

## OFFICIAL STATEMENT DATED APRIL 27, 2020

### New Issues – Book-Entry Only

*In the opinion of Bond Counsel, (i) under existing statutes, regulations and decisions the Tax-Exempt Bonds, their transfer, the interest payable on them, and any income derived from the, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, any of its political subdivision, or any other public entity; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Tax-Exempt Bonds or the interest thereon; (ii) under existing law, interest on the Taxable Bonds and profit realized from the sale or exchange of the Taxable Bonds will be exempt from State of Maryland income taxation; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Taxable Bonds or the interest thereon; and (iii) assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Tax-Exempt Bonds will be excludable from gross income for federal income tax purposes. Interest on the Taxable Bonds will be includable in gross income for federal income tax purposes. Under existing law, interest on the Tax-Exempt Bonds for federal income tax purposes is not includable in alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; and interest on the Tax-Exempt Bonds will be includable in the applicable tax base for the purpose of determining the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America. See "Tax Matters."*

## \$255,470,000 General Obligation Bonds



RATINGS: (See the section "RATINGS")  
Fitch Ratings.....AAA  
Moody's.....Aaa  
S&P Global Ratings.....AAA

**\$117,230,000 Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt)**  
**\$51,130,000 Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt)**  
**\$63,050,000 Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable)**  
**\$24,060,000 Metropolitan District Refunding Bonds, 2020 Series D (Taxable)**

**Dated:** Date of Delivery

**Due:** August 15, as shown herein

**Payable:** Interest on and principal of the Bonds will be paid by the County to The Depository Trust Company ("DTC"), New York, New York, as securities depository. Disbursement of such payments will be made by DTC to its Participants which in turn will provide for payment to the Beneficial Owners of the Bonds, all as described herein. Beneficial Owners will not receive certificates evidencing their interests in Bonds purchased.

**Redemption:** The Bonds maturing on and after August 15, 2031 are subject to optional redemption on or any time after August 15, 2030 at the redemption prices as set forth herein.

**Purpose:** Proceeds of the Bonds are being used to (1) pay or reimburse the County for the cost of certain public improvements, (2) repay all or a portion of the County's outstanding general obligation bond anticipation notes, (3) provide funds, together with investment earnings thereon, that will be sufficient to refund certain general obligation bonds as described herein, and (4) pay costs of issuance related to the Bonds.

**Security:** The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on the Bonds when due.

**Denomination:** Integral multiples of \$5,000  
**Interest Payable:** August 15 and February 15  
**First Interest Payment Due:** August 15, 2020

### FOR MATURITY SCHEDULES SEE INSIDE COVER

This cover page contains information for quick reference only. It is not a summary of the Bonds. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, the approval of certain legal matters by McGuireWoods LLP, Baltimore, Maryland, counsel to the Underwriters, and certain other conditions. Davenport & Company, Towson, Maryland, served as financial advisor to the County in connection with the issuance of the Bonds. The Bonds in definitive form will be available for delivery through the facilities of DTC on or about May 7, 2020.

Citigroup

M&T Securities, Inc.

Siebert Williams Shank & Co., LLC

Barclays

## Maturity Schedules

### \$117,230,000 Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt)

| Due     | Principal    | Interest  |         |         | Due     | Principal    | Interest  |         |         |
|---------|--------------|-----------|---------|---------|---------|--------------|-----------|---------|---------|
| Aug. 15 | Amount       | CUSIP**   | Rate    | Yield   | Aug. 15 | Amount       | CUSIP**   | Rate    | Yield   |
| 2020    | \$ 4,705,000 | 44256PVL4 | 5.000 % | 0.820 % | 2030    | \$ 5,780,000 | 44256PVW0 | 5.000 % | 1.500 % |
| 2021    | 3,685,000    | 44256PVM2 | 5.000   | 0.870   | 2031    | 6,080,000    | 44256PVX8 | 5.000   | 1.590 * |
| 2022    | 3,875,000    | 44256PVN0 | 5.000   | 0.970   | 2032    | 6,390,000    | 44256PVY6 | 5.000   | 1.690 * |
| 2023    | 4,075,000    | 44256PVP5 | 5.000   | 1.050   | 2033    | 6,715,000    | 44256PVZ3 | 5.000   | 1.790 * |
| 2024    | 4,285,000    | 44256PVQ3 | 5.000   | 1.090   | 2034    | 7,025,000    | 44256PWA7 | 4.000   | 2.030 * |
| 2025    | 4,505,000    | 44256PVR1 | 5.000   | 1.140   | 2035    | 7,315,000    | 44256PWB5 | 4.000   | 2.130 * |
| 2026    | 4,735,000    | 44256PVS9 | 5.000   | 1.200   | 2036    | 7,610,000    | 44256PWC3 | 4.000   | 2.220 * |
| 2027    | 4,975,000    | 44256PVT7 | 5.000   | 1.270   | 2037    | 7,920,000    | 44256PWD1 | 4.000   | 2.280 * |
| 2028    | 5,230,000    | 44256PVU4 | 5.000   | 1.360   | 2038    | 8,245,000    | 44256PWE9 | 4.000   | 2.320 * |
| 2029    | 5,500,000    | 44256PVV2 | 5.000   | 1.440   | 2039    | 8,580,000    | 44256PWF6 | 4.000   | 2.360 * |

