ 21,758	$ 66,131	
Plan fiduciary net position - beginning	432,029	410,271	344,140	
Plan fiduciary net position - ending (b)	448,949	$ 432,029	$ 410,271	
County's net pension liability - ending (a)-(b)	$ 140,277	$ 110,221	$ 81,979	
Plan fiduciary net position as a percentage of the total pension liability	76.19%	79.67%	83.35 %	
Total Covered payroll	$ 72,121	$ 70,406	$ 67,169	
County's net pension liability as a percentage of covered payroll	194.50%	156.55%	122.05 %	
Expected average remaining service years of all participants	10	10	9	

Notes to Schedule:
Benefit changes. Effective January 1, 2015, DROP 1 is closed to new entrants and DROP II is open to all plan members who meet the eligibility requirements. DROP I members may elect to transfer to DROP II.
Changes of assumptions. None

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of County Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2016	2015	2014	2013
Actuarially determined contribution	$ 21,636	$ 22,530	$ 20,822	Information for FY2013 and earlier not available
Contributions in relation to the actuarially determined contribution	21,636	22,530	20,822	
Contribution deficiency (excess)	$ —	$ —	$ —	
Covered payroll[1]	$ 72,121	$ 70,406	$ 67,169	
Contributions as a percentage of covered payroll[1]	30.00%	32.00%	31.00%	

1 In accordance with GASB No. 82, amounts shown reflect pensinable earnings only.

Notes to Schedule

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 8 to 19 years.
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by service. 4.25% to 7.55%, including inflation
Investment rate of return	7.50%, before expenses, including inflation
Retirement age	Rates vary by participant age and service and (for GASB purposes only) set at 100% at DROP entry (or expected entry). Normal Cost (for GASB purposes) ceases for Police and Fire members when they enter DROP since GASB 67 does not allow Normal Cost while in DROP.
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.
Cost-of-Living Increases	2.0%

Howard County, Maryland
Required Supplementary Information
Other Post Employment Benefits Fund

Actuarial valuations are performed every other year. Schedule of funding progress for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2017 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) 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)
7/1/10	$ 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%
7/1/14	54,230,000	587,850,000	9.2%	533,620,000	745,749,057	71.6%
7/1/16	85,869,000	994,404,000	8.6%	908,535,000	760,624,444	119.4%

Schedule of employer contributions for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2017 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/15	$ 57,218,000	$ 30,077,226	53%	$ 387,883,449
6/30/16	68,420,000	36,852,238	54%	416,748,091
6/30/17	95,915,000	36,324,026	38%	471,663,190

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2017	2016
Total OPEB liability		
Service cost	$ 64,957	
Interest	40,906	Information for FY2016 and earlier not available
Changes of benefit terms	—	
Differences between expected and actual experience	—	
Changes of assumptions	(162,653)	
Benefit payments	(23,244)	
Net change in total OPEB liability	(80,034)	
Total OPEB liability - beginning	1,289,950	
Total OPEB liability - ending (a)	$ 1,209,916	
Plan fiduciary net position		
Contributions - employer	$ 36,324	
Net investment income	9,912	
Benefit payments	(23,244)	
Administrative expense	(3)	
Net change in plan fiduciary net position	22,989	
Plan fiduciary net position - beginning	$ 81,292	
Plan fiduciary net position - ending (b)	104,281	
County's net OPEB liability - ending (a)-(b)	$ 1,105,635	
Plan fiduciary net position as a percentage of the total OPEB liability	8.62%	
Total Covered payroll	760,624,444	
County's net OPEB liability as a percentage of covered-employee payroll	0.15%	
Expected average remaining service years of all participants	10	

Notes to Schedule:
Benefit changes. None
Changes of assumptions. Discount rate at 6/30/16 is 3.20% and at 6/30/17 is 3.94%.

Howard County, Maryland
Other Postemployment Benefits
Schedule of Required Supplementary Information
Schedule of County Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2017	2016
Actuarially determined contribution	95,915	Information for FY2016 and earlier not available
Contributions in relation to the actuarially determined contribution	36,324	
Contribution deficiency (excess)	132,239	
Covered-employee payroll	760,624	
Contributions as a percentage of covered employee payroll	12.61%	

Notes to Schedule:

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay amortized
Remaining amortization period	Closed period of 21 years
Asset valuation method	Fair value
Inflation	2.75%
Salary increases	3%
Investment rate of return	7.50%, net of investment expense, including inflation
Retirement age	Rates vary by participant age and service and (for GASB purposes only).
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

Howard County, Maryland
Other Postemployment Benefits
Schedule of Required Supplementary Information
Schedule of Investment Returns
Last 10 Fiscal Years

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
June 30, 2017	11.65%
June 30, 2016	2.02%
June 30, 2015	2.65%
June 30, 2014	17.26%
June 30, 2013	12.02%
Information prior to FY 2013 is not available.	

Howard County, Maryland
Length of Service Award Program
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2017	2016
Total pension liability		
Service cost	$ 1,027	
Interest	655	Information for FY2016 and earlier not available
Changes of benefit terms	—	
Differences between expected and actual experience	—	
Changes of assumptions	—	
Benefit payments, including refunds of member contributions	(610)	
Net change in total pension liability	1,072	
Total pension liability - beginning	23,277	
Total pension liability - ending (a)	$ 24,349	
Plan fiduciary net position		
Net investment income	$ —	
Benefit payments, including refunds of member contributions	—	
Administrative expense	—	
Net change in plan fiduciary net position	$ —	
Plan fiduciary net position - beginning		
Plan fiduciary net position - ending (b)	—	
County's net pension liability - ending (a)-(b)	$ 24,349	
Plan fiduciary net position as a percentage of the total pension liability	—%	
Total Covered payroll	n/a	
County's net pension liability as a percentage of covered-employee payroll	n/a	
Expected average remaining service years of all participants	10	

Notes to Schedule:
Assets. There are no assets accumulated in a trust to pay related benefits. All benefits are paid on a pay-as-you-go basis.
Benefit changes. None
Changes of assumptions. None

Bridge Columbia

County Executive Allan H. Kittleman gathered with members of the community to announce more than $1 million in improvements to the pedestrian bridge crossing US Rt. 29 in Columbia. The improvements will include the installation of a spiraling geodesic tube around the bridge, transforming it into a signature landmark for the community.

Combining and Individual Fund Statements and Schedules

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

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

General Fund

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

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Revenues	Final Budget
Property taxes:				
Real, personal and corporate	$ 509,683,800	509,683,800	515,964,002	6,280,202
Payment in lieu of taxes	1,600,000	1,600,000	1,541,800	(58,200)
Additions and abatements	—	—	(732,245)	(732,245)
Interest on taxes	500,000	500,000	1,124,250	624,250
Tax sale revenue	150,000	150,000	—	(150,000)
Total property taxes	511,933,800	511,933,800	517,897,807	5,964,007
Other local taxes:				
Heavy equipment	375,000	375,000	786,082	411,082
Local income tax surcharge	430,586,155	430,586,155	435,233,271	4,647,116
Admission tax	2,123,657	2,123,657	2,915,333	791,676
Local recordation tax	23,175,000	23,175,000	24,818,520	1,643,520
Mobile home tax	630,000	630,000	614,592	(15,408)
Room rental tax	5,534,805	5,534,805	5,286,160	(248,645)
Total other local taxes	462,424,617	462,424,617	469,653,958	7,229,341
State shared taxes:				
Highway	1,605,565	1,605,565	1,818,048	212,483
Total state shared taxes	1,605,565	1,605,565	1,818,048	212,483
Revenues from other governments	6,584,100	6,584,100	8,939,248	2,355,148
Charges for services:				
Boarding prisoners	1,639,100	1,639,100	2,290,746	651,646
Cable TV franchise fees	4,942,756	4,942,756	6,245,637	1,302,881
Civil marriage	9,500	9,500	11,530	2,030
Developer - water and sewer overhead	500,000	500,000	350,360	(149,640)
Development - review fees	1,750,000	1,750,000	1,265,192	(484,808)
Development - specifications	1,000	1,000	—	(1,000)
Extension development agreement fees	35,000	35,000	30,800	(4,200)
House type revision fees	177,500	177,500	140,270	(37,230)
Master in chancery fees	100,000	100,000	1,604	(98,396)
Other charges for services	620,000	620,000	945,714	325,714
Parking meters	50,000	50,000	5,728	(44,272)
Planning and zoning fees	765,000	765,000	773,839	8,839
Police records check discovery fee	30,000	30,000	46,467	16,467
Recreation and parks	80,000	80,000	70,001	(9,999)
Rental housing inspection fees	1,500,000	1,500,000	1,280,858	(219,142)
Sale of maps and publications	60,000	60,000	56,078	(3,922)
Sheriff fees	425,000	425,000	419,499	(5,501)
Tax certificates	150,000	150,000	327,586	177,586
Weekender inmate fees	40,000	40,000	31,735	(8,265)
Food and beverage	130,000	130,000	101,759	(28,241)
Total charges for services	13,004,856	13,004,856	14,395,403	1,390,547

(Continued)

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

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Revenues	Final Budget
Interest on investments	1,034,153	1,034,153	703,526	(330,627)
Licenses and permits:				
Animal licenses	60,500	60,500	58,255	(2,245)
Beer, wine and liquor	279,439	279,439	285,434	5,995
Building	3,664,000	3,664,000	3,733,443	69,443
Electrical	1,145,000	1,145,000	1,277,137	132,137
Marriage licenses	2,900	2,900	—	(2,900)
Marriage license surcharge	70,000	70,000	95,940	25,940
Mobile home park	6,600	6,600	6,450	(150)
Other	—	—	190	190
Peddlers and solicitors	24,000	24,000	37,385	13,385
Plumbing	990,000	990,000	1,083,221	93,221
Signs	50,000	50,000	41,325	(8,675)
Traders	425,500	425,500	471,968	46,468
Total licenses and permits	6,717,939	6,717,939	7,090,748	372,809
Recoveries for interfund services:				
Streetlight districts	30,000	30,000	14,240	(15,760)
Public works operations - utility pro rata	4,969,699	4,969,699	3,908,606	(1,061,093)
Office of law - self insurance	450,000	450,000	458,019	8,019
Pension plan	300,000	300,000	365,654	65,654
Public works - water and sewer developer capital projects	550,000	550,000	440,000	(110,000)
Waste management pro rata share	1,435,659	1,435,659	1,435,659	—
Public works - water & sewer capital projects pro rata share	550,000	550,000	500,000	(50,000)
General County capital projects pro rata share	500,000	500,000	500,000	—
Agricultural land preservation fund	945,162	945,162	1,068,166	123,004
Fire and rescue fund	5,372,901	5,372,901	5,372,901	—
Housing and community development	684,664	684,664	684,664	—
Watershed pro rata	902,692	902,692	884,276	(18,416)
Finance - Employee health benefits fund	—	—	54,241	54,241
Recreation and parks	500,000	500,000	1,770,410	1,270,410
Forest Conservation pro rata share	—	—	44,589	44,589
Total recoveries for interfund services	17,190,777	17,190,777	17,501,425	310,648
Fines and forfeitures	3,122,543	3,122,543	3,010,509	(112,034)
Component units return of funding:				
Community college	1,037,594	1,037,594	314,463	(723,131)
Public school system	1,762,105	1,762,105	1,762,105	—
Total component units return of funding	2,799,699	2,799,699	2,076,568	(723,131)
Miscellaneous revenues:				
Commissions, rents and concessions	485,000	485,000	534,308	49,308
Sale of property and equipment	17,000	17,000	15,084	(1,916)
Other revenue	4,058,270	3,201,258	2,281,626	(919,632)
Miscellaneous program revenue	7,905,368	650,000	605,468	(44,532)
Other intergovernmental revenue	—	—	812	812
Insurance recoveries	—	—	30,150	30,150
Total miscellaneous revenue	12,465,638	4,353,258	3,467,448	(885,810)
Total revenues	1,038,883,687	1,030,771,307	1,046,554,688	15,783,381
Other financing sources:				
Transfers in:				
Operating transfer	—	9,259,287	9,259,287	—
Community renewal program fund - debt	333,979	333,979	333,979	—
Fire and rescue reserve fund - debt	1,998,183	1,998,183	1,998,183	—
Recreation program fund - debt	4,487,881	4,487,881	4,487,881	—
Excise tax debt	6,169,100	6,169,100	6,169,100	—
Public school system debt	—	7,255,368	7,255,368	—
Capital contributions	—	—	14,305	14,305
Environmental services fund	540,324	540,324	540,324	—
Master lease debt service reimbrusement	957,539	957,539	682,128	(275,411)
Total other financing sources	14,487,006	31,001,661	30,740,555	(261,106)
Appropriation from fund balance	20,672,965	24,073,637	1,401,873	(22,671,764)
Total revenues and other financing sources	$ 1,074,043,658	1,085,846,605	1,078,697,116	(7,149,489)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2017

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
General Government						
Office of the County Executive	$ 1,763,238	1,799,238	1,785,443	—	1,785,443	13,795
Office of the County Administrator:						
Bureau of staff services:						
Staff services	2,804,784	3,078,784	2,430,020	640,000	3,070,020	8,764
Environmental sustainability	436,878	384,946	342,568	35,000	377,568	7,378
Office of human rights	787,092	777,419	774,004	—	774,004	3,415
Workforce development	219,618	155,542	154,262	—	154,262	1,280
Total bureau of staff services	4,248,372	4,396,691	3,700,854	675,000	4,375,854	20,837
Bureau of management services:						
Budget division	1,014,819	932,268	907,077	13,110	920,187	12,081
Human resources	2,087,665	2,068,204	1,935,318	83,587	2,018,905	49,299
Purchasing division	1,506,553	1,424,246	1,375,631	19,313	1,394,944	29,302
Central services	816,314	767,523	746,526	—	746,526	20,997
Public information	1,032,102	1,080,893	1,077,922	—	1,077,922	2,971
Total bureau of management services	6,457,453	6,273,134	6,042,474	116,010	6,158,484	114,650
Total Office of the County Administrator	10,705,825	10,669,825	9,743,328	791,010	10,534,338	135,487
Department of economic development	2,595,191	2,745,191	2,744,561	—	2,744,561	630
Department of finance:						
Office of the director	2,690,828	2,655,828	2,387,089	—	2,387,089	268,739
Office of the controller	2,506,549	2,506,549	2,100,896	49,319	2,150,215	356,334
Office of business management and customer service	2,269,842	2,379,842	2,219,565	83,593	2,303,158	76,684
Bureau of disbursements	930,136	930,136	911,593	17,526	929,119	1,017
Total department of finance	8,397,355	8,472,355	7,619,143	150,438	7,769,581	702,774
Office of law	3,938,806	3,938,806	3,844,306	30,000	3,874,306	64,500
Technology and communication services	280,004	280,004	260,131	—	260,131	19,873
General fund contingency	2,000,000	1,303,506	—	—	—	1,303,506
Non-departmental expenses	14,425,969	18,303,860	18,000,207	303,649	18,303,856	4
Total General Government	44,106,388	47,512,785	43,997,119	1,275,097	45,272,216	2,240,569
Legislative and Judicial						
Legislative:						
County council	3,222,556	3,222,556	3,023,861	50,000	3,073,861	148,695
County auditor	1,289,933	1,289,933	1,125,905	114,500	1,240,405	49,528
Board of license commissioners	129,486	129,486	124,224	—	124,224	5,262
Zoning board	124,740	124,740	110,387	—	110,387	14,353
Board of appeals	101,970	101,970	37,806	—	37,806	64,164
Total legislative	4,868,685	4,868,685	4,422,183	164,500	4,586,683	282,002