### \$51,130,000 Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt)

| Due   | Principal    | Interest  |         |         | Due     | Principal    | Interest  |         |          |
|---|--------------|-----------|---------|---------|---------|--------------|-----------|---------|----------|
| Aug. 15   | Amount       | CUSIP**   | Rate    | Yield   | Aug. 15 | Amount       | CUSIP**   | Rate    | Yield    |
| 2020  | \$ 1,260,000 | 44256PWG4 | 5.000 % | 0.820 % | 2031    | \$ 1,435,000 | 44256PWT6 | 5.000 % | 1.590 %* |
| 2021  | 870,000      | 44256PWH2 | 5.000   | 0.870   | 2032    | 1,510,000    | 44256PWU3 | 5.000   | 1.690 *  |
| 2022  | 915,000      | 44256PWJ8 | 5.000   | 0.970   | 2033    | 1,585,000    | 44256PWW1 | 5.000   | 1.790 *  |
| 2023  | 960,000      | 44256PWK5 | 5.000   | 1.050   | 2034    | 1,665,000    | 44256PWW9 | 5.000   | 1.830 *  |
| 2024  | 1,010,000    | 44256PWL3 | 5.000   | 1.090   | 2035    | 1,735,000    | 44256PWX7 | 3.000   | 2.480 *  |
| 2025  | 1,060,000    | 44256PWM1 | 5.000   | 1.140   | 2036    | 1,785,000    | 44256PWY5 | 3.000   | 2.540 *  |
| 2026  | 1,115,000    | 44256PWN9 | 5.000   | 1.200   | 2037    | 1,840,000    | 44256PWZ2 | 3.000   | 2.600 *  |
| 2027  | 1,175,000    | 44256PWP4 | 5.000   | 1.270   | 2038    | 1,895,000    | 44256PXA6 | 3.000   | 2.640 *  |
| 2028  | 1,235,000    | 44256PWQ2 | 5.000   | 1.360   | 2039    | 1,955,000    | 44256PXB4 | 3.000   | 2.710 *  |
| 2029  | 1,300,000    | 44256PWR0 | 5.000   | 1.440   | 2040    | 2,015,000    | 44256PXC2 | 3.000   | 2.770 *  |
| 2030  | 1,365,000    | 44256PWS8 | 5.000   | 1.500   |         |              |           |         |          |
| \$4,500,000 Term Bond due August 15, 2045; CUSIP** 44256PXD0; Interest Rate: 4.000%; Yield: 2.580%* |              |           |         |         |         |              |           |         |          |
| \$16,945,000 Term Bond due August 15, 2049; CUSIP** 44256PXE8; Interest Rate: 3.000%; Yield: 3.050% |              |           |         |         |         |              |           |         |          |

\* Yield to August 15, 2030, the first optional call date.

\*\* CUSIP numbers are copyrighted by the American Bankers Association. CUSIP data is provided by CUSIP Global Services. The CUSIP data listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the County makes no representation with respect to such CUSIP data nor undertakes any responsibility for its accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services database.