(Continued)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2017

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
Judicial						
Circuit court	2,785,422	2,785,422	2,781,684	—	2,781,684	3,738
Orphan's court	54,538	54,538	50,419	—	50,419	4,119
Sheriff's department	7,761,203	7,761,203	7,485,366	66,274	7,551,640	209,563
State attorney's office	8,107,452	8,107,452	7,784,007	—	7,784,007	323,445
Total judicial	18,708,615	18,708,615	18,101,476	66,274	18,167,750	540,865
Board of election supervisors	1,662,137	1,662,137	1,591,967	—	1,591,967	70,170
Election expense	1,420,058	1,420,058	1,343,700	—	1,343,700	76,358
Total Legislative and Judicial	26,659,495	26,659,495	25,459,326	230,774	25,690,100	969,395
Public Works						
Department of public works:						
Office of the director	6,336,336	6,164,141	4,816,452	1,339,500	6,155,952	8,189
Total office of the director	6,336,336	6,164,141	4,816,452	1,339,500	6,155,952	8,189
Bureau of engineering:						
Administrative management division	516,980	500,391	495,567	—	495,567	4,824
Transportation & watershed management	1,392,084	1,224,910	1,196,755	14,978	1,211,733	13,177
Construction inspection division	3,130,163	2,938,508	2,928,670	—	2,928,670	9,838
Survey and drafting division	883,309	881,665	874,464	—	874,464	7,201
Total bureau of engineering	5,922,536	5,545,474	5,495,456	14,978	5,510,434	35,040
Bureau of highways:						
Operations	1,109,135	1,119,135	1,084,216	—	1,084,216	34,919
Highway maintenance division	17,755,295	20,907,005	18,491,715	1,346,584	19,838,299	1,068,706
Traffic engineering division	1,790,583	1,994,883	1,758,211	184,925	1,943,136	51,747
Total bureau of highways	20,655,013	24,021,023	21,334,142	1,531,509	22,865,651	1,155,372
Bureau of facilities:						
Administration	7,954,801	8,024,271	7,820,007	179,689	7,999,696	24,575
Building and ground maintenance	9,146,589	10,514,038	10,461,389	60,564	10,521,953	7,915
Total bureau of facilities	17,101,390	18,538,309	18,281,396	240,253	18,521,649	32,490
Bureau of environmental services:						
Stormwater management	1,238,499	1,316,198	1,272,700	—	1,272,700	43,498
Total bureau of environmental services	1,238,499	1,316,198	1,272,700	—	1,272,700	43,498
Total Department of Public Works	51,253,774	55,585,145	51,200,146	3,126,240	54,326,386	1,274,589
Department of inspections, licenses and permits:						
Operations division	1,950,295	2,108,275	1,901,063	87,821	1,988,884	119,391
Inspection and enforcement division	3,410,203	3,314,203	3,277,632	—	3,277,632	36,571
Plan review division	1,360,950	1,335,950	1,307,010	—	1,307,010	28,940
Licenses and permits division	766,907	756,907	728,317	—	728,317	28,590
Total department of inspection, license and permits	7,488,355	7,515,335	7,214,022	87,821	7,301,843	213,492

(Continued)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2017

	Budget Amounts					
	Original	Final	Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
Department of planning and zoning:						
Office of the director	1,581,625	1,902,993	1,379,965	519,179	1,899,144	3,849
Division of land development	1,347,441	1,280,914	1,276,284	—	1,276,284	4,630
Division of research	889,761	928,189	806,622	120,000	926,622	1,567
Public service and zoning administration	1,074,448	1,022,824	1,016,289	—	1,016,289	6,535
Environmental and community planning	598,457	625,337	521,401	100,000	621,401	3,936
Development engineering division	1,007,753	1,019,103	1,018,449	—	1,018,449	654
Conservation easements program	542,263	696,213	549,956	20,000	569,956	126,257
Total department of planning and zoning	7,041,748	7,475,573	6,568,966	759,179	7,328,145	147,428
Soil conservation district	862,422	862,422	862,422	—	862,422	—
Department of transportation	9,141,302	9,141,302	8,886,857	248,586	9,135,443	5,859
Total Public Works	75,787,601	80,579,777	74,732,413	4,221,826	78,954,239	1,625,538
Public Safety						
Police department:						
Animal control division	1,527,597	1,602,597	1,595,985	—	1,595,985	6,612
Office of the chief	5,464,268	5,642,358	5,638,534	—	5,638,534	3,824
Administrative command	802,495	792,485	786,781	—	786,781	5,704
Command operations	42,116,648	43,481,649	43,453,284	654	43,453,938	27,711
Bureau of criminal investigations	17,129,918	16,952,007	16,707,785	165,869	16,873,654	78,353
Special operations bureau	9,278,612	9,265,500	8,489,911	760,626	9,250,537	14,963
Information and technology bureau	17,057,012	16,567,595	16,431,622	107,945	16,539,567	28,028
Human resource bureau	5,420,908	5,149,334	5,103,863	36,085	5,139,948	9,386
Management services bureau	10,439,258	10,927,266	9,415,795	1,498,479	10,914,274	12,992
Investigations and special	330,488	270,425	266,941	—	266,941	3,484
Total police department	109,567,204	110,651,216	107,890,501	2,569,658	110,460,159	191,057
Department of corrections	17,676,089	17,704,821	17,532,037	149,082	17,681,119	23,702
Total Public Safety	127,243,293	128,356,037	125,422,538	2,718,740	128,141,278	214,759
Recreation and Parks						
Department of recreation and parks	21,787,938	21,922,703	21,863,186	57,708	21,920,894	1,809
Total Recreation and Parks	21,787,938	21,922,703	21,863,186	57,708	21,920,894	1,809
Community Services						
Department of social services	615,122	615,122	563,683	—	563,683	51,439
Department of Community Resources and Services	9,006,404	8,908,083	8,875,861	18,800	8,894,661	13,422
Consumer affairs division	444,512	438,111	438,110	—	438,110	1
Office on aging	2,486,206	2,606,391	2,564,358	42,000	2,606,358	33
Mental health authority	654,627	654,627	654,627	—	654,627	—
Cooperative extension services	487,213	487,213	479,398	—	479,398	7,815
Health department	9,259,287	—	—	—	—	—
Total Community Services	22,953,371	13,709,547	13,576,037	60,800	13,636,837	72,710

(Continued)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2017

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
County grants in-aid:						
Arts & tourism grants:						
Center of African-American Culture	38,000	38,000	38,000	—	38,000	—
African Art Museum of Maryland	12,000	12,000	12,000	—	12,000	—
Ellicott City Partnership	25,000	25,000	25,000	—	25,000	—
Inner Arbor	5,000	5,000	5,000	—	5,000	—
Patapsco Heritage Greenway	50,000	50,000	50,000	—	50,000	—
Local / regional arts grants	800,000	800,000	800,000	—	800,000	—
Tourism Council	1,118,292	1,118,292	1,118,292	—	1,118,292	—
Total arts and tourism grants	2,048,292	2,048,292	2,048,292	—	2,048,292	—
Civic grants:						
Historical society	75,000	75,000	75,000	—	75,000	—
Total civic grants	75,000	75,000	75,000	—	75,000	—
Community service partnerships human service grants	7,680,188	7,680,188	7,619,563	—	7,619,563	60,625
Total County Grants in-Aid	9,803,480	9,803,480	9,742,855	—	9,742,855	60,625
Total Community Service and grants in-ad	32,756,851	23,513,027	23,318,892	60,800	23,379,692	133,335
Education						
Public schools	562,244,625	562,244,625	562,244,625	—	562,244,625	—
Community college	32,240,298	32,240,298	32,240,298	—	32,240,298	—
Library	19,543,923	19,543,923	19,543,923	—	19,543,923	—
Total Education	614,028,846	614,028,846	614,028,846	—	614,028,846	—
Health Department						
Department of Health	13,396,657	12,673,870	9,897,220	1,027,762	10,924,982	1,748,888
Total Health Department	13,396,657	12,673,870	9,897,220	1,027,762	10,924,982	1,748,888

(Continued)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2017

	Budget Amounts					
	Original	Final	Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
Debt Service						
Principal:						
Community college	5,033,721	5,033,722	5,033,720	—	5,033,720	2
Community renewal	240,761	240,761	240,761	—	240,761	—
Environmental services	—	260,690	260,690	—	260,690	—
Excise bonds	3,915,663	3,654,974	3,654,974	—	3,654,974	—
Fire	1,132,087	1,132,087	1,132,087	—	1,132,087	—
General county projects	10,374,668	14,357,666	14,357,665	—	14,357,665	1
Police	389,593	389,593	389,593	—	389,593	—
Recreation and parks	2,544,988	2,544,988	2,544,988	—	2,544,988	—
School surcharge	4,684,447	4,684,447	4,684,447	—	4,684,447	—
Schools	29,336,076	29,336,076	29,336,077	—	29,336,077	(1)
Storm drainage	1,529,998	1,529,998	1,529,998	—	1,529,998	—
Master lease financing	2,546,389	2,286,770	2,286,768	—	2,286,768	2
Total principal	61,728,391	65,451,772	65,451,768	—	65,451,768	4
Interest:						
Broadband	—	26,425	26,425	—	26,425	—
Community college	3,435,077	3,435,077	3,435,077	—	3,435,077	—
Community renewal	93,218	93,218	93,218	—	93,218	—
Environmental services	—	279,635	279,635	—	279,635	—
Excise bonds	2,793,761	2,514,125	2,514,126	—	2,514,126	(1)
Fire	866,096	866,097	866,097	—	866,097	—
General county projects	14,365,853	10,356,431	10,356,431	—	10,356,431	—
Police	225,157	225,157	225,157	—	225,157	—
Recreation and parks	1,942,894	1,942,895	1,942,895	—	1,942,895	—
School surcharge	2,570,921	2,570,921	2,570,921	—	2,570,921	—
Schools	17,376,144	17,376,145	17,376,143	—	17,376,143	2
Storm drainage	986,515	986,515	986,515	—	986,515	—
Master lease financing	173,255	148,357	148,357	—	148,357	—
Total interest	44,828,891	40,820,998	40,820,997	—	40,820,997	1
Total Debt Service	106,557,282	106,272,770	106,272,765	—	106,272,765	5
Total expenditures and encumbrances before transfers	1,062,324,351	1,061,519,310	1,044,992,305	9,592,707	1,054,585,012	6,934,298
Other financing uses						
Health department	—	9,259,287	9,259,287	—	9,259,287	—
General government	—	991,467	991,467	—	991,467	—
Recreation and Parks	496,213	447,350	447,350	—	447,350	—
Paygo - capital	6,714,000	13,414,000	13,414,000	—	13,414,000	—
Paygo - operating	4,449,678	—	—	—	—	—
County share circuit court administration	59,416	59,416	—	—	—	59,416
Total other financing uses	11,719,307	24,171,520	24,112,104	—	24,112,104	59,416
Total Expenditures, Encumbrances and other financing uses	$ 1,074,043,658	1,085,690,830	1,069,104,409	9,592,707	1,078,697,116	6,993,714

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

DPW Flag

On August 17, 2016, workers from the Department of Public Works took a brief pause from their recovery work in Ellicott City to mark the re-setting of the flag pole in front of the Welcome Center on Main Street

Non-Major Governmental Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes or are committed for a particular purpose by action of the County Council.

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.

Debt service funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
ASSETS				
Equity in pooled cash and cash equivalents	$ 51,104,117	$ 36,879,472	$ 529,629	$ 88,513,218
Cash with fiscal agents	—	—	1,686,730	1,686,730
Receivables:				
Property taxes	526,138	—	—	526,138
Due from other governments	10,725,024	4,451,055	—	15,176,079
Due from other funds	422,000	42,800,182	—	43,222,182
Due from component units	5,463,614	—	—	5,463,614
Housing loans	11,044,748	—	—	11,044,748
Other	283,390	12,156	—	295,546
Prepaid items	4,606	—	—	4,606
Economic development loans	197,849	—	—	197,849
Material and supplies	639,570	—	—	639,570
Total assets	80,411,056	84,142,865	2,216,359	166,770,280
LIABILITIES				
Due to other funds	—	7,586,872	—	7,586,872
Accounts payable / accrued liabilities	5,329,687	12,902,947	143,008	18,375,642
Accrued wages and benefits	4,923,844	52,762	—	4,976,606
Short-term loans and notes payable	—	13,791,732	—	13,791,732
Deposits and connection fees	334,399	—	—	334,399
Unearned revenue	7,871,749	58,500	—	7,930,249
Total liabilities	18,459,679	34,392,813	143,008	52,995,500
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	503,542	—	—	503,542
Unavailable fees	500,000	—	—	500,000
Unavailable grant revenues	2,051,614	955,061	—	3,006,675
Total deferred inflows	3,055,156	955,061	—	4,010,217
Total liabilities and deferred inflows	21,514,835	35,347,874	143,008	57,005,717
FUND BALANCES				
Nonspendable:				
Inventory	639,570	—	—	639,570
Prepaid Items	4,606	—	—	4,606
Restricted for:				
Catalyst loan program	631,857	—	—	631,857
Economic development initiatives	856,484	—	—	856,484
Fees in lieu	599,342	—	—	599,342
Fire & rescue services	16,987,743	—	—	16,987,743
Forest conservation	1,957,793	—	—	1,957,793
Middle Patuxent environmental area program	46,128	—	—	46,128
Open space	—	14,091	—	14,091
Parkland watershed facilities	—	486,286	—	486,286
Program revenue	474,954	—	—	474,954
Public road facilities	—	68,670,802	—	68,670,802
Speed enforcement	1,224,072	—	—	1,224,072
Tax incremental financing project	—	—	2,073,351	2,073,351
Committed for:				
Community renewal programs	21,850,103	—	—	21,850,103
Environmental services	13,845,154	—	—	13,845,154
Fire house & training facilities	—	7,726,272	—	7,726,272
Recreation programs	1,393,595	—	—	1,393,595
Assigned for:				
Streetlights	—	2,387,297	—	2,387,297
Unassigned	(1,615,180)	(30,489,757)	—	(32,104,937)
Total fund balances	58,896,221	48,794,991	2,073,351	109,764,563
Total liabilities, deferred inflows and fund balances	$ 80,411,056	$ 84,142,865	$ 2,216,359	$ 166,770,280

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
REVENUES				
Property taxes	$ 90,703,286	$ —	$ 54,526	$ 90,757,812
Other local taxes	4,738,009	20,461,397	525,000	25,724,406
Revenues from other governments	22,358,560	6,254,244	—	28,612,804
Charges for services	42,385,374	651,829	—	43,037,203
Investment income:				
Interest on investments	324,578	539,871	15,652	880,101
Installment interest from housing loans	27,190	—	—	27,190
Fines and forfeitures	1,471,167	—	—	1,471,167
Developer fees	604,721	1,816,102	—	2,420,823
Miscellaneous program revenue	5,971,269	8,236	—	5,979,505
Total revenues	168,584,154	29,731,679	595,178	198,911,011
EXPENDITURES				
Current:				
General government	3,154,476	—	201,751	3,356,227
Legislative and judicial	725,998	—	—	725,998
Public works	32,515,177	—	—	32,515,177
Public safety	97,586,174	—	—	97,586,174
Recreation and parks	19,344,922	—	—	19,344,922
Community services	8,493,525	—	—	8,493,525
Capital improvements	—	84,830,090	—	84,830,090
Debt service:				
Principal payments on debt	—	—	20,000	20,000
Interest payments on debt	—	—	1,137,365	1,137,365
Total expenditures	161,820,272	84,830,090	1,359,116	248,009,478
Excess (deficiency) of revenues over expenditures	6,763,882	(55,098,411)	(763,938)	(49,098,467)
OTHER FINANCING SOURCES (USES)				
Bond premium	—	9,711,453	—	9,711,453
Capital-related issuance of debt	—	37,543,347	—	37,543,347
Refunding bonds issued	—	26,962,653	—	26,962,653
Payment to bond refunding escrow agent	—	(32,486,153)	—	(32,486,153)
Transfers in	472,042	21,277,796	1,107,420	22,857,258
Transfers out	(3,778,546)	(12,714,671)	(1,432)	(16,494,649)
Total other financing sources	(3,306,504)	50,294,425	1,105,988	48,093,909
Net change in fund balances	3,457,378	(4,803,986)	342,050	(1,004,558)
Fund balances - beginning	55,438,843	53,598,977	1,731,301	110,769,121
Fund balances - ending	$ 58,896,221	$ 48,794,991	$ 2,073,351	$ 109,764,563

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

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2017

	Community Renewal Program Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Speed Enforcement Fund	Total
ASSETS								
Equity in pooled cash and cash equivalents	$ 5,421,378	$ 14,581,669	$ 21,199,057	$ 1,969,405	$ 126,799	$ 6,505,070	$ 1,300,739	$ 51,104,117
Receivables:								
Property taxes	—	20,978	505,160	—	—	—	—	526,138
Due from other funds	—	—	—	—	—	422,000	—	422,000
Due from other governments	478,641	—	—	—	10,246,383	—	—	10,725,024
Due from component units	5,463,614	—	—	—	—	—	—	5,463,614
Housing loans	11,044,748							11,044,748
Other	—	208,512	33,686	—	33,222	6,822	1,148	283,390
Prepaid items	—	—	—	—	4,606	—	—	4,606
Economic development loans	—	—	—	—	197,849	—	—	197,849
Materials and supplies	—	—	450,502	—	—	189,068	—	639,570
Total assets	22,408,381	14,811,159	22,188,405	1,969,405	10,608,859	7,122,960	1,301,887	80,411,056
LIABILITIES								
Accounts payable / accrued liabilities	7,910	606,216	384,380	1,076	3,673,370	594,151	62,584	5,329,687
Accrued wages and benefits	50,368	200,548	3,862,238	10,536	176,641	608,282	15,231	4,923,844
Deposits and connection fees	—	151,724	—	—	23,945	158,730	—	334,399
Unearned revenue	—	7,517	—	—	3,685,098	4,179,134	—	7,871,749
Total liabilities	58,278	966,005	4,246,618	11,612	7,559,054	5,540,297	77,815	18,459,679
DEFERRED INFLOWS OF RESOURCES								
Unavailable property taxes	—	—	503,542	—	—	—	—	503,542
Unavailable fees	500,000	—	—	—	—	—	—	500,000
Unavailable grant revenues	—	—	—	—	2,051,614	—	—	2,051,614
Total deferred inflows of resources	500,000	—	503,542	—	2,051,614	—	—	3,055,156
Total liabilities and deferred inflows of resources	558,278	966,005	4,750,160	11,612	9,610,668	5,540,297	77,815	21,514,835
FUND BALANCES								
Nonspendable:								
Inventory	—	—	450,502	—	—	189,068	—	639,570
Prepaid items	—	—	—	—	4,606	—	—	4,606
Restricted for:								
Catalyst loan program	—	—	—	—	631,857	—	—	631,857
Economic development initiatives	—	—	—	—	856,484	—	—	856,484
Fees in lieu	—	—	—	—	599,342	—	—	599,342
Fire & rescue services	—	—	16,987,743	—	—	—	—	16,987,743
Forest conservation	—	—	—	1,957,793	—	—	—	1,957,793
Middle Patuxent environmental area	—	—	—	—	46,128	—	—	46,128
Program revenue	—	—	—	—	474,954	—	—	474,954
Speed enforcement	—	—	—	—	—	—	1,224,072	1,224,072
Committed for:								
Community renewal programs	21,850,103	—	—	—	—	—	—	21,850,103
Environmental services	—	13,845,154	—	—	—	—	—	13,845,154
Recreation programs	—	—	—	—	—	1,393,595	—	1,393,595
Unassigned	—	—	—	—	(1,615,180)	—	—	(1,615,180)
Total fund balances (deficits)	21,850,103	13,845,154	17,438,245	1,957,793	998,191	1,582,663	1,224,072	58,896,221
Total liabilities, deferred inflows and fund balances	$ 22,408,381	$ 14,811,159	$ 22,188,405	$ 1,969,405	$ 10,608,859	$ 7,122,960	$ 1,301,887	$ 80,411,056