## Maturity Schedules

### \$63,050,000 Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable)

| Due  | Principal     | Interest   |         |         | Due     | Principal    | Interest  |         |         |
|--|---------------|------------|---------|---------|---------|--------------|-----------|---------|---------|
| Aug. 15  | Amount        | CUSIP*     | Rate    | Yield   | Aug. 15 | Amount       | CUSIP*    | Rate    | Yield   |
| 2023   | \$ 13,070,000 | 44256PXG3  | 1.337 % | 1.337 % | 2030    | \$ 3,345,000 | 44256PXP3 | 2.060 % | 2.060 % |
| 2024   | 10,540,000    | 44256PXH1  | 1.454   | 1.454   | 2031    | 3,415,000    | 44256PXQ1 | 2.160   | 2.160   |
| 2025   | 6,810,000     | 44256PXJ7  | 1.554   | 1.554   | 2032    | 240,000      | 44256PXR9 | 2.310   | 2.310   |
| 2026   | 3,090,000     | 44256P XK4 | 1.763   | 1.763   | 2033    | 245,000      | 44256PXS7 | 2.410   | 2.410   |
| 2027   | 3,150,000     | 44256PXL2  | 1.913   | 1.913   | 2034    | 250,000      | 44256PXT5 | 2.510   | 2.510   |
| 2028   | 3,215,000     | 44256PXM0  | 1.960   | 1.960   | 2035    | 260,000      | 44256PXU2 | 2.590   | 2.590   |
| 2029   | 3,275,000     | 44256PXN8  | 1.990   | 1.990   |         |              |           |         |         |
| <p style="text-align: center;">\$11,035,000 Term Bond due August 15, 2022; CUSIP* 44256PXF5; Interest Rate: 1.224%; Yield: 1.224%</p> <p style="text-align: center;">\$1,110,000 Term Bond due August 15, 2039; CUSIP* 44256PXV0; Interest Rate: 3.108%; Yield: 3.108%</p> |               |            |         |         |         |              |           |         |         |

### \$24,060,000 Metropolitan District Refunding Bonds, 2020 Series D (Taxable)

| Due   | Principal    | Interest  |         |         | Due     | Principal    | Interest  |         |         |
|---|--------------|-----------|---------|---------|---------|--------------|-----------|---------|---------|
| Aug. 15   | Amount       | CUSIP*    | Rate    | Yield   | Aug. 15 | Amount       | CUSIP*    | Rate    | Yield   |
| 2023  | \$ 1,075,000 | 44256PXX6 | 1.337 % | 1.337 % | 2030    | \$ 1,495,000 | 44256PYE7 | 2.060 % | 2.060 % |
| 2024  | 950,000      | 44256PXY4 | 1.454   | 1.454   | 2031    | 1,530,000    | 44256PYF4 | 2.160   | 2.160   |
| 2025  | 970,000      | 44256PXZ1 | 1.554   | 1.554   | 2032    | 1,390,000    | 44256PYG2 | 2.310   | 2.310   |
| 2026  | 960,000      | 44256PYA5 | 1.763   | 1.763   | 2033    | 2,705,000    | 44256PYH0 | 2.410   | 2.410   |
| 2027  | 740,000      | 44256PYB3 | 1.913   | 1.913   | 2034    | 2,615,000    | 44256PYJ6 | 2.510   | 2.510   |
| 2028  | 670,000      | 44256PYC1 | 1.960   | 1.960   | 2035    | 2,685,000    | 44256PYK3 | 2.590   | 2.590   |
| 2029  | 1,375,000    | 44256PYD9 | 1.990   | 1.990   |         |              |           |         |         |
| <p style="text-align: center;">\$1,590,000 Term Bond due August 15, 2022; CUSIP* 44256PWX8; Interest Rate: 1.224%; Yield: 1.224%</p> <p style="text-align: center;">\$3,310,000 Term Bond due August 15, 2041; CUSIP* 44256PYL1; Interest Rate: 3.158%; Yield: 3.158%</p> |              |           |         |         |         |              |           |         |         |

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**Howard County, Maryland**

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Fax (410) 313-4433

**County Executive**

Calvin Ball

**County Council**

Deb Jung, *Chairperson*  
Liz Walsh, *Vice Chairperson*  
Opel Jones, *Council Member*  
Christiana Rigby, *Council Member*  
David Yungmann, *Council Member*

**Certain Appointed Officials**

Janet R. Irvin, *Director of Finance*  
Gary Kuc, *County Solicitor*  
Lonnie R. Robbins, *Chief Administrative Officer*  
Diane Jones, *Administrator to the County Council*  
Dr. Holly Sun, *Budget Administrator*