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2017

	Community Renewal Program Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Speed Enforcement Fund	Total
REVENUES								
Property taxes	$ —	$ 47,753	$ 90,653,730	$ —	$ 437	$ 1,366	$ —	$ 90,703,286
Other local taxes	4,738,009	—	—	—	—	—	—	4,738,009
Revenues from other governments	—	489,588	657,874	9,136	20,961,614	240,348	—	22,358,560
Charges for services	—	22,951,694	177,186	—	624,401	18,632,093	—	42,385,374
Investment income:								
Interest on investments	10,110	86,299	174,875	21,780	13,174	14,821	3,519	324,578
Installment interest from housing loans	27,190	—	—	—	—	—	—	27,190
Fines and forfeitures	—	—	1,750	—	—	363,608	1,105,809	1,471,167
Developer fees	—	—	—	4,979	599,342	400	—	604,721
Miscellaneous program revenue	1,180,628	18,221	134,510	—	4,014,898	607,769	15,243	5,971,269
Total revenues	5,955,937	23,593,555	91,799,925	35,895	26,213,866	19,860,405	1,124,571	168,584,154
EXPENDITURES								
General government	—	—	—	—	3,154,476	—	—	3,154,476
Legislative and judicial	—	—	—	—	725,998	—	—	725,998
Public works	—	23,013,497	—	—	9,501,680	—	—	32,515,177
Public safety	—	—	94,252,397	—	2,574,563	—	759,214	97,586,174
Recreation and parks	—	—	—	304,517	34,535	19,005,870	—	19,344,922
Community services	1,169,937	—	—	—	7,323,588	—	—	8,493,525
Total expenditures	1,169,937	23,013,497	94,252,397	304,517	23,314,840	19,005,870	759,214	161,820,272
Excess (deficiency) of revenues over expenditures	4,786,000	580,058	(2,452,472)	(268,622)	2,899,026	854,535	365,357	6,763,882
OTHER FINANCING SOURCES (USES)								
Transfers in	—	—	—	9,234	15,458	447,350	—	472,042
Transfers out	(344,089)	(626,623)	(1,457,004)	(1,306,618)	(8,132)	(14,821)	(21,259)	(3,778,546)
Total other financing sources (uses)	(344,089)	(626,623)	(1,457,004)	(1,297,384)	7,326	432,529	(21,259)	(3,306,504)
Net change in fund balances	4,441,911	(46,565)	(3,909,476)	(1,566,006)	2,906,352	1,287,064	344,098	3,457,378
Fund balances - beginning	17,408,192	13,891,719	21,347,721	3,523,799	(1,908,161)	295,599	879,974	55,438,843
Fund balances - ending	$ 21,850,103	$ 13,845,154	$ 17,438,245	$ 1,957,793	$ 998,191	$ 1,582,663	$ 1,224,072	$ 58,896,221

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	$ 3,631,940	3,631,940	4,738,009	1,106,069
Installment interest from housing loans	75,000	75,000	27,190	(47,810)
Miscellaneous	500,000	500,000	2,248,021	1,748,021
Total revenues	4,206,940	4,206,940	7,013,220	2,806,280
EXPENDITURES				
Community services:				
Housing and community development administration	—	—	46,016	(46,016)
Community development committee	6,940	500	—	500
Housing initiatives	2,125,000	2,066,585	2,066,585	—
Revolving loan program income	2,574,321	2,639,176	2,542,943	96,233
Total expenditures	4,706,261	4,706,261	4,655,544	50,717
Excess (deficiency) of revenues over expenditures	(499,321)	(499,321)	2,357,676	2,856,997
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	833,300	833,300	—	(833,300)
Transfers out	(333,979)	(333,979)	—	333,979
Total other financing sources (uses)	499,321	499,321	—	(499,321)
Net change in fund balance	—	—	2,357,676	2,357,676
Plus prior year encumbrance lapsed			2,415,885	
Fund balance - beginning			14,861,048	
Fund balance - ending			$ 19,634,609	

The ending fund balance is reconciled as follows:	
Budgetary basis, end of the fiscal year	$ 19,634,609
Adjustments:	
Elimination of encumbrances outstanding	775,000
Accruals (Housing loans)	2,497,777
Non budgeted - Bad debt expense	(1,057,283)
GAAP basis, end of fiscal year	$ 21,850,103

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Environmental Services Funds
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 25,000	25,000	47,753	22,753
Revenue from other governments	—	—	489,588	489,588
Charges for services	21,355,000	21,355,000	22,951,694	1,596,694
Miscellaneous	2,000	2,000	19,444	17,444
Total revenues	21,382,000	21,382,000	23,508,479	2,126,479
EXPENDITURES				
Public works:				
Administrative services	2,477,298	2,477,298	2,361,572	115,726
Operations	12,551,382	12,819,782	12,114,279	705,503
Collections	5,131,681	5,100,681	4,431,690	668,991
Recycling	6,651,746	6,414,346	5,475,830	938,516
Total expenditures	26,812,107	26,812,107	24,383,371	2,428,736
Excess (deficiency) of revenues over expenditures	(5,430,107)	(5,430,107)	(874,892)	4,555,215
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	5,970,431	5,970,431	1,415,216	(4,555,215)
Transfers out	(540,324)	(540,324)	(540,324)	—
Total other financing sources (uses)	5,430,107	5,430,107	874,892	(4,555,215)
Net change in fund balance	—	—	—	—
Plus prior year encumbrances lapsed			1,345,465	
Less appropriation from fund balance			(1,415,216)	
Fund balance - beginning			12,527,024	
Fund balance - ending			$ 12,457,273	

The ending fund balance is reconciled as follows:	
Budgetary basis, end of the fiscal year	$ 12,457,273
Adjustments:	
Elimination of encumbrances outstanding	1,998,434
Accruals	(610,553)
GAAP basis, end of fiscal year	$ 13,845,154

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Fire and Rescue Reserve Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 89,500,915	89,500,915	90,653,730	1,152,815
Revenues from other governments	—	—	657,874	657,874
Charges for services	310,000	310,000	177,261	(132,739)
Fines and forfeitures	—	—	1,750	1,750
Miscellaneous	30,000	30,000	133,230	103,230
Total revenues	89,840,915	89,840,915	91,623,845	1,782,930
EXPENDITURES				
Public safety:				
Administrative	92,821,954	92,821,954	92,687,799	134,155
Total expenditures	92,821,954	92,821,954	92,687,799	134,155
Excess (deficiency) of revenues over expenditures	(2,981,039)	(2,981,039)	(1,063,954)	1,917,085
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	4,263,167	4,263,167	2,346,082	(1,917,085)
Transfers out	(1,282,128)	(1,282,128)	(1,282,128)	—
Total other financing sources (uses)	2,981,039	2,981,039	1,063,954	(1,917,085)
Net change in fund balance	—	—	—	—
Less appropriation from fund balance			(2,346,082)	
Fund balance - beginning			22,704,425	
Fund balance - ending			$ 20,358,343	

The ending fund balance is reconciled as follows:	
Budgetary basis, end of the fiscal year	$ 20,358,343
Adjustments:	
Elimination of encumbrances outstanding	663,826
Accruals	(3,551,087)
Non budgeted - Bad debt expense	(32,837)
GAAP basis, end of fiscal year	$ 17,438,245

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other governments	$ —	—	9,136	9,136
Interest on investments	3,415	3,415	21,780	18,365
Fines and forfeitures	65,000	65,000	—	(65,000)
Developer fees - inspections	15,000	15,000	—	(15,000)
Developer fees - mitigation	560,000	560,000	4,979	(555,021)
Total revenues	643,415	643,415	35,895	(607,520)
EXPENDITURES				
Public Works:				
Forest mitigation	643,415	643,415	304,172	339,243
Total expenditures	643,415	643,415	304,172	339,243
Excess (deficiency) of revenues over expenditures	—	—	(268,277)	(268,277)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,306,618	1,306,618	1,306,618	—
Transfers out	(1,306,618)	(1,306,618)	(1,306,618)	—
Total other financing sources (uses)	—	—	—	—
Net change in fund balance	—	—	(268,277)	(268,277)
Plus prior year encumbrances lapsed			22,362	
Less appropriation from fund balance			(1,306,618)	
Fund balance - beginning			3,541,062	
Fund balance - ending			$ 1,988,529	

The ending fund balance is reconciled as follows:	
Budgetary basis, end of the fiscal year	$ 1,988,529
Adjustments:	
Accruals	(30,736)
GAAP basis, end of fiscal year	$ 1,957,793

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other agencies:				
Grants from federal government	$ 11,202,356	11,202,356	11,599,750	397,394
Grants from state government	9,267,153	10,536,777	9,144,712	(1,392,065)
Other local grants	3,225,251	3,225,251	217,102	(3,008,149)
Total revenue from other agencies	23,694,760	24,964,384	20,961,564	(4,002,820)
Property taxes	—	—	437	437
Charges for services	625,000	625,000	624,401	(599)
Interest on investments	—	—	5,043	5,043
Developer fees	—	—	599,342	599,342
Contingency	5,000,000	5,000,000	—	(5,000,000)
Miscellaneous	11,676,431	10,056,807	4,016,044	(6,040,763)
Total revenues	35,996,191	35,646,191	26,206,831	(9,439,360)
EXPENDITURES				
General government	6,939,059	6,401,551	3,366,423	3,035,128
Legislative & judicial	854,512	854,512	725,452	129,060
Public works	7,577,732	8,777,732	6,735,874	2,041,858
Public safety	4,572,556	4,642,180	2,730,316	1,911,864
Recreation & parks	148,000	148,000	34,406	113,594
Community services	9,822,216	9,822,216	7,299,995	2,522,221
Contingency	5,000,000	5,000,000	—	5,000,000
Total expenditures	34,914,075	35,646,191	20,892,466	14,753,725
Excess (deficiency) of revenues over expenditures	1,082,116	—	5,314,365	5,314,365
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,082,116)	—	—	—
Total other financing sources (uses)	(1,082,116)	—	—	—
Net change in fund balance	—	—	5,314,365	5,314,365
Plus prior year encumbrances lapsed			3,092,826	—
Fund balances - beginning			(7,411,952)	
Fund balances - ending			$ 995,239	

The ending fund balance is reconciled as follows:	
Budgetary basis, end of the fiscal year	$ 995,239
Adjustments:	
Elimination of encumbrances outstanding	3,677,646
Accruals	(3,673,548)
Non budgeted - Bad debt expense	(1,146)
GAAP basis, end of fiscal year	$ 998,191

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ —	—	1,366	1,366
Revenue from other governments	—	—	240,348	240,348
Charges for services	20,135,188	20,135,188	18,632,093	(1,503,095)
Fines and forfeitures	50,000	50,000	363,608	313,608
Developer fees	—	—	400	400
Miscellaneous program revenue	180,000	180,000	609,198	429,198
Total revenues	20,365,188	20,365,188	19,847,013	(518,175)
EXPENDITURES				
Recreation and parks:				
Administration	21,092,538	21,092,538	19,168,379	1,924,159
Total expenditures	21,092,538	21,092,538	19,168,379	1,924,159
Excess (deficiency) of revenues over expenditures	(727,350)	(727,350)	678,634	1,405,984
OTHER FINANCING SOURCES (USES)				
Transfers in	727,350	727,350	447,350	(280,000)
Total other financing sources (uses)	727,350	727,350	447,350	(280,000)
Net change in fund balance	—	—	1,125,984	1,125,984
Plus prior year encumbrances lapsed			184,970	
Fund balance - beginning			616,196	
Fund balance - ending			$ 1,927,150	

The ending fund balance is reconciled as follows:	
Budgetary basis, end of the fiscal year	$ 1,927,150
Adjustments:	
Elimination of encumbrances outstanding	383,351
Accruals	(718,644)
Non budgeted - Bad debt expense	(9,194)
GAAP basis, end of fiscal year	$ 1,582,663

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Speed Enforcement Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines & forfeitures	$ 1,170,000	1,170,000	1,105,809	(64,191)
Other	30,778	30,778	15,255	(15,523)
Total revenues	1,200,778	1,200,778	1,121,064	(79,714)
EXPENDITURES				
Public safety:				
Administrative	990,053	990,053	727,922	262,131
Total expenditures	990,053	990,053	727,922	262,131
Excess (deficiency) of revenues over expenditures	210,725	210,725	393,142	182,417
OTHER FINANCING SOURCES (USES)				
Transfers out	(210,725)	(210,725)	(17,740)	192,985
Total other financing sources (uses)	(210,725)	(210,725)	(17,740)	192,985
Net change in fund balance	—	—	375,402	375,402
Plus prior year encumbrances lapsed			219,588	
Fund balance - beginning			629,082	
Fund balance - ending			$ 1,224,072	

The ending fund balance is reconciled as follows:	
Budgetary basis, end of the fiscal year	
Adjustments:	
Elimination of encumbrances outstanding	$ 62,584
Accruals	(62,584)
GAAP basis, end of fiscal year	$ 1,224,072

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

Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2017

	Fire Service Bldg & Equip Fund	Highway Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
ASSETS						
Equity in pooled cash and cash equivalents	$ 5,145,424	$ 24,772,299	$ —	$ 6,961,749	$ —	$ 36,879,472
Due from other governments	478,641	89,286	—	1,578,865	2,304,263	4,451,055
Due from other funds	—	42,800,182	—	—	—	42,800,182
Other	—	12,156	—	—	—	12,156
Total assets	5,624,065	67,673,923	—	8,540,614	2,304,263	84,142,865
LIABILITIES						
Due to other funds	—	—	968,994	—	6,617,878	7,586,872
Accounts payable/accrued liability	1,327,170	5,938,122	2,271,047	1,745,316	1,621,292	12,902,947
Accrued wages and benefits	—	52,762	—	—	—	52,762
Short-term loans and notes payable	174,000	6,210,538	5,197,194	1,376,000	834,000	13,791,732
Unearned revenue	—	—	—	58,500	—	58,500
Total liabilities	1,501,170	12,201,422	8,437,235	3,179,816	9,073,170	34,392,813
DEFERRED INFLOWS OF RESOURCES						
Unavailable grant revenues	—	89,286	—	621,583	244,192	955,061
Total liabilities and deferred inflows of resources	1,501,170	12,290,708	8,437,235	3,801,399	9,317,362	35,347,874
FUND BALANCES						
Restricted for:						
Open space	—	—	—	14,091	—	14,091
Parkland watershed facilities	—	—	—	486,286	—	486,286
Public road facilities	—	57,306,294	—	11,364,508	—	68,670,802
Committed for:						
Firehouse & training facilities	7,726,272	—	—	—	—	7,726,272
Assigned for:						
Street lights	—	2,387,297	—	—	—	2,387,297
Unassigned	(3,603,377)	(4,310,376)	(8,437,235)	(7,125,670)	(7,013,099)	(30,489,757)
Total fund balances	4,122,895	55,383,215	(8,437,235)	4,739,215	(7,013,099)	48,794,991
Total liabilities, deferred inflows and fund balances	$ 5,624,065	$ 67,673,923	$ —	$ 8,540,614	$ 2,304,263	$ 84,142,865

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended June 30, 2017

	Fire Service Bldg & Equip Fund	Highway Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
REVENUES						
Other local taxes	$ 4,738,009	$ 6,247,370	$ —	$ 9,476,018	$ —	$ 20,461,397
Revenues from other governments	—	2,312,272	485,205	68,622	3,388,145	6,254,244
Charges for services	—	651,829	—	—	—	651,829
Interest on investments	24,388	494,668	—	20,815	—	539,871
Developer contributions	—	627,371	—	1,092,650	96,081	1,816,102
Miscellaneous program revenues	—	(826)	—	7,462	1,600	8,236
Total revenues	4,762,397	10,332,684	485,205	10,665,567	3,485,826	29,731,679
EXPENDITURES						
Capital improvements	6,592,839	31,135,477	12,668,702	15,136,538	19,296,534	84,830,090
Total expenditures	6,592,839	31,135,477	12,668,702	15,136,538	19,296,534	84,830,090
Excess (deficiency) of revenues over expenditures	(1,830,442)	(20,802,793)	(12,183,497)	(4,470,971)	(15,810,708)	(55,098,411)
OTHER FINANCING SOURCES (USES)						
Bond premium	716,423	2,704,223	1,143,603	2,702,121	2,445,083	9,711,453
Capital related debt issued	569,169	11,072,363	4,587,091	6,726,469	14,588,255	37,543,347
Refunding bonds issued	3,126,917	7,188,293	3,089,202	9,425,525	4,132,716	26,962,653
Payment to bond refunding escrow agent	(3,767,488)	(8,660,869)	(3,722,048)	(11,356,414)	(4,979,334)	(32,486,153)
Transfers in	600,000	11,007,253	3,859	2,012,618	7,654,066	21,277,796
Transfers out	(2,022,571)	(6,169,099)	—	(4,508,696)	(14,305)	(12,714,671)
Total other financing sources (uses)	(777,550)	17,142,164	5,101,707	5,001,623	23,826,481	50,294,425
Net change in fund balances	(2,607,992)	(3,660,629)	(7,081,790)	530,652	8,015,773	(4,803,986)
Fund balances - beginning	6,730,887	59,043,844	(1,355,445)	4,208,563	(15,028,872)	53,598,977
Fund balances - ending	$ 4,122,895	$ 55,383,215	$ (8,437,235)	$ 4,739,215	$ (7,013,099)	$ 48,794,991

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

Howard County, Maryland
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2017

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
ASSETS			
Equity in pooled cash and cash equivalents	$ 140,533	$ 389,096	$ 529,629
Cash and securities with Fiscal Agents	—	1,686,730	1,686,730
Total assets	140,533	2,075,826	2,216,359
LIABILITIES			
Accounts payable / accrued liabilities	140,533	2,475	143,008
Total liabilities	140,533	2,475	143,008
FUND BALANCES			
Restricted for:			
Tax incremental financing project	—	2,073,351	2,073,351
Total fund balances	—	2,073,351	2,073,351
Total liabilities, deferred inflows and fund balances	$ 140,533	$ 2,075,826	$ 2,216,359

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Debt Service Funds
For the Year Ended June 30, 2017

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
REVENUES			
Property taxes	$ —	$ 54,526	$ 54,526
Other local taxes	—	525,000	525,000
Interest on investments	—	15,652	15,652
Total revenues	—	595,178	595,178
EXPENDITURES			
Current:			
General government	172,604	29,147	201,751
Debt service:			
Principal payments on debt	—	20,000	20,000
Interest payments on debt	934,816	202,549	1,137,365
Total expenditures	1,107,420	251,696	1,359,116
Excess (deficiency) of revenues over expenditures	(1,107,420)	343,482	(763,938)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,107,420	—	1,107,420
Transfers out	—	(1,432)	(1,432)
Total other financing sources (uses)	1,107,420	(1,432)	1,105,988
Net change in fund balances	—	342,050	342,050
Fund balances - beginning	—	1,731,301	1,731,301
Fund balances - ending	$ —	$ 2,073,351	$ 2,073,351

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Bond Anticipation Notes
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
General government:				
Bond anticipation notes	$ 465,000	465,000	152,103	312,897
Debt service:				
Interest	1,865,000	1,865,000	934,397	930,603
Total expenditures	2,330,000	2,330,000	1,086,500	1,243,500
Excess (deficiency) of revenues over expenditures	(2,330,000)	(2,330,000)	(1,086,500)	1,243,500
OTHER FINANCING SOURCES				
Transfers in	2,330,000	2,330,000	991,467	(1,338,533)
Total other financing sources	2,330,000	2,330,000	991,467	(1,338,533)
Net change in fund balance	—	—	(95,033)	(95,033)
Fund balances - beginning			—	
Fund balances - ending			$ (95,033)	

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Tax Increment Financing Fund
For the Year Ended June 30, 2017

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property Taxes	$ —	—	54,526	54,526
Other local taxes	—	470,000	525,000	55,000
Interest on investments	—	—	14,220	14,220
Miscellaneous	470,000	—	—	—
Total revenues	470,000	470,000	593,746	123,746
EXPENDITURES				
General government:				
Tax incremental financing	215,000	222,500	29,147	193,353
Debt Services:				
Principal	230,000	20,000	20,000	—
Interest	25,000	227,500	202,549	24,951
Total expenditures	470,000	470,000	251,696	218,304
Excess (deficiency) of revenues over expenditures	—	—	342,050	342,050
Net change in fund balance	—	—	342,050	342,050
Fund balances - beginning			1,731,413	
Fund balances - ending			$ 2,073,463	

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

Main Street Damage

This is a view looking westbound on Ellicott City's Main Street on July 30, 2016, just moments after floodwaters receded. More than 100 businesses and 107 residences were impacted by the flood, which also damaged or destroyed 271 vehicles.

Non-Major Enterprise Funds

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

Howard County, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2017

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	$ 1,993,656	$ —	$ 13,736,295	$ 15,729,951
Receivables:				
Service billings	104,264	—	—	104,264
Other receivables	—	4,210	3,959	8,169
Materials and supplies	—	41,173	—	41,173
Restricted assets:				
Equity in pooled cash and cash equivalents	—	560,000	—	560,000
Total current assets	2,097,920	605,383	13,740,254	16,443,557
Noncurrent assets:				
Restricted assets:				
Other receivables	—	280,000	—	280,000
Capital assets:				
Land	—	8,684,896	—	8,684,896
Construction in progress	—	—	—	—
Buildings and improvements, net	—	2,802,921	186,941	2,989,862
Machinery and equipment, net	335,254	29,825	799,362	1,164,441
Infrastructure, net	11,404,360	—	—	11,404,360
Total noncurrent assets	11,739,614	11,797,642	986,303	24,523,559
Total assets	13,837,534	12,403,025	14,726,557	40,967,116
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	—	70,920	—	70,920
Total deferred outflows of resources	—	70,920	—	70,920
Total assets and deferred outflows of resources	13,837,534	12,473,945	14,726,557	41,038,036
LIABILITIES				
Current liabilities:				
Due to other funds	—	2,065,888	—	2,065,888
Accounts payable	9,354	565,413	33,513	608,280
Accrued wages and benefits	31,103	—	42,079	73,182
Total current liabilities	40,457	2,631,301	75,592	2,747,350
Current liabilities payable from restricted assets:				
Note payable	—	485,000	—	485,000
Total current liabilities payable from restricted assets	—	485,000	—	485,000
Total current liabilities	40,457	3,116,301	75,592	3,232,350
Noncurrent liabilities:				
Compensated absences	—	—	25,092	25,092
Refunding revenue note payable	—	2,714,000	—	2,714,000
Total noncurrent liabilities	—	2,714,000	25,092	2,739,092
Total liabilities	40,457	5,830,301	100,684	5,971,442
NET POSITION				
Net investment in capital assets	11,739,614	8,389,562	986,303	21,115,479
Restricted:				
For debt service	—	560,000	—	560,000
Unrestricted	2,057,463	(2,305,918)	13,639,570	13,391,115
Total net position	$ 13,797,077	$ 6,643,644	$ 14,625,873	$ 35,066,594

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

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2017

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
Operating revenues:				
User charges	$ 1,582,113	$ —	$ 11,032,847	$ 12,614,960
Greens and cart fees	—	859,900	—	859,900
Range fees	—	80,554	—	80,554
Merchandise	—	85,390	—	85,390
Food and beverage	—	212,587	—	212,587
Miscellaneous sales and services	13,959	22,389	16,830	53,178
Total operating revenues	1,596,072	1,260,820	11,049,677	13,906,569
Operating expenses:				
Salaries and employee benefits	581,301	—	830,286	1,411,587
Contractual services	161,864	2,728,803	935,423	3,826,090
Supplies and materials	34,364	—	27,860	62,224
Business and travel	2,120	—	79	2,199
Share of county administrative expenses	—	—	1,094,181	1,094,181
Other administrative	—	—	82,293	82,293
Depreciation expense	681,729	47,932	76,529	806,190
Total operating expenses	1,461,378	2,776,735	3,046,651	7,284,764
Operating income (loss)	134,694	(1,515,915)	8,003,026	6,621,805
Nonoperating revenues (expenses):				
Interest on investments	5,707	—	65,295	71,002
Interest expense	—	(85,688)	—	(85,688)
Capital contribution, disbursed	—	—	—	—
Other, net	—	(51,824)	—	(51,824)
Total nonoperating revenues (expenses)	5,707	(137,512)	65,295	(66,510)
Net income (loss) before contributions and transfers	140,401	(1,653,427)	8,068,321	6,555,295
Capital contribution	435,147	2,220,915	—	2,656,062
Transfers in	563,072	—	—	563,072
Transfers out	—	(4,526)	(5,947,945)	(5,952,471)
Change in net position	1,138,620	562,962	2,120,376	3,821,958
Net position - beginning	12,658,457	6,080,682	12,505,497	31,244,636
Net position - ending	$ 13,797,077	$ 6,643,644	$ 14,625,873	$ 35,066,594

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

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2017

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 1,511,811	$ 1,270,215	$ 11,049,145	$ 13,831,171
Cash paid to suppliers	(147,235)	(2,592,467)	(992,746)	(3,732,448)
Cash paid to / for employees	(580,772)	—	(822,284)	(1,403,056)
Cash paid for interfund services used	(56,683)	—	(284,032)	(340,715)
Other operating disbursements	—	—	(968,746)	(968,746)
Net cash provided by (used for) operating activities	727,121	(1,322,252)	7,981,337	7,386,206
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payable	—	1,885,466	—	1,885,466
Interfund operating transfers in (out)	563,073	(4,526)	(5,947,945)	(5,389,398)
Net cash provided by (used for) noncapital financing activities	563,073	1,880,940	(5,947,945)	(3,503,932)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	—	—	(425,146)	(425,146)
Payment of long-term debt principal	—	(473,000)	—	(473,000)
Interest paid on long-term debt	—	(85,553)	—	(85,553)
Net cash (used for) capital and related financing activities	—	(558,553)	(425,146)	(983,699)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	5,707	(135)	65,295	70,867
Net cash provided by (used for) investing activities	5,707	(135)	65,295	70,867
Net increase (decrease) in cash and cash equivalents	1,295,901	—	1,673,541	2,969,442
Balances - beginning of the year	697,755	560,000	12,062,754	13,320,509
Balances - end of the year	$ 1,993,656	$ 560,000	$ 13,736,295	$ 16,289,951
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating (loss) income	$ 134,694	$ (1,515,915)	$ 8,003,026	$ 6,621,805
Adjustments to reconcile operating income to net cash:				
Depreciation expense	681,729	47,932	76,529	806,190
Effect of changes in operating assets and liabilities:				
Accounts and other receivables	(84,261)	9,395	(532)	(75,398)
Inventories	—	(3,475)	—	(3,475)
Operating accounts payable	(5,041)	139,811	(97,686)	37,084
Total adjustments	592,427	193,663	(21,689)	764,401
Net cash provided by (used in) operating activities	$ 727,121	$ (1,322,252)	$ 7,981,337	$ 7,386,206

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

EC Brewing

County Executive Allan H. Kittleman helped cut the ribbon to reopen the Ellicott City Brewing Company, which was severely damaged during the July 30, 2016 flood. The beer keg featured in this photo was swept away during the flood and later recovered floating in the Patapsco River just off Ft. McHenry.

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 Services Funds
June 30, 2017

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	$ 4,248,648	$ 10,069,391	$ 3,890,545	$ 14,939,319	$ 33,147,903
Other receivables	1,251,431	282,901	68,527	260,004	1,862,863
Prepaid expenses	—	13,987	—	—	13,987
Materials and supplies	—	1,068,078	187,863	—	1,255,941
Total current assets	5,500,079	11,434,357	4,146,935	15,199,323	36,280,694
Noncurrent assets:					
Capital assets:					
Buildings and improvements, net	—	1,232,952	1,012,240	—	2,245,192
Machinery and equipment, net	—	20,660,077	18,136,186	7,853	38,804,116
Total noncurrent assets	—	21,893,029	19,148,426	7,853	41,049,308
Total assets	5,500,079	33,327,386	23,295,361	15,207,176	77,330,002
LIABILITIES					
Current liabilities:					
Due to other funds	—	—	—	—	—
Accounts payable	700,789	836,259	955,857	233,700	2,726,605
Accrued wages and benefits	29,136	197,046	463,085	37,120	726,387
Compensated absences	—	2,004	1,143	—	3,147
Deposits and connection fees	—	—	70,240	—	70,240
Unpaid insurance claims	2,592,881	—	—	4,444,506	7,037,387
Current portion capital lease obligation	—	250,513	—	—	250,513
Unearned revenue	—	—	3,228	—	3,228
Total current liabilities	3,322,806	1,285,822	1,493,553	4,715,326	10,817,507
Noncurrent liabilities:					
Compensated absences	16,465	296,487	678,465	33,450	1,024,867
Unpaid insurance claims	52,916	—	—	10,517,778	10,570,694
Long-term capital lease obligation	—	934,475	—	—	934,475
Total noncurrent liabilities	69,381	1,230,962	678,465	10,551,228	12,530,036
Total liabilities	3,392,187	2,516,784	2,172,018	15,266,554	23,347,543
NET POSITION					
Net investment in capital assets	—	20,708,041	19,148,426	7,853	39,864,320
Unrestricted (deficit)	2,107,892	10,102,561	1,974,917	(67,231)	14,118,139
Total net position	$ 2,107,892	$ 30,810,602	$ 21,123,343	$ (59,378)	$ 53,982,459

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

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
Operating revenues:					
User charges	$ 54,409,515	$ 15,926,291	$ 22,636,413	$ 10,026,610	$ 102,998,829
Insurance recoveries	—	—	—	216,420	216,420
Miscellaneous sales and services	5,853	213,089	817,070	15,160	1,051,172
Total operating revenues	54,415,368	16,139,380	23,453,483	10,258,190	104,266,421
Operating expenses:					
Salaries and employee benefits	385,453	3,975,794	9,063,297	950,648	14,375,192
Contractual services	455,959	1,306,277	9,953,976	228,610	11,944,822
Supplies and materials	3,734	1,711,636	2,716,265	14,892	4,446,527
Business and travel	—	21,514	52,671	2,834	77,019
Vehicle fuels and supplies	—	3,509,263	37,871	622	3,547,756
Share of County administrative expenses	2,193	224,597	132,431	569,547	928,768
Insurance claims	50,129,087	211	—	7,109,055	57,238,353
Other administrative	2,240,934	—	—	57,539	2,298,473
Depreciation expense	—	4,619,120	2,693,887	1,366	7,314,373
Total operating expenses	53,217,360	15,368,412	24,650,398	8,935,113	102,171,283
Operating income (loss)	1,198,008	770,968	(1,196,915)	1,323,077	2,095,138
Nonoperating revenues (expenses):					
Interest on investments	—	24,118	11,214	49,435	84,767
Interest expense	(1,475)	(24,898)	—	—	(26,373)
Capital contributions disbursed	—	—	—	—	—
Total nonoperating revenues (expenses)	(1,475)	(780)	11,214	49,435	58,394
Net income (loss) before contributions and transfers	1,196,533	770,188	(1,185,701)	1,372,512	2,153,532
Capital contributions	—	198,874	11,744,098	—	11,942,972
Transfer in	1,475	—	—	—	1,475
Transfers out	—	(24,118)	(574,286)	(144)	(598,548)
Change in net position	1,198,008	944,944	9,984,111	1,372,368	13,499,431
Net position - beginning	909,884	29,865,658	11,139,232	(1,431,746)	40,483,028
Net position - ending	$ 2,107,892	$ 30,810,602	$ 21,123,343	$ (59,378)	$ 53,982,459

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

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 54,741,511	$ 16,253,323	$ 23,662,056	$ 10,328,088	$ 104,984,978
Cash paid to suppliers	(52,816,962)	(5,274,832)	(6,336,828)	(5,673,084)	(70,101,706)
Cash paid to / for employees	(382,463)	(3,996,093)	(9,022,701)	(948,785)	(14,350,042)
Cash paid for quasi-external transactions	(128,337)	(1,327,124)	(6,817,845)	(120,338)	(8,393,644)
Other operating cash disbursements	—	—	(169,211)	(458,640)	(627,851)
Net cash provided by operating activities	1,413,749	5,655,274	1,315,471	3,127,241	11,511,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	1,475	(24,118)	(574,286)	(144)	(597,073)
Net cash provided by (used for) in noncapital financing activities	1,475	(24,118)	(574,286)	(144)	(597,073)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTITIVIES					
Acquisition and construction of capital assets	—	(3,669,164)	—	—	(3,669,164)
Capital contributions	—	(24,898)	—	—	(24,898)
Interest paid	—	—	(69,150)	—	(69,150)
Net cash used for capital and related financing activities	—	(3,694,062)	(69,150)	—	(3,763,212)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	(1,475)	24,118	11,214	49,435	83,292
Net cash (used for) provided by investing activities	(1,475)	24,118	11,214	49,435	83,292
Net increase (decrease) in cash and cash equivalents	1,413,749	1,961,212	683,249	3,176,532	7,234,742
Cash and cash equivalents - beginning of the year	2,834,899	8,108,179	3,207,296	11,762,787	25,913,161
Cash and cash equivalents - end of the year	$ 4,248,648	$ 10,069,391	$ 3,890,545	$ 14,939,319	$ 33,147,903
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 1,198,008	$ 770,968	$ (1,196,915)	$ 1,323,077	$ 2,095,138
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation expense	—	4,619,120	2,693,887	1,366	7,314,373
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	326,142	113,943	208,574	69,898	718,557
Prepaid expenses	—	(13,987)	—	—	(13,987)
Inventories	—	11,972	48,979	—	60,951
Operating accounts payable	333,748	402,249	—	(30,176)	705,821
Compensated absences and unpaid claims	(444,149)	1,522	(488,120)	1,763,076	832,329
Capital lease obligations	—	(250,513)	49,066	—	(201,447)
Total adjustments	215,741	4,884,306	2,512,386	1,804,164	9,416,597
Net cash provided by (used in) operating activities	$ 1,413,749	$ 5,655,274	$ 1,315,471	$ 3,127,241	$ 11,511,735

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

Heroes

Governor Larry Hogan joined County Executive Allan H. Kittleman and County Council Chair Jon Weinstein for a ceremony to honor those nominated by the community for heroic actions and selfless efforts during the night of the July 30, 2016 flood and during the recovery that followed.