**Financial Advisor**

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Towson, MD 21286  
Telephone (410) 296-9426  
Fax (866) 932-6660

**Bond Counsel**

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401 East Pratt Street, Suite 2600  
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Fax (410) 843-3501

**Independent Auditor**

CliftonLarsonAllen LLP  
1966 Greenspring Drive, Suite 300  
Timonium, Maryland 21093  
Telephone (410) 453-0900  
Fax (410) 453-0914

**Escrow Agent and Bond Registrar**

Manufacturers and Traders Trust Co.  
25 S. Charles Street  
Baltimore, Maryland 21201  
Telephone (410) 244-3712  
Fax (410) 244-3725

**Verification Agent**

Bingham Arbitrage Rebate Services, Inc.  
1506 West Main Street  
Richmond, VA 23220  
Telephone (804) 864-9567  
Fax (804) 288-5020

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations with respect to the County or the Bonds, other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Bonds described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. The County believes that the information contained in this Official Statement is complete and accurate and that information obtained from other sources is reliable. However, the County does not guarantee the accuracy or completeness of information obtained from other sources and such information should not be considered to be a representation of the County. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the respective dates as of which such information is given herein. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. Furthermore, this Official Statement does not contain any investment advice for purchasers or holders of any of the Bonds. Such persons should consult their own financial advisors regarding possible financial consequences of ownership of the Bonds.

The cover page hereof, the list of officials, this page and the appendices attached hereto are part of this Official Statement. The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Bonds is made only by means of this entire Official Statement.

In connection with the offering of the Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibility to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence and the County takes no responsibility for the accuracy thereof. These data are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") or with any state security agency. The Bonds have not been approved or disapproved by the SEC or any state securities agency nor has the SEC or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

**INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN  
JURISDICTIONS OUTSIDE THE UNITED STATES**

REFERENCES UNDER THIS CAPTION TO THE “ISSUER” MEAN HOWARD COUNTY, MARYLAND AND REFERENCES TO “BONDS” OR “SECURITIES” MEAN THE BONDS, AS DEFINED HEREIN AND OFFERED HEREBY.

THE UNDERWRITERS HAVE PROVIDED THE INFORMATION SET FORTH ON THIS AND THE FOLLOWING THREE PAGES FOR INCLUSION IN THIS OFFICIAL STATEMENT.

**NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”)**

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF EUROPEAN COMMISSION REGULATION 809/2004 OR EUROPEAN COMMISSION DIRECTIVE 2003/71/EC (AS AMENDED, INCLUDING BY EUROPEAN COMMISSION DIRECTIVE 2010/73/EU, AS APPLICABLE) (THE “PROSPECTUS DIRECTIVE”). IT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 3 OF THE PROSPECTUS DIRECTIVE, AS IMPLEMENTED IN MEMBER STATES OF THE EEA, FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR SUCH OFFERS. THIS OFFICIAL STATEMENT IS ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EEA WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE AND ANY RELEVANT IMPLEMENTING MEASURE IN EACH MEMBER STATE OF THE EEA (“QUALIFIED INVESTORS”). THIS OFFICIAL STATEMENT MUST NOT BE ACTED ON OR RELIED ON IN ANY SUCH MEMBER STATE OF THE EEA BY PERSONS WHO ARE NOT QUALIFIED INVESTORS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO QUALIFIED INVESTORS IN ANY MEMBER STATE OF THE EEA AND WILL NOT BE ENGAGED IN WITH ANY OTHER PERSONS.

**NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS IN THE UNITED KINGDOM THAT ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE WHO ARE ALSO (I) INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”) OR (I) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS, INCLUDING IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA APPLIES TO THE ISSUER. THIS OFFICIAL STATEMENT AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSONS IN THE UNITED KINGDOM. IN THE UNITED KINGDOM, ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE

ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

#### **NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG**

THE BONDS (EXCEPT FOR BONDS WHICH ARE A “STRUCTURED PRODUCT” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (“SECURITIES AND FUTURES ORDINANCE”)) MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (“COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE”) OR (II) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

#### **NOTICE TO INVESTORS IN SWITZERLAND**

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE (“SIX”) OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT HAS BEEN PREPARED WITHOUT REGARD TO THE DISCLOSURE STANDARDS FOR ISSUANCE PROSPECTUSES UNDER ART. 652A OR ART. 1156 OF THE SWISS CODE OF OBLIGATIONS OR THE DISCLOSURE STANDARDS FOR LISTING PROSPECTUSES UNDER ART. 27 FF. OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

### **NOTICE TO INVESTORS IN SINGAPORE**

THIS OFFICIAL STATEMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL USED IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE “SFA”) PURSUANT TO SECTION 274 OF THE SFA, (II) TO A RELEVANT PERSON PURSUANT (AS DEFINED IN SECTION 275(2) OF THE SFA) TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275, OF THE SFA; OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA. WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON THAT IS: (A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR (B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS (EACH AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES’ RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA EXCEPT: (I) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(I)(B) OF THE SFA; (II) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER; (III) WHERE THE TRANSFER IS BY OPERATION OF LAW; (IV) AS SPECIFIED IN SECTION 276(7) OF THE SFA; OR (V) AS SPECIFIED IN REGULATION 37A OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SECURITIES AND SECURITIES-BASED DERIVATIVE CONTRACTS) REGULATIONS 2018 OF SINGAPORE.

#### **Notification under Section 309B(1)(C) of the SFA**

IN CONNECTION WITH SECTION 309B OF THE SFA AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE “CMP REGULATIONS 2018”), THE ISSUER HAS DETERMINED, AND HEREBY NOTIFIES ALL RELEVANT PERSONS (AS DEFINED IN SECTION 309A(1) OF THE SFA), THAT THE BONDS ARE “PRESCRIBED CAPITAL MARKETS PRODUCTS” (AS DEFINED IN THE CMP REGULATIONS 2018) AND ARE EXCLUDED INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA-N16: NOTICE ON RECOMMENDATIONS ON INVESTMENT PRODUCTS).

#### **NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN**

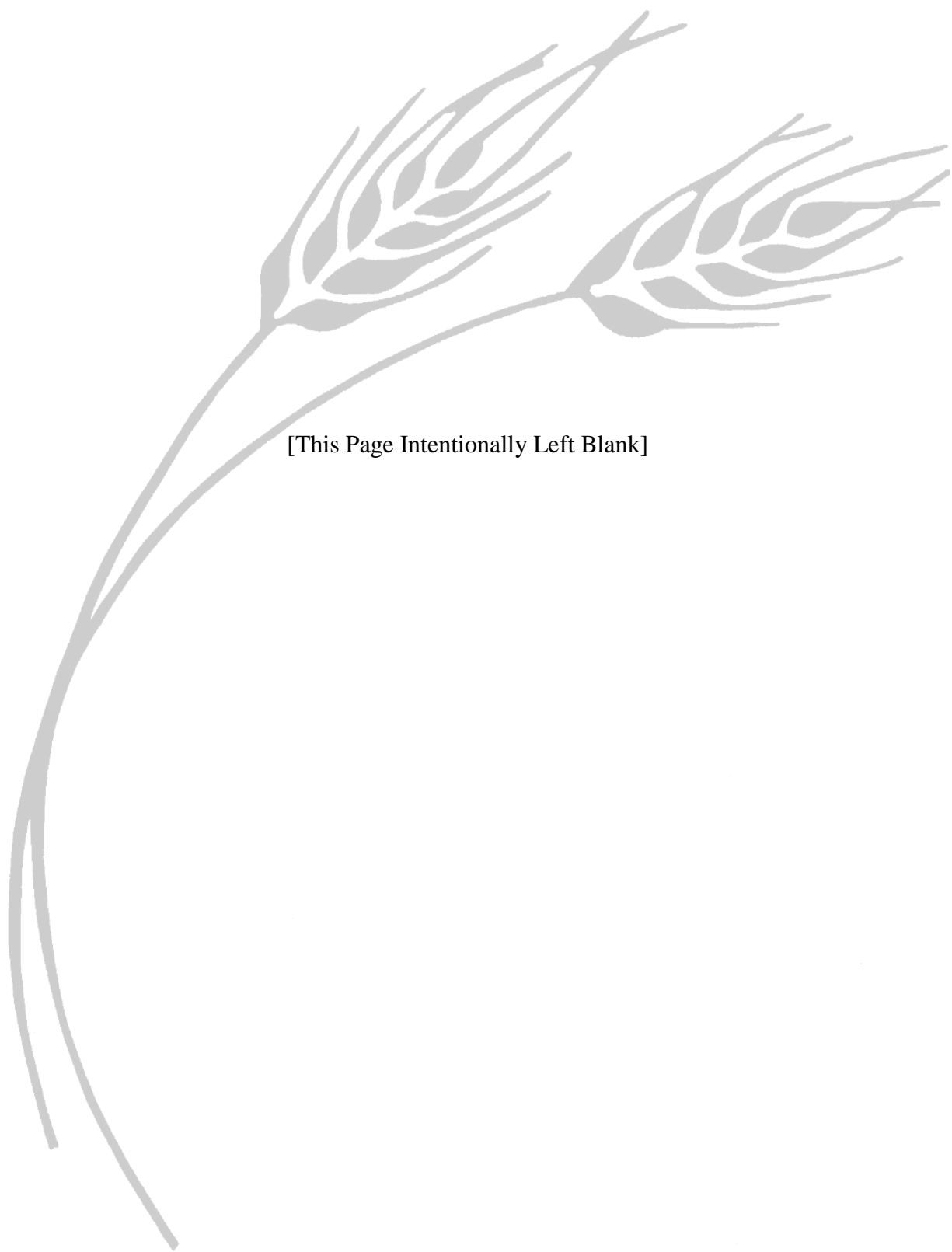
THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