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, 2017

	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	$ 486,367	$ 612,712	$ 37	$ 1,099,116
Employer contributions	926,467	1,358,257	—	2,284,724
Member contributions	246,441	394,451	—	640,892
Sale of investments	15,697	19,794	—	35,491
Other	149,614	188,664	—	338,278
Investments, at fair value:				
Cash	—	—	83,384	83,384
Equities	173,888,883	219,274,138	—	393,163,021
Alternative investments	94,306,395	118,920,503	—	213,226,898
Mutual funds	—	—	104,627,746	104,627,746
Money market funds	7,714,253	8,540,880	42,195	16,297,328
Fixed income securities	117,865,670	148,628,783	—	266,494,453
Real assets	15,147,443	19,100,948	—	34,248,391
Prepaid insurance	19,750	24,124	—	43,874
Total assets	410,766,980	517,063,254	104,753,362	1,032,583,596
LIABILITIES				
Investments purchased	373,017	470,375	—	843,392
Other	279,078	337,092	472,710	1,088,880
Total liabilities	652,095	807,467	472,710	1,932,272
NET POSITION				
Net position held in trust for pension and other post-employment benefits	$ 410,114,885	$ 516,255,787	$ 104,280,652	$ 1,030,651,324

Howard County, Maryland
Combining Statement of Changes in Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2017

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post-Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	$ 14,179,325	$ 24,729,051	$ 36,324,027	$ 75,232,403
Member	3,904,407	7,387,461	—	11,291,868
Total contributions	18,083,732	32,116,512	36,324,027	86,524,271
Investment income (expense):				
Net change in fair value of investments	37,749,526	46,251,000	8,115,937	92,116,463
Interest	1,947,053	2,430,318	1,449	4,378,820
Dividends	6,798,188	8,503,292	2,015,509	17,316,989
Other	180,581	269,689	—	450,270
Investment expense	(1,228,843)	(1,497,885)	(221,070)	(2,947,798)
Net investment income	45,446,505	55,956,414	9,911,825	111,314,744
Total additions	63,530,237	88,072,926	46,235,852	197,839,015
DEDUCTIONS				
Benefits	15,378,819	20,421,146	23,244,247	59,044,212
Administrative expenses	336,066	344,622	3,002	683,690
Total deductions	15,714,885	20,765,768	23,247,249	59,727,902
Change in net position	47,815,352	67,307,158	22,988,603	138,111,113
Net position - beginning of year	362,299,533	448,948,629	81,292,049	892,540,211
Net position - end of year	$ 410,114,885	$ 516,255,787	$ 104,280,652	$ 1,030,651,324

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2017

	Multifarious Fund	Road Surety Deposit Fund	State Property Tax and Interest Fund	Total
ASSETS				
Equity in pooled cash and cash equivalents	$ 363,230	$ 5,958,613	$ 1,747,857	$ 8,069,700
Property taxes receivable	—	—	414,593	414,593
Total assets	363,230	5,958,613	2,162,450	8,484,293
LIABILITIES				
Accounts payable	—	457,837	2,162,450	2,620,287
Deposits	355,623	5,500,776	—	5,856,399
Other liabilities	7,607	—	—	7,607
Total liabilities	$ 363,230	$ 5,958,613	$ 2,162,450	$ 8,484,293

Howard County, Maryland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Multifarious Fund				
ASSETS				
Equity in pooled cash and cash equivalents	$ 335,086	49,491	21,347	$ 363,230
Total assets	335,086	49,491	21,347	363,230
LIABILITIES				
Accounts payable	—	—	—	—
Deposits	327,479	75,706	47,562	355,623
Other liabilities	7,607	—	—	7,607
Total liabilities	335,086	75,706	47,562	363,230
Road Surety Deposit Fund				
ASSETS				
Equity in pooled cash and cash equivalents	5,392,980	1,480,671	915,038	5,958,613
Property taxes receivable	—	—	—	—
Total assets	5,392,980	1,480,671	915,038	5,958,613
LIABILITIES				
Accounts payable	—	3,660,788	3,202,951	457,837
Deposits	5,392,980	1,480,671	1,372,875	5,500,776
Total liabilities	5,392,980	5,141,459	4,575,826	5,958,613
State Property Tax and Interest Fund				
ASSETS				
Equity in pooled cash and cash equivalents	1,518,626	173,568,416	173,339,185	1,747,857
Property taxes receivable	443,371	123,746,224	123,775,002	414,593
Total assets	1,961,997	297,314,640	297,114,187	2,162,450
LIABILITIES				
Accounts payable	1,961,997	251,163,761	250,963,308	2,162,450
Total liabilities	1,961,997	251,163,761	250,963,308	2,162,450
Total Agency Funds				
ASSETS				
Equity in pooled cash and cash equivalents	7,246,692	175,098,578	174,275,570	8,069,700
Property taxes receivable	443,371	123,746,224	123,775,002	414,593
Total assets	7,690,063	298,844,802	298,050,572	8,484,293
LIABILITIES				
Accounts payable	1,961,997	254,824,549	254,166,259	2,620,287
Deposits	5,720,459	1,556,377	1,420,437	5,856,399
Other liabilities	7,607	—	—	7,607
Total liabilities	$ 7,690,063	256,380,926	255,586,696	$ 8,484,293

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, 2017

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	—	—	—	7,474,795	—	7,474,795
Finance	—	—	—	2,033,222	—	2,033,222
County administration	—	—	32,457,859	616,752	—	33,074,611
Total general government	—	—	32,465,173	10,124,769	—	42,589,942
Public safety:						
Corrections	—	—	—	329,488	—	329,488
Fire	5,710,331	32,981,778	5,044,524	42,403,855	—	86,140,488
Police	—	7,093,414	4,322,028	10,922,852	—	22,338,294
Total public safety	5,710,331	40,075,192	9,366,552	53,656,195	—	108,808,270
Public facilities:						
Public works	320,702,007	186,425,984	576,331,808	11,159,973	—	1,094,619,772
Planning and zoning	13,476	—	323,225	348,523	—	685,224
Inspections, licenses and permits	—	—	—	2,778,629	—	2,778,629
Transportation	2,679,368	12,160,291	249,995	8,713,649	—	23,803,303
Total public facilities	323,394,851	198,586,275	576,905,028	23,000,774	—	1,121,886,928
Legislative and judicial:						
Circuit court	—	—	63,560	65,789	—	129,349
State's attorney	—	—	—	59,229	—	59,229
Sheriff	—	25,434	—	219,053	—	244,487
Total legislative and judicial	—	25,434	63,560	344,071	—	433,065
Community services:						
Citizen services	—	—	176,213	160,258	—	336,471
Health department	—	—	374,202	1,478,640	—	1,852,842
Housing and community development	490,900	3,400,119	—	—	—	3,891,019
Library	3,164,668	71,191,697	1,989,567	209,830	—	76,555,762
Total community services	3,655,568	74,591,816	2,539,982	1,848,728	—	82,636,094
Recreation and parks:						
Recreation and parks	114,968,874	51,448,217	96,238,857	4,802,057	—	267,458,005
Total recreation and parks	114,968,874	51,448,217	96,238,857	4,802,057	—	267,458,005
Agricultural land preservation:						
Agricultural land easements	136,441,768	—	—	—	—	136,441,768
Total agricultural land preservation	136,441,768	—	—	—	—	136,441,768
Construction in progress	—	—	—	—	78,098,481	78,098,481
Total governmental funds capital assets	$ 584,171,392	$ 364,726,934	$ 717,579,152	$ 93,776,594	$ 78,098,481	$ 1,838,352,553

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, 2017

Function and Activity	Balances June 30, 2016	Assets Additions	Assets Deductions	Balances June 30, 2017	Balances June 30, 2016	Allowance for Depreciation Additions	Allowance for Depreciation Deductions	Balances June 30, 2017
General government:								
County executive	$ 7,314	—	—	$ 7,314	$ 4,870	487	—	$ 5,357
Technology and communication	7,474,795	—	—	7,474,795	7,443,503	15,120	—	7,458,623
Finance	2,033,222	—	—	2,033,222	1,967,011	5,842	—	1,972,853
County administration	33,051,111	23,500	—	33,074,611	26,407,613	1,637,992	—	28,045,605
Total general government	42,566,442	23,500	—	42,589,942	35,822,997	1,659,441	—	37,482,438
Public safety:								
Corrections	148,701	180,787	—	329,488	64,406	16,321	—	80,727
Fire	80,972,291	5,560,668	392,471	86,140,488	31,334,142	4,294,750	378,280	35,250,612
Police	19,314,275	3,024,019	—	22,338,294	9,447,188	859,479	—	10,306,667
Total public safety	100,435,267	8,765,474	392,471	108,808,270	40,845,736	5,170,550	378,280	45,638,006
Public facilities:								
Public works	1,057,754,465	37,727,462	862,155	1,094,619,772	297,189,307	25,080,172	11,687	322,257,792
Planning and zoning	661,204	24,020	—	685,224	337,250	39,764	—	377,014
Inspections, licenses and permits	2,734,229	44,400	—	2,778,629	2,734,229	1,850	—	2,736,079
Transportation	23,728,004	75,299	—	23,803,303	7,258,759	869,709	—	8,128,468
Total public facilities	1,084,877,902	37,871,181	862,155	1,121,886,928	307,519,545	25,991,495	11,687	333,499,353
Legislative and judicial:								
Circuit court	65,789	63,560	—	129,349	55,793	5,417	—	61,210
States attorney	59,229	—	—	59,229	59,230	—	—	59,230
Sheriff	171,016	73,471	—	244,487	107,254	17,338	—	124,592
Total legislative and judicial	296,034	137,031	—	433,065	222,277	22,755	—	245,032
Community services:								
Citizen services	336,471	—	—	336,471	99,052	28,276	—	127,328
Health department	1,796,537	56,305	—	1,852,842	897,012	210,716	—	1,107,728
Housing and community development	3,891,019	—	—	3,891,019	2,106,055	68,002	—	2,174,057
Library	74,607,718	1,948,044	—	76,555,762	17,917,665	1,453,413	—	19,371,078
Total community services	80,631,745	2,004,349	—	82,636,094	21,019,784	1,760,407	—	22,780,191
Recreation and parks:								
Recreation and parks	260,285,932	7,183,623	11,550	267,458,005	53,261,493	5,531,177	11,550	58,781,120
Total recreation and parks	260,285,932	7,183,623	11,550	267,458,005	53,261,493	5,531,177	11,550	58,781,120
Agricultural land preservation:								
Agricultural land easements	125,084,178	11,357,590	—	136,441,768	—	—	—	—
Total agricultural land preservation	125,084,178	11,357,590	—	136,441,768	—	—	—	—
Total county government	1,694,177,500	67,342,748	1,266,176	1,760,254,072	458,691,833	40,135,825	401,517	498,426,141
Construction in progress	45,994,578	109,954,456	77,850,553	78,098,481	—	—	—	—
Total governmental funds capital assets	$ 1,740,172,078	177,297,204	79,116,729	$ 1,838,352,553	$ 458,691,833	40,135,825	401,517	$ 498,426,141

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

Capital Assets Used in the Operation of Enterprise Funds

Howard County, Maryland
Schedule of Capital Assets and Depreciation
Schedule of Capital Assets Used in the Operation of Enterprise Funds
For the Year Ended June 30, 2017

	Balances	Assets		Balances	Balances	Allowance for Depreciation		Balances
	June 30, 2016	Additions	Deductions	June 30, 2017	June 30, 2016	Additions	Deductions	June 30, 2017
Land:								
Utility	$ 2,715,382	353,260	—	$ 3,068,642	$ —	—	—	$ —
Golf course	8,684,896	—	—	8,684,896	—	—	—	—
Total land	11,400,278	353,260	—	11,753,538	—	—	—	—
Buildings:								
Utility	236,784,876	23,895	—	236,808,771	78,198,791	4,680,754	—	82,879,545
Golf course	1,058,133	—	—	1,058,133	506,298	21,163	—	527,461
Watershed	195,189	—	—	195,189	4,345	3,904	—	8,249
Total buildings	238,038,198	23,895	—	238,062,093	78,709,434	4,705,821	—	83,415,255
Improvements other than buildings:								
Utility	76,004,303	3,186,068	—	79,190,371	41,449,841	2,988,233	—	44,438,074
Golf course	148,004	2,220,916	—	2,368,920	80,017	16,654	—	96,671
Total improvements	76,152,307	5,406,984	—	81,559,291	41,529,858	3,004,887	—	44,534,745
Machinery and equipment:								
Utility	13,294,257	883,129	—	14,177,386	3,767,916	1,072,400	—	4,840,316
Golf course	337,997	—	—	337,997	298,056	10,116	—	308,172
Watershed	506,899	425,146	—	932,045	60,058	72,625	—	132,683
Broadband	38,390	319,283	—	357,673	6,006	16,412	—	22,418
Total machinery and equipment	14,177,543	1,627,558	—	15,805,101	4,132,036	1,171,553	—	5,303,589
Infrastructure:								
Utility	696,646,849	15,047,567	—	711,694,416	281,937,902	13,618,560	—	295,556,462
Broadband	13,340,836	118,081	—	13,458,917	1,387,023	667,534	—	2,054,557
Total infrastructure	709,987,685	15,165,648	—	725,153,333	283,324,925	14,286,094	—	297,611,019
Grand total	$ 1,049,756,011	22,577,345	—	$1,072,333,356	$ 407,696,253	23,168,355	—	$ 430,864,608

Does not include $19,544,799 of construction in progress.

Little Patuxent Square

County Executive Allan H. Kittleman took part in the ribbon-cutting ceremony for Little Patuxent Square, an $80 million mixed-use development built by Costello Construction near Lake Kittamaqundi. The building includes 158,000 square feet of office space, 10,000 square feet of retail space, 160 apartments, a rooftop pool and a 740-space parking garage.

Long-Term Debt

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

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
General
June 30, 2017

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Consolidated Public Improvement Bonds						
02/12/2004	2005-2024	2.00 - 5.00	$ 112,305,000	$ 26,850,000	$ 1,848,500 *	$ 28,698,500
12/19/2007	2009-2019	3.75 - 5.00	87,420,000	1,225,000	104,125	1,329,125
04/08/2009	2010-2029	3.50 - 5.00	69,720,000	6,375,000	482,000	6,857,000
12/08/2009	2011-2022	2.00 - 5.00	85,860,000	68,530,000	7,614,425	76,144,425
03/16/2010	2011-2030	0.60 - 5.55	101,010,000	47,905,000	22,103,732	70,008,732
03/09/2011	2012-2031	4.00 - 5.00	111,115,000	4,900,000	490,000	5,390,000
11/17/2011	2012-2031	3.00 - 5.00	182,055,000	122,780,000	33,531,581	156,311,581
04/11/2012	2013-2032	2.00 - 4.00	37,370,000	13,030,000	5,395,650	18,425,650
04/04/2013	2014-2033	2.375-4.00	97,910,000	78,790,000	27,214,706	106,004,706
04/03/2014	2015-2034	3.00 - 5.00	117,125,000	97,620,000	36,230,019	133,850,019
04/22/2015	2016-2035	3.00 - 5.00	184,195,000	175,700,000	57,575,525	233,275,525
03/30/2016	2017-2036	3.00 - 5.00	97,770,000	94,900,000	38,335,250	133,235,250
04/25/2017	2018-2037	3.25 - 5.00	274,310,000	274,310,000	121,580,225	395,890,225
Total Consolidated Public Improvement Bonds			1,558,165,000	1,012,915,000	352,505,738	1,365,420,738
Tax increment financing bonds	2018-2044	4.80 - 6.10	17,000,000	16,980,000	20,221,605	37,201,605
Compensated absences	n/a	n/a	n/a	25,712,254	n/a	25,712,254
Capital leases	n/a	n/a	n/a	24,802,374	n/a	24,802,374
Landfill closure obligations	n/a	n/a	n/a	23,988,000	n/a	23,988,000
Agricultural land preservation program	2018-2036	2.19-8.60	n/a	100,122,836	28,539,944	128,662,780
Total debt			$ 1,575,165,000	$ 1,204,520,464 **	$ 401,267,287	$ 1,605,787,751

*** Includes administrative fees.**

** Does not include deferred refunding premium liability of $115,789,716, unpaid claims of $17,608,082 and other non-current liabilities of $3,680,716, included in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in General Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2017

	Balance June 30, 2016	Issued	Refunded	Retired	Balance June 30, 2017
General county bonds:					
General improvement	$ 315,374,534	$ 94,691,049	$ 68,473,891	$ 18,273,329	$ 323,318,363
Storm drain	23,961,823	18,720,969	4,635,819	1,529,998	36,516,975
Police department	4,754,854	1,837,968	275,184	389,593	5,928,045
Fire department	20,372,656	3,696,085	3,507,576	1,132,087	19,429,078
Schools	465,641,710	103,080,583	58,456,194	34,020,524	476,245,575
Community renewal	2,146,962	—	—	240,761	1,906,201
Recreation and parks	47,608,307	16,151,995	10,572,958	2,544,987	50,642,357
Community college	79,384,154	36,131,351	11,553,378	5,033,721	98,928,406
Total Bonds	959,245,000	274,310,000	157,475,000	63,165,000	1,012,915,000
Other long-term debt					
Tax increment financing	17,000,000	—	—	20,000	16,980,000
Compensated absences	24,876,142	1,664,059	—	827,947	25,712,254
Capital Leases	24,873,547	3,509,143	—	3,580,316	24,802,374
Landfill closure obligation	31,611,000	—	—	7,623,000	23,988,000
Agricultural land preservation program	98,661,239	10,756,470	—	9,294,873	100,122,836
Total other long-term debt	197,021,928	15,929,672	—	21,346,136	191,605,464
Total long-term debt	$ 1,156,266,928	$ 290,239,672	$ 157,475,000	$ 84,511,136	$ 1,204,520,464 *

* Does not include deferred refunding premium liability of $115,789,716 unpaid claims of $17,608,082 (including $7,037,387 due within one year), other non-current liabilities of $3,680,716, net OPEB obligations of $463,091,645, and net pension liability of $217,097,486 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
Enterprise Fund
June 30, 2017

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Metropolitan district bonds:						
12/19/2007	2009-2029	3.75 - 4.36	$ 11,980,000	$ 8,710,000	$ 2,111,985	$ 10,821,985
04/08/2009	2010-2029	3.00 - 5.00	26,240,000	3,765,000	305,200	4,070,200
12/08/2009	2011-2030	1.00 - 4.00	7,255,000	6,910,000	2,120,078	9,030,078
03/09/2011	2012-2041	4.00 - 4.75	49,990,000	3,420,000	277,200	3,697,200
11/17/2011	2012-2041	3.00 - 5.00	36,245,000	27,175,000	11,566,584	38,741,584
04/11/2012	2013-2037	3.00 - 4.00	19,970,000	17,045,000	7,414,350	24,459,350
04/04/2013	2014-2038	2.38 - 4.00	39,155,000	33,035,000	12,498,963	45,533,963
04/03/2014	2015-2044	2.00 - 4.00	22,055,000	18,715,000	9,036,958	27,751,958
04/22/2015	2016-2045	2.00 - 5.00	31,015,000	29,655,000	16,315,155	45,970,155
03/15/2016	2017-2046	3.13 - 5.00	26,190,000	25,685,000	14,342,631	40,027,631
04/25/2017	2018-2047	3.00 - 5.00	81,515,000	81,515,000	43,511,628	125,026,628
Total metropolitan district bonds			351,610,000	255,630,000	119,500,732	375,130,732
MD water quality 10/18/00	2000-2022	2.40	34,000,000	10,066,045	1,252,165 *	11,318,210
MD water qualitY 01/29/02	2002-2024	2.00	21,329,372	8,037,099	1,030,217 *	9,067,316
MD water quality 10/1/08	2009-2029	2.30	1,088,570	698,338	147,667 *	846,005
MD water quality 11/19/09	2010-2031	1.00	3,443,710	2,465,825	312,566 *	2,778,391
Total water quality			59,861,652	21,267,307	2,742,615	24,009,922
Special recreation facility bonds	2012-2022	2.48	5,400,000	3,199,000	246,650	3,445,650
Compensated absences	n/a	n/a	n/a	794,630	n/a	794,630
Major water and sewer agreements	n/a	n/a	n/a	737,054	n/a	737,054
Total debt			$ 416,871,652	$ 281,627,991 **	$ 122,489,997	$ 404,117,988

* Includes administrative fees.

**Does not include deferred refunding premium of $14,580,682 and unamortized bond discount of $4,458 included 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, 2017

	Balance June 30, 2016	Issued	Refunded	Retired	Balance June 30, 2017
Metropolitan district bonds:					
03/15/2007	$ 3,690,000	$ —	$ 3,435,000	$ 255,000	$ —
12/19/2007	9,190,000	—	—	480,000	8,710,000
04/08/2009	19,320,000	—	14,395,000	1,160,000	3,765,000
12/08/2009	7,045,000	—	—	135,000	6,910,000
03/09/2011	45,155,000	—	40,680,000	1,055,000	3,420,000
11/17/2011	29,445,000	—	—	2,270,000	27,175,000
04/11/2012	17,645,000	—	—	600,000	17,045,000
04/04/2013	34,730,000	—	—	1,695,000	33,035,000
04/03/2014	20,055,000	—	—	1,340,000	18,715,000
04/22/2015	30,290,000	—	—	635,000	29,655,000
03/15/2016	26,190,000	—	—	505,000	25,685,000
04/25/2017	—	81,515,000	—	—	81,515,000
Total Bonds	242,755,000	81,515,000	58,510,000	10,130,000	255,630,000
Other long-term debt					
MD water quality 10/18/00	11,939,950	—	—	1,873,895	10,066,055
MD water quality 01/29/02	9,185,423	—	—	1,148,327	8,037,096
MD water quality 10/1/08	749,312	—	—	50,981	698,331
MD water quality 11/19/09	2,632,887	—	—	167,062	2,465,825
Total other long-term debt	24,507,572	—	—	3,240,265	21,267,307
Special recreation facility bonds	3,672,000	—	—	473,000	3,199,000
Compensated absences	844,993	31,124	—	81,487	794,630
Major water and sewer agreements	986,019	304,642	—	553,607	737,054
Total long-term debt	$ 272,765,584	$ 81,850,766	$ 58,510,000	$ 14,478,359	$ 281,627,991 *

*Does not include deferred refunding premium of $14,580,682, net OPEB obligation of $8,571,546, net pension liability of $4,181,343 and unamortized bond discount of $4,458 included in the Statement of Net Position.

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 581,284,859	$ 669,410,210	$ 735,346,804	$ 780,074,223	$ 716,222,072	$ 740,258,162	$ 755,904,065	$ 754,407,588	$ 772,350,290	$ 834,114,554
Restricted	147,266,158	161,806,930	163,458,570	83,470,483	82,432,184	94,955,786	109,207,649	99,723,862	109,620,128	114,206,491
Unrestricted (a)	(288,540,789)	(442,781,138)	(629,621,547)	(619,606,891)	(620,794,431)	(727,260,025)	(905,160,838)	(950,355,750)	(991,153,043)	(1,146,393,42[illegible])
Subtotal governmental activities net position	440,010,228 (b)	388,436,002	269,183,827 (c)	243,937,815 (d)	177,859,825 (e)	107,953,923	(40,049,124) (f)	(96,224,300)	(109,182,625)	(198,072,383)
Business-type activities										
Net investment in capital assets	328,013,443	338,277,158	391,047,153	412,443,596	352,371,984	343,029,639	349,976,408	410,168,067	410,561,263	414,126,888
Restricted	139,098,839	151,228,040	120,266,910	132,071,680	60,755,862	54,677,366	48,248,364	48,241,852	42,470,585	27,949,207
Unrestricted	2,575,641	1,928,964	719,135	1,877,926	85,856,157	114,065,506	115,007,448	107,862,198	138,508,000	157,835,870
Subtotal business-type activities net position	469,687,923	491,434,162	512,033,198 (c)	546,393,202 (d)	498,984,003 (e)	511,772,511	513,232,220 (f)	566,272,117	591,539,848	599,911,965
Primary government										
Net investment in capital assets	1,007,687,368	1,126,393,957	1,126,393,957	1,068,594,056	1,083,287,801	1,105,880,473	1,164,575,655	1,164,575,655	1,182,911,553	1,248,241,442
Restricted	313,034,970	283,725,480	283,725,480	143,188,046	149,633,152	157,456,013	147,965,714	147,965,714	152,090,713	142,155,698
Unrestricted	(440,852,174)	(628,902,412)	(628,902,412)	(534,938,274)	(613,194,519)	(790,153,390)	(842,493,552)	(842,493,552)	(852,645,043)	(988,557,558)
Total primary government net position	$ 879,870,164	$ 781,217,025	$ 781,217,025	$ 676,843,828	$ 619,726,434	$ 473,183,096	$ 470,047,817	$ 470,047,817	$ 482,357,223	$ 401,839,582

(a) 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.

(b) FY2008 net positions of governmental activities was restated in fiscal year 2009.

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

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

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

(f) FY2014 net positions of governmental and business-type activities were restated in fiscal year 2015, mainly due to the implementation of GASB 68, which resulted in an overall negative net positions of governmental activities.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 46,844,606	$ 49,015,557	$ 40,551,179	$ 50,599,944	$ 84,025,615 (c)	$ 87,405,901	$ 104,520,136	$ 75,558,318	$ 66,234,421	$ 66,948,584
Public safety	144,114,893	152,639,155	154,381,502	167,113,492	184,324,533	196,950,283	198,590,882	208,298,711	207,170,029	230,134,183
Public works (a)	95,262,350	115,081,550	101,682,165	102,947,974	115,231,452	130,500,653	148,889,651	179,349,488	156,707,838	168,834,876
Recreation and parks	28,335,338	28,490,509	26,909,791	27,086,201	29,974,257	29,210,799	35,764,376	37,193,427	42,880,875	47,094,291
Legislative and judicial	21,577,751	21,414,495	19,917,865	21,684,657	22,248,551	23,682,923	23,259,531	27,110,955	26,070,345	27,693,094
Community services	39,035,177	42,552,461	38,203,641	38,522,217	45,302,315	38,506,895	45,311,763	48,650,488	45,928,376	44,497,229
State highways (a)	378,464	646,354	2,450,937	1,917,170	2,900,053	7,225,028	6,634,669	763,353	3,341,087	5,842,868
Education	587,904,740	560,909,969	557,205,570	605,557,506	610,774,387	639,025,259	637,839,632	669,067,653	717,742,080	739,013,105
Interest on long-term debt	35,419,506	33,065,408	32,759,477	37,102,195	53,851,903	47,729,955	50,489,693	43,648,543	49,977,613	57,494,607
Total governmental activities expenses	998,872,825 (b)	1,003,815,458	974,062,127	1,052,531,356	1,148,633,066	1,200,237,696	1,251,300,333	1,289,640,936	1,316,052,664	1,387,552,837
Business-type activities:										
Water and sewer	66,966,290	59,226,089	64,845,285	66,636,363	67,635,638	87,569,376	98,795,678	97,764,211	95,781,698	101,312,345
Golf course	1,910,116	1,734,769	1,791,000	1,762,425	1,921,518	1,885,101	—	—	—	—
Other (d)	—	—	—	—	—	—	3,094,253	5,977,330	6,551,799	7,422,276
Total business-type activities expenses	68,876,406	60,960,858	66,636,285	68,398,788	69,557,156	89,454,477	101,889,931	103,741,541	102,333,497	108,734,621
Total primary government expenses	1,067,749,231	1,064,776,316	1,040,698,412	1,120,930,144	1,218,190,222	1,289,692,173	1,353,190,264	1,393,382,477	1,418,386,161	1,496,287,458
Program revenues										
Governmental activities:										
Charges for services										
General government	21,908,851	22,623,190	29,198,040	33,914,325	42,534,975	46,065,885	49,312,264	40,365,251	41,462,547	52,783,407
Public works	42,589,702	39,248,132	42,937,855	41,652,829	46,145,115	43,476,909	44,007,973	48,319,370	50,419,335	48,313,166
Recreation and parks	12,213,842	13,050,979	12,621,042	13,361,672	13,591,958	14,420,583	16,481,357	17,471,881	18,231,380	20,182,293
Other	6,787,417	8,482,772	7,079,677	8,665,495	22,407,037	10,725,120	12,538,229	25,188,353	13,987,065	10,672,780
Operating grants and contributions	25,331,284	35,559,629	26,732,848	26,559,373	46,323,888	27,837,622	33,472,335	35,864,017	40,094,831	39,402,540
Capital grants and contributions	32,890,596	27,160,200	22,998,508	24,715,975	68,472,451 (e)	42,575,352	10,215,527	16,814,899	27,792,294	18,163,355
Total governmental activities program revenues	141,721,692	146,124,902	141,567,970	148,869,669	239,475,424	185,101,471	166,027,685	184,023,771	191,987,452	189,517,541
Business-type activities:										
Charges for services										
Water and sewer	43,270,127	43,184,222	44,355,147	48,606,394	50,729,734	54,712,858	59,641,881	64,133,085	64,965,916	64,761,724
Golf course	2,257,710	2,103,674	2,149,442	2,056,408	2,134,912	2,069,082	—	—	—	—
Other (d)	—	—	—	—	—	—	12,310,600	14,129,334	14,256,985	13,906,569
Operating grants and contributions	27,199,512	30,981,090	32,395,714	30,884,327	29,880,497	29,006,605	29,196,783	30,010,057	31,339,509	32,669,952
Capital grants and contributions	13,087,530	6,959,259	9,666,912	24,331,033	21,109,099	16,285,260	11,361,621	51,939,661	14,728,750	10,262,423
Total business-type activities program revenues	85,814,879	83,228,245	88,567,215	105,878,162	103,854,242	102,073,805	112,510,885	160,212,137	125,291,160	121,600,668
Total primary government program	227,536,571	229,353,147	230,135,185	254,747,831	343,329,666	287,175,276	278,538,570	344,235,908	317,278,612	311,118,209

(continued)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expenses)/revenue										
Governmental activities	$ (857,151,133)	(857,690,556)	(832,494,157)	(903,661,687)	(909,157,642)	(1,015,136,225)	(1,085,272,648)	(1,105,617,165)	(1,124,065,212)	(1,198,035,296)
Business-type activities	16,938,473	22,267,387	21,930,930	37,479,374	34,297,086	12,619,328	10,620,954	54,470,596	22,957,663	12,866,047
Total primary government net expenses	(840,212,660)	(835,423,169)	(810,563,227)	(866,182,313)	(874,860,556)	(1,002,516,897)	(1,074,651,694)	(1,051,146,569)	(1,101,107,549)	(1,185,169,249)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	426,302,542	467,389,345	494,218,364	504,884,233	504,771,008	523,266,142	539,731,584	559,405,539	586,123,532	608,458,370
Local income taxes	323,836,591	271,595,421	266,953,624	331,334,252	358,356,561	360,251,116	400,455,701	412,674,188	431,743,893	436,993,783
Other local taxes	53,619,620	40,889,560	47,911,642	46,357,182	54,343,807	61,337,101	61,035,196	68,300,957	72,656,951	77,911,373
Intergovernmental, unrestricted	15,513,177	13,409,168	790,181 (i)	1,089,121	780,358	1,422,086	1,466,960	1,553,636	1,836,227	1,763,063
Unrestricted investment income	24,208,820	10,547,370	6,481,902	2,890,191	9,636,106	(552,647) (j)	2,230,944	2,840,722	5,054,711	1,206,178
Miscellaneous	508,178	589,962	861,084	816,830	1,216,774	1,195,039	1,102,401	970,104	3,347,590	90,510
Transfers	703,755	1,695,504	(587,000)	2,995,034	(586,842)	—	7,345,000	3,696,843	2,318,086	5,389,399
Subtotal governmental activities	844,692,683	806,116,330	816,629,797	890,366,843	928,517,772	946,918,837	1,013,367,786	1,049,441,989	1,103,080,990	1,131,812,676
Business-type activities:										
Unrestricted investment income	2,950,903	1,174,356	395,605	196,349	170,617	169,180	135,292	242,826	823,902	895,319
Miscellaneous	—	—	—	—	—	—	—	23,318	3,804,252	150
Transfers	(703,755)	(1,695,504)	587,000	(2,995,034)	586,842	—	(7,345,000)	(3,696,843)	(2,318,086)	(5,389,399)
Subtotal business-type activities	2,247,148	(521,148)	982,605	(2,798,685)	757,459	169,180	(7,209,708)	(3,430,699)	2,310,068	(4,493,930)
Total primary government	846,939,831	805,595,182	817,612,402	887,568,158	929,275,231	947,088,017	1,006,158,078	1,046,011,290	1,105,391,058	1,127,318,746
Net position balances										
Governmental activities:										
Change in net position, governmental activities	(12,458,450)	(51,574,226) (h)	(15,864,360)	(13,294,844)	19,360,130	(68,217,388)	(71,904,862)	(48,149,278)	(20,984,222)	(66,222,620)
Net position, beginning-governmental activities	449,795,118	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061	(88,198,403)	(131,849,763)
Restatement	2,673,560	—	4,777,630	(109,543,440)	(10,573,173)	(87,126,634)	—	(76,098,186)	—	—
Net position, ending-governmental activities	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061	(88,198,403)	(109,182,625)	(198,072,383)
Business-type activities:										
Change in net position, business-type activities	19,185,621	21,746,239	22,913,535	34,680,689	35,054,545	12,788,508	3,411,246	53,039,897	25,267,731	8,372,117
Net position, beginning-business-type activities	450,502,302	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757	566,272,117	591,539,848
Restatement	—	—	—	(2,314,499)	(320,685)	(82,463,744)	—	(1,951,537)	—	—
Net position, ending-business-type activities	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757	566,272,117	591,539,848	599,911,965
Total primary government	$ 909,698,151	$ 879,870,164	$ 891,696,969	$ 801,224,875	$ 844,745,692	$ 619,726,434	$ 551,232,818	$ 478,073,714	$ 482,357,223	$ 401,839,582

(a) State highways expenses were misclassified as public works in fiscal years 2006, 2007, and 2008, but have been restated for comparative analysis.

(b) In fiscal year 2009, the fiscal year 2008 net position of governmental activities was restated due to failure to capitalize all eligible expenditures as work in progress. Expenses of governmental activities for fiscal year 2008 were restated, accordingly, for comparative analysis across fiscal years.

(c) The increase from prior period is due to expenses incurred on behalf of the other local government jurisdictions participating in the Inter-County Broadband Network (ICBN) Project.

(d) Other consists of golf course and watershed restoration and protection in fiscal year 2014, as well as broadband services starting in fiscal year 2015.

(h) The decrease from prior period is the result of decreases in local taxes and interest income due to the downturn of the national economy.

(i) In fiscal year 2010, funding from the State government for highway improvements was drastically reduced.

(j) 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,319	$ 7,632,118	$ 7,632,118	$ 9,045,255
Restricted	—	—	—	—	—	—	—	—	1,972,282	2,070,419
Committed	—	—	—	56,803,611	56,258,912	57,209,710	59,271,162	64,172,639	64,172,639	67,382,973
Assigned	—	—	—	27,137,601	45,003,053	67,354,332	64,171,013	53,577,009	53,577,009	31,953,418
Unassigned	—	—	—	8,732,004	10,616,787	9,095,856	2,831,645	12,015,718	12,015,718	26,239,270
Reserved	55,005,480	57,940,737	61,447,806	—	—	—	—	—	—	—
Unreserved (a), (b)	47,921,532	23,858,483	10,324,543	—	—	—	—	—	—	—
Total general fund	102,927,012	81,799,220	71,772,349	92,673,216 (c)	111,878,752 (c)	133,659,898	126,277,139	137,397,484 (d)	139,369,766	136,691,335
All other governmental funds										
Nonspendable				14,244,327	14,620,132	14,929,252	16,636,383	648,352	648,352	644,176
Restricted				83,470,483	82,432,184	94,955,786	97,656,784	107,647,846	107,647,846	112,136,072
Committed				39,463,332	46,521,229	47,867,222	38,602,234	46,729,075	46,729,075	48,677,180
Assigned				77,104,933	72,761,301	62,934,694	63,615,900	63,361,371	63,361,371	60,075,902
Unassigned				(106,842,248)	(82,621,664)	(77,809,341)	(67,616,626)	(125,621,490)	(125,621,490)	(119,153,788)
Reserved	70,577,773	74,362,241	94,605,498	—	—	—	—	—	—	—
Unreserved reported in:										
Special revenue funds	83,717,538	88,000,417	102,795,989	—	—	—	—	—	—	—
Capital projects funds	(52,594,957)	(48,107,393)	(54,747,305)	—	—	—	—	—	—	—
Total all other governmental funds	101,700,354	114,255,265	142,654,182	107,440,827	133,713,182	142,877,613	148,894,675	92,765,154	92,765,154	102,379,542
Total governmental funds	$ 204,627,366	$196,054,485	$214,426,531	$ 200,114,043	$ 245,591,934	$ 276,537,511	$ 275,171,814	$230,162,638	$232,134,920	$239,070,877

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 2006 to 2007 were the result of increases in local income, property, and/or recordation taxes received.
(c) Increases in the total fund balance of the general fund in fiscal years 2011 through 2013 are due to increases in the local income taxes received.
d) Decrease in the total balance of the general fund in fiscal year 2015 was due to one-time initiatives of $37.7 million.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Property taxes (a)	$ 426,188,822	466,921,737	494,641,029	504,030,717	504,228,502	524,942,040	539,320,074	559,393,599	586,906,599	608,790,864
Other local taxes	370,344,167	358,102,738	(b 341,954,181	(b) 361,710,858	411,966,798	436,072,090	453,982,722	463,904,916	506,819,854	514,455,726
State shared taxes	15,513,177	13,409,168	790,181	(c) 1,089,121	780,358	1,422,086	1,247,317	1,531,596	2,077,909	1,818,048
Revenues from other agencies (grants)	—	—	—	—	—	—	—	—	—	—
Revenues from other governments	39,792,804	46,184,349	30,866,154	40,479,177	80,612,132	73,118,716	37,436,410	35,645,234	30,616,053	53,144,527
Charges for services	42,488,507	45,518,420	47,153,092	49,916,981	49,498,494	51,204,711	53,168,180	54,693,447	55,954,266	57,428,448
Interest on investments	22,647,797	10,347,213	6,435,344	2,394,644	9,487,997	(712,942)	(f) 2,010,668	2,574,475	4,970,717	4,878,623
Decrease in fair value of investments										(3,699,638)
Installment interest from housing loans	—	—	—	495,546	148,109	160,296	220,274	268,410	83,994	27,190
Licenses and permits	6,311,980	4,923,057	5,839,006	5,651,511	5,754,961	6,455,619	6,696,288	6,586,220	7,200,241	7,090,791
Recoveries for interfund services	5,932,335	6,009,417	11,457,728	11,734,246	11,720,813	11,553,101	11,633,284	14,133,304	15,706,180	—
Fines and forfeitures	3,607,775	3,602,384	2,983,119	3,393,723	3,534,706	3,462,342	3,863,722	4,024,120	4,356,639	4,481,676
Developer contributions (d)	2,345,464	1,229,577	1,665,829	1,363,545	1,556,906	1,767,910	1,446,618	4,561,155	4,612,357	9,070,823
Rental of property (d)	510,315	716,648	206,754	197,100	196,214	159,373	177,814	111,853	—	—
Payments from component units (d)	508,178	589,962	861,084	816,830	817,842	818,144	818,167	351,439	2,588,330	2,076,568
Sale of property	—	—	—	—	—	—	—	3,464,497	—	—
Miscellaneous program revenues	8,651,601	9,094,850	8,189,651	8,645,463	8,752,216	22,328,003	13,318,287	14,594,154	25,441,734	15,406,458
Total revenues	944,842,922	966,649,520	953,043,152	991,919,462	1,089,056,048	1,132,751,489	1,125,339,825	1,165,838,419	1,247,334,873	1,274,970,104
EXPENDITURES										
Current:										
General government	23,311,692	23,163,146	21,822,449	23,691,385	25,227,536	33,612,637	45,526,306	50,754,551	54,918,742	48,703,477
Legislative & judicial	20,943,849	21,184,129	19,370,470	20,263,005	20,919,318	21,547,432	22,684,466	24,165,800	25,893,292	26,315,797
Public works	85,529,891	92,855,401	87,553,902	84,173,380	92,598,067	90,672,711	97,867,406	104,503,144	102,894,102	104,307,451
Public safety	141,928,781	147,359,582	148,773,884	156,336,439	168,832,385	175,555,967	191,882,471	205,038,450	208,774,567	219,541,903
Recreation and parks	25,309,800	25,616,451	24,363,103	23,856,314	27,999,911	30,906,131	35,432,626	36,911,248	38,473,557	39,667,818
Community services	40,935,310	43,321,961	37,096,762	36,935,327	36,671,787	37,503,416	45,406,497	46,474,576	44,631,695	42,267,451
Education	546,950,012	558,271,124	542,819,926	572,584,372	584,322,887	603,534,562	606,673,692	651,103,285	651,837,577	699,206,963
Capital improvements (d)	93,569,283	63,681,785	79,441,474	129,566,744	146,521,532	101,470,657	106,355,030	112,042,331	133,208,954	134,994,751
Debt service:										
Principal	45,182,000	48,850,000	50,192,000	52,461,000	58,381,930	54,262,375	60,433,375	61,185,578	68,484,249	74,766,641
Interest	33,696,141	34,907,537	33,465,400	37,179,040	40,178,908	43,795,819	45,176,541	45,595,837	45,384,247	47,438,207
Total expenditures	1,057,356,759	1,059,211,116	1,044,899,370	1,137,047,006	1,201,654,261	1,192,861,707	1,257,438,410	1,337,774,800	1,374,500,982	1,437,210,459
Excess (deficiency) of revenues over expenditures	(112,513,837)	(92,561,596)	(91,856,218)	(145,127,544)	(112,598,213)	(60,110,218)	(132,098,585)	(171,936,381)	(127,166,109)	(162,240,355)
OTHER FINANCING SOURCES (USES)										
Bond premium	10,319,070	4,104,393	18,974,053	4,604,998	30,560,868	9,283,948	11,979,779	17,522,949	13,541,018	43,899,251
Capital lease proceeds	—	—	4,909,012	186,598	—	—	—	12,562,393	10,058,351	3,368,036
Capital related debt issued	107,500,000	69,720,000	101,010,000	111,115,000	109,310,002	91,930,000	117,315,277	100,180,000	76,490,000	133,925,001
Refunding bonds issued	87,420,000	—	85,860,000	—	110,115,000	5,980,000	16,809,723	84,015,000	21,280,000	140,385,000
Capital lease	—	—	(4,909,012)	—	—	—	—	—	—	—
Installment purchase agreements issued (d)	8,369,200	893,000	—	10,274,400	25,253,100	—	4,951,615	3,448,120	4,817,735	10,756,470
Payment to bond refunding escrow agent	(92,179,903)	—	(99,078,896)	—	(128,985,283)	(6,714,081)	(32,958,802)	(93,816,818)	(26,600,367)	(169,143,917)
Transfers in	89,413,236	94,990,994	35,705,614	39,835,317	38,465,384	45,403,189	66,149,637	53,153,609	27,765,305	47,227,975
Transfers out	(87,148,458)	(87,295,333)	(36,246,056)	(36,788,523)	(40,218,754)	(45,378,817)	(54,790,208)	(47,084,255)	(24,910,692)	(41,241,503)
Total other financing sources and uses	123,693,145	82,413,054	106,224,715	129,227,790	144,500,317	100,504,239	129,457,021	129,980,998	102,441,350	169,176,313
Net change in fund balances	$ 11,179,308	$ (10,148,542)	$ 14,368,497	$ (15,899,754)	$ 31,902,104	$ 40,394,021	$ (2,641,564)	$ (41,955,383)	$ (24,724,759)	$ 6,935,958
Debt service as a percentage of noncapital expenditures	7.88%	8.14%	8.35%	8.67%	8.87%	8.92%	8.61%	8.91%	8.71% (g)	8.94%

(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.

(f) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.

(g) Capital outlay used in FY16 calculation reported incorrectly.

Howard County, Maryland
Assessed and Estimated Accrual Value of Taxable Property
Last Ten Fiscal Years

	Real Property				Personal Property		Total
Fiscal Year	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2008	$ 34,222,495,933	$ 6,539,516,569	$ 40,762,012,502	1.014	$ 1,496,189,730	2.535	$ 42,258,202,232
2009	39,129,032,552	7,012,754,331	46,141,786,883	1.014	1,497,439,490	2.535	47,639,226,373
2010	41,289,749,176	7,374,511,107	48,664,260,283	1.014	1,588,889,810	2.535	50,253,150,093
2011	39,020,062,724	7,498,201,792	46,518,264,516	1.014	1,623,786,020	2.535	48,142,050,536
2012	36,128,044,459	7,493,817,659	43,621,862,118	1.014	1,555,657,980	2.535	45,177,520,098
2013	35,145,195,556	7,494,536,821	42,639,732,377	1.014	1,561,354,930	2.535	44,201,087,307
2014	35,501,333,441	7,489,276,140	42,990,609,581	1.014	1,561,531,690	2.535	44,552,141,271
2015	36,390,442,780	7,722,275,864	44,112,718,644	1.014	1,618,445,500	2.535	45,731,164,144
2016	37,954,765,647	7,984,317,384	45,939,083,031	1.014	1,702,530,310	2.535	47,641,613,341
2017	39,566,020,328	8,410,004,037	47,976,024,365	1.014	1,650,784,630	2.535	49,626,808,995

(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
2008	1.014	2.535
2009	1.014	2.535
2010	1.014	2.535
2011	1.014	2.535
2012	1.014	2.535
2013	1.014	2.535
2014	1.014	2.535
2015	1.014	2.535
2016	1.014	2.535
2017	1.014	2.535

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

2017			2008		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	$ 388,994,620	0.77%	Baltimore Gas & Electric Company	$ 307,306,110	0.73%
Parcel D Property LLC	265,184,633	0.53%	Mall in Columbia Business Trust	171,868,266	0.41%
Mall in Columbia Business Trust	138,750,067	0.28%	Verizon - Maryland	122,879,130	0.29%
Howard Properties Howard Crossing	109,335,700	0.22%	Magazine Howard Crossing LLC	91,503,032	0.22%
Verizon-Maryland Inc.	93,907,533	0.19%	Liberty Property Ltd Partnership	81,283,261	0.18%
Seasons of Laurel LLC	83,266,701	0.17%	API Columbia Town Center LLC	75,612,933	0.15%
API Columbia Town Center LLC	76,802,667	0.15%	Seasons of Laurel LLC	64,155,420	0.19%
KMF Sherwood Crossing LLC	74,567,367	0.15%	Sherwood Crossing Apartments LLC	57,761,000	0.14%
Cellco Partnership	49,895,910	0.10%	New Cingular Wireless PCS, LLC	54,351,250	0.13%
New Cingular Wireless PCS LLC	11,547,530	0.02%	Sprint Communications	49,180,100	0.12%
Total	$ 1,292,252,728	2.59%	Total	$ 1,075,900,502	2.56%

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		Subsequent tax Collections	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 507,119,578	$ 505,465,702	99.7%	$ 1,476,508	$ 506,942,210	100.0%
2009	569,987,425	568,246,317	99.7%	1,328,719	569,575,036	99.9%
2010	601,068,331	599,327,223	99.7%	1,306,186	600,633,409	99.9%
2011	577,633,399	574,828,923	99.5%	2,668,732	577,497,655	100.0%
2012	541,972,687	540,659,569	99.8%	1,107,600	541,767,169	100.0%
2013	551,716,941	547,732,006	99.3%	3,800,290	551,532,296	100.0%
2014	555,254,638	550,755,917	99.2%	4,255,065	555,010,982	100.0%
2015	569,892,160	568,111,915	99.7%	1,433,278	569,545,193	99.9%
2016	594,757,776	593,510,182	99.8%	743,015	594,253,197	99.9%
2017	616,633,669	612,695,057	99.4%	—	612,695,057	99.4%

Source: Howard County Department of Finance, Bureau of Revenue

(a) Subsequest tax collections for fiscal years 2008-2016, updated per Howard County Department of Finance, Bureau of Reveneue.

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

	Governmental Activities						Business-Type Activities							
Fiscal Year	General Obligation Bonds (a)	State Water Quality Revolving Loans	Installment Purchase Agreement	Tax Increment Bonds	Capital Leases	Total Governmental Activities	Metropolitan District Bonds (a)	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Capital Leases	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)
2008	$ 679,878	$ 9,760	$ 60,582	$ —	$ —	$ 750,220	$ 89,797	$ 7,915	$ 49,220	$ 32	$ 146,964	$ 897,184	5.03%	$ 3,148
2009	704,588	7,980	61,240	—	—	773,808	112,281	7,395	46,576	17	166,269	940,077	5.20%	3,214
2010	771,706	5,795	60,998	—	4,889	843,388	113,712	6,870	43,220	—	163,802	1,007,190	5.52%	3,491
2011	832,751	4,050	71,122	—	4,945	912,868	157,344	6,330	41,958	—	205,632	1,118,500	5.75%	3,816
2012	901,586	2,850	94,623	—	4,738	1,003,797	189,930	5,400	38,364	—	233,694	1,237,491	5.86%	4,133
2013	943,831	2,840	92,695	—	5,191	1,044,557	213,780	5,022	34,110	—	252,912	1,297,469	6.01%	4,260
2014	989,035	2,830	95,629	17,000	5,062	1,109,556	220,642	4,583	30,930	—	256,155	1,365,711	n/a	n/a
2015	1,035,280	2,475	96,626	17,000	17,894	1,169,275	238,963	4,133	27,679	—	270,775	1,440,050	n/a	n/a
2016	1,050,289	—	98,661	17,000	24,874	1,190,824	251,963	3.24	24.508	—	251,991	1,442,815	n/a	n/a
2017	1,128,705	—	100,123	16,980	24,802	1,270,610	270,211	3,199	21,267	—	294,677	1,565,287	n/a	n/a

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

(a) The amounts reported for debt include deferred refunding premium and discount.
(b) See the Demographic and Economic Statistics schedule for personal income and population data.

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

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2008	282,674	$ 689,638	1.7%	2,440
2009	284,952	712,568	1.6%	2,501
2010	287,907	782,390	1.5%	2,718
2011	291,200	841,746	1.6%	2,891
2012	294,256	909,174	1.7%	3,090
2013	297,732	951,863	2.0%	3,197
2014	302,113	1,013,927 (d)	2.2%	3,356
2015	305,462	1,072,650	2.2%	3,512
2016	316.579	1,103,582 (d)	2.3%	3,486
2017	317,233	1,170,487	2.4%	3,690

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

(a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements. The amounts reported for debt include deferred refunding premium and discount.

(b) See the Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.

(c) See the Demographic and Economic Statistics schedule for population data.

(d) General obligation debt correct to equal total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed value	(a)	(a)	(a)	(a)	(a)		(a)	(a)	(a)	(a)
Real property	$ 40,762,012	46,141,787	48,664,260	46,518,265	43,621,862	42,639,732	42,990,610	44,112,719	45,939,083	47,976,024
Personal property	1,496,190	1,497,439	1,588,890	1,623,786	1,555,658	1,561,355	1,561,532	1,618,446	1,702,530	1,650,785
Total assessed value	42,258,202	47,639,226	50,253,150	48,142,051	45,177,520	44,201,087	44,552,142	45,731,165	47,641,613	49,626,809
Legal debt margin										
Debt limit (12% of 40% of assessed value of real property)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (12% of 100% of assessed value of personal property)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (4.8% of assessed value of real property and personal property)	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797	2,382,087
Total debt limit	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797	2,382,087
Debt applicable to limit										
General county	648,875	671,881	728,194	788,800	832,318	871,701	911,842	936,199	984,119	1,037,717
State Water Quality Revolving Loan	9,760	7,980	5,795 (b)	4,050 (b)	2,850 (c)	2,840 (c)	2,830 (c)	2,475 (c)	— (c)	—
Total debt applicable to limit	658,635	679,861	733,989	792,850	835,168	874,541	914,672	938,674	984,119	1,037,717
Legal debt margin	$ 1,369,759	1,606,822	1,678,162	1,517,968	1,333,353	1,247,111	1,223,831	1,256,422	1,302,678	1,344,370
Total debt applicable to the limit as a percentage of debt limit	32.47%	29.73%	30.43%	34.31%	38.51%	41.22%	42.77%	42.76%	43.03%	43.56%

Note: The amounts reported for debt include deferred refunding premium and discount.

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

(b) Revised to included capital leases

(c) Amount previously reported should not have included deferred refunding premium and discount.

Howard County, Maryland
Pledged Revenue Coverage
Special Recreation Facility (Golf Course)
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2008	$ 2,282,219	$ 1,533,517	$ 748,702	$ 505,000	$ 253,573	0.99
2009	2,120,794	1,400,663	720,131	520,000	243,322	0.94
2010	2,174,432	1,460,408	714,024	525,000	232,347	0.94
2011	2,080,177	1,444,807	635,370	540,000	219,822	0.84
2012	2,164,962	1,458,542	706,420	555,000	204,748	0.93
2013	2,091,506	1,482,180	609,326	378,000	135,504	1.19
2014	2,010,152	1,570,610	439,542	439,000	119,351	0.79
2015	1,893,015	1,459,050	433,965	450,000	108,362	0.78
2016	1,840,152	1,556,796	283,356	461,000	98,429	0.51
2017	1,260,820	2,728,803	(1,467,983)	473,000	85,688	-2.63

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

Howard County, Maryland
Pledged Revenue Coverage
Tax Increment Financing District
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	$ —	$ —	$ —	$ —	$ —	n/a
2015	968	64,912	(63,944)	—	939,435	(0.07)
2016	1,945,699	150,454	1,795,245	—	1,012,565	1.77
2017	595,178	30,579	564,599	—	1,011,605	0.56

* Information for FY2013 and earlier not available

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

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2008	282,674	17,917,576	64,358	48,595	3.3%
2009	284,952	18,034,525	63,713	48,888	5.6%
2010	287,907	18,716,589	64,880	49,683	5.8%
2011	291,200	20,141,181	68,594	49,991	5.7%
2012	294,256	21,263,384	71,030	50,997	5.6%
2013	297,732	21,587,512	70,876	51,190	5.5%
2014	302,113	n/a	n/a	51,701	4.8%
2015	305,462	n/a	n/a	52,511	4.5%
2016	316,579	n/a	n/a	54,870	3.5%
2017	317,233	n/a	n/a	55,638	3.5%

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

	2017			2008		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,230	1	4.91%	7,213	1	5.19%
Johns Hopkins Applied Physics Laboratory	5,545	2	3.31%	4,300	2	3.09%
Wells Fargo Securities Administrative Services	840	10	0.50%	842	10	0.61%
Lorien Health Systems	1,190	7	0.71%			
Howard County General Hospital	1,765	4	1.05%	1,720	7	1.24%
Howard Community College	1,400	6	0.83%			
Verizon	1,700	5	1.01%	2,028	4	1.46%
Howard County Government	3,200	3	1.91%			
Coastal Sunbelt Produce	1,050	9	0.63%			
Sysco Food Service				2,843	3	2.05%
W.R.Grace & Co	1,100	6	0.66%			
Giant Food				1,953	6	1.41%
Columbia Association				1,600	8	1.15%
SAIC				2,000	5	1.44%
Arbitron, Inc.				963	9	0.69%
Total	26,020		15.52%	25,462		18.33%

Source: Howard County Economic Development Authority

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

Function/program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	291	288	287	288	292	299	312	335	341	349
Public safety										
Police	595	623	624	624	634	635	651	672	667	677
Fire	404	405	417	419	419	461	463	472	465	468
Corrections	144	144	144	145	144	144	148	152	153	153
Public works	577	579	579	575	572	577	599	612	611	614
Recreation and parks	251	246	246	252	256	261	268	281	283	295
Legislative and judicial	197	204	202	202	202	202	204	206	208	212
Community services	384	380	358	341	343	299	307	324	325	330
Total	2,843	2,869	2,857	2,846	2,862	2,878	2,952	3,054	3,053	3,098

Source: Howard County Budget Office

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

Date of incorporation	1,851
Form of government	Executive/Council
Date present charter adopted	1,968
Area in square miles	215

Function/program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Finance:										
Real property tax accounts billed	93,712	94,813	95,846	97,099	98,023	98,884	99,034	105,692	105,692	107,342
Business personal property tax accounts billed	11,854	9,613	9,833	11,658	9,809	9,829	8,831	10,628	13,232	14,803
Public Safety										
Police:										
Physical arrests	9,686	9,987	10,383	10,451	10,810	10,315	10,885	10,016	9,351	8,379
Parking violations	8,933	10,556	6,919	5,445	4,415	9,052	9,439	7,180	7,180	7,545
Traffic violations	65,217	80,724	80,735	81,588	84,306	85,682	88,987	99,963	92,314	82,917
Fire:										
Emergency responses	63,598	64,425	65,362	60,183	59,887	58,129	56,925	58,369	58,484	60,997
Inspections	570	610	1,425	1,217	2,173	2,516	2,203	2,742	2,865	3,274
Corrections:										
Average daily prison population	278	284	287	308	320	340	348	304	284	285
Public Works										
Inspections, licenses and permits:										
Construction permits issued	5,835	4,370	5,047	5,249	5,583	6,293	6,007	6,379	7,145	6,599
Environmental services:										
Refuse collected (tons per year)	120,838	107,756	102,492	103,749	102,249	101,912	103,120	115,941	103,719	109,313
Recyclables collected (tons per year)	54,293	60,860	61,993	63,100	64,619	61,974	58,197	55,704	57,815	67,006
Recreation and parks										
Programs operated	4,200	4,226	4,328	3,998	4,479	5,723	6,792	7,250	7,324	6,562
Registrations processed	106,014	101,503	113,354	85,598	84,420	89,345	102,305	103,731	105,522	77,682
Legislative and judicial										
Circuit court cases filed	996	999	957	985	1,021	1,007	1,057	1,064	1,238	1,203
District court cases filed	13,815	12,295	13,193	13,379	13,867	12,685	10,730	9,296	9,527	10,131
Community services										
50+ centers operated (a)	9	9	9	9	7	7	7	7	7	7
Consumer affairs - cases closed	191	223	225	210	278	246	319	282	287	271
Community service partnership grants	32	36	36	33	33	28	28	30	30	29
Assisted living monitoring visits	163	217	172	418	183	205	543	461	535	622
Water and sewer										
Water main breaks	82	137	185	174	172	189	176	186	170	119
Average daily water consumption (thousands of gallons)	22,400	22,000	23,910	24,930	22,610	22,370	23,580	21,870	22,100	23,600
Number of water customers	69,170	69,833	70,646	70,062	72,229	73,121	74,153	74,991	74,206	75,266
Average daily sewage treatment (thousands of gallons)	24,400	26,800	26,530	24,628	26,350	26,860	26,980	27,500	27,660	24,880
Number of sewer customers	65,494	66,096	66,862	68,163	68,872	69,727	70,714	71,547	72,474	73,537
Golf course										
Rounds played	40,455	36,450	35,525	34,309	36,142	35,432	34,197	31,260	31,271	23,003

Sources: Various Howard County Departments

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

(a) Senior centers renamed to 50+ centers in 2015.

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

Function/program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Buildings	12	17	19	20	23	38	40	44	44	45
Vehicles	49	60	65	54	57	45	43	51	51	64
Legislative and judicial										
Vehicles	58	61	67	66	70	70	77	71	71	78
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	225	244	265	265	286	292	291	292	284	274
Other vehicles	231	250	237	212	250	264	226	214	214	271
Fire:										
Stations (a)	6	6	6	6	6	6	6	6	6	6
Pumpers/tankers	34	32	28	28	29	25	28	29	29	28
Ladder trucks	7	7	5	5	6	6	6	7	8	8
Paramedic units	27	28	30	30	32	34	32	32	37	35
Vehicles	118	101	128	133	119	118	119	120	120	211
Public Works										
Buildings (b)	28	31	31	31	36	40	40	40	42	42
Transit buses	53	56	67	58	57	52	57	42	42	68
Vehicles	278	279	385	339	354	355	354	367	367	395
Streets (miles) (c)	988	995	1,014	1,015	1,030	1,035	1,044	1,062	1,066	1,066
Streetlights (d)	6,427	6,686	6,944	7,048	7,315	7,558	7,750	7,941	8,131	8,447
Stormwater management facilities (e)	745	770	850	908	933	983	1,011	1,127	1,216	1,250
Recreation and parks										
Buildings	44	44	45	44	59	62	62	62	65	65
Parks and open space acreage	8,678	8,737	8,846	8,850	9,097	9,116	9,173	9,227	9,255	9,493
Playgrounds	41	42	42	40	39	41	43	44	44	44
Vehicles	69	63	76	78	85	96	99	103	103	159
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	960	992	1,005	1,024	1,028	1,041	1,054	1,089	1,100	1,078
Sanitary sewers (miles)	906	955	962	971	980	987	999	1,018	1,026	1,026
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 2006 through 2007 and 2010 through 2014 restated to exclude non County-owned fire stations

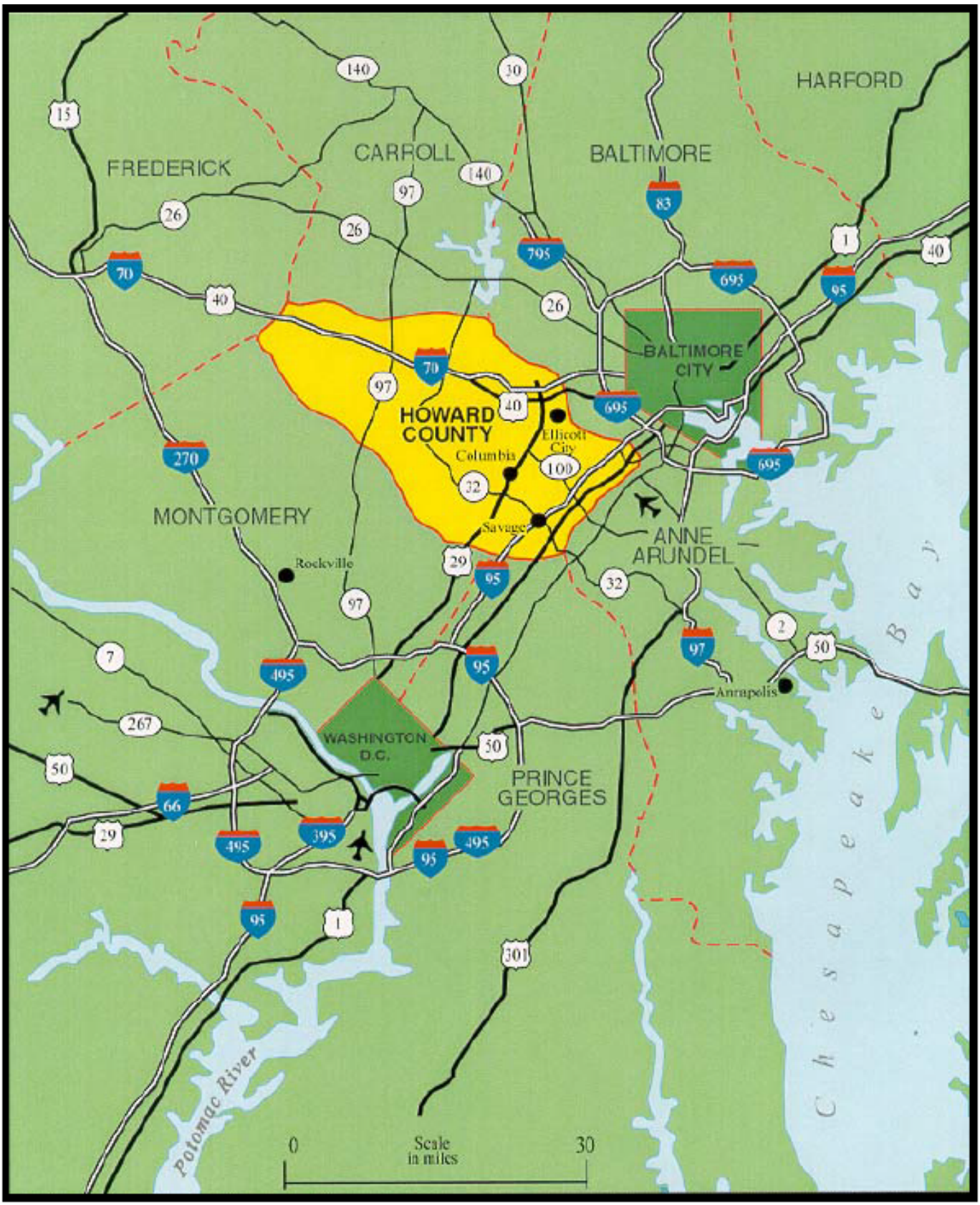
(b) Prior periods 2006 through 2014 restated to exclude nonbuilding structures.

(c) Prior period 2014 restated due to error in previous amount reported.

(d) Prior periods 2006 through 2009 and 2012 restated to exclude fixtures that Howard County rented/leased to BGE.

(e) Prior period 2014 restated to exclude Board of Education facilities that are owned by the school system.

Howard County Regional Location



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