#### **NOTICE TO INVESTORS JAPAN**

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE “FIEA”). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY “RESIDENT” OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE G OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA (“QIIS”). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.





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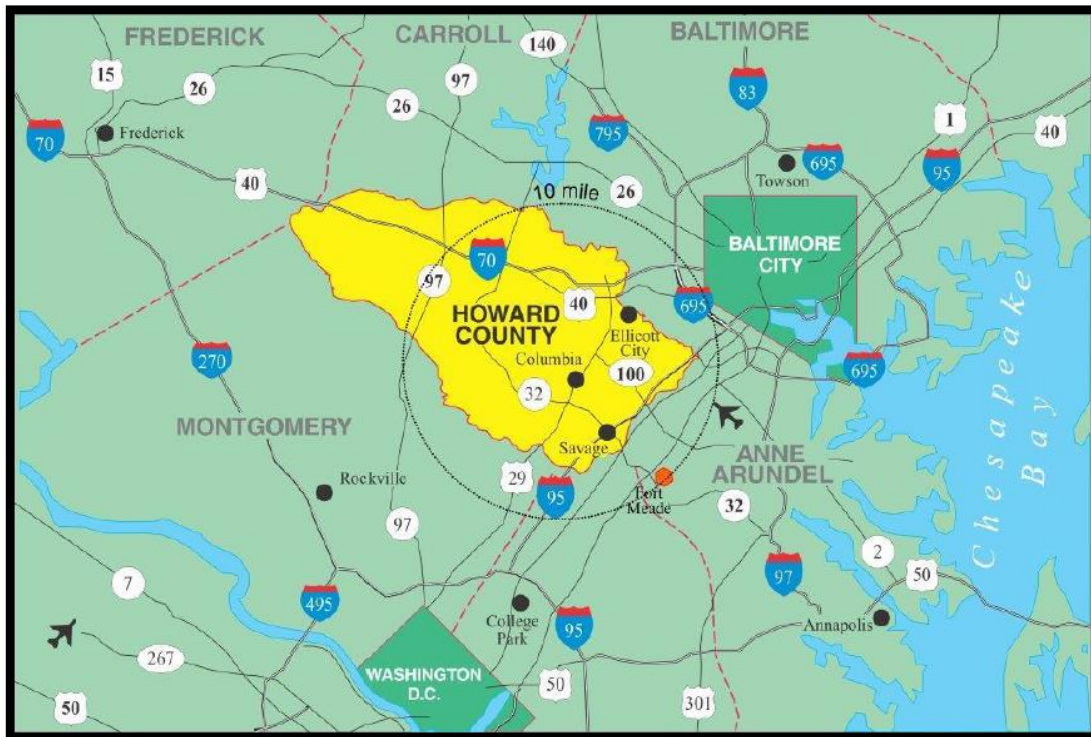
## Appendix C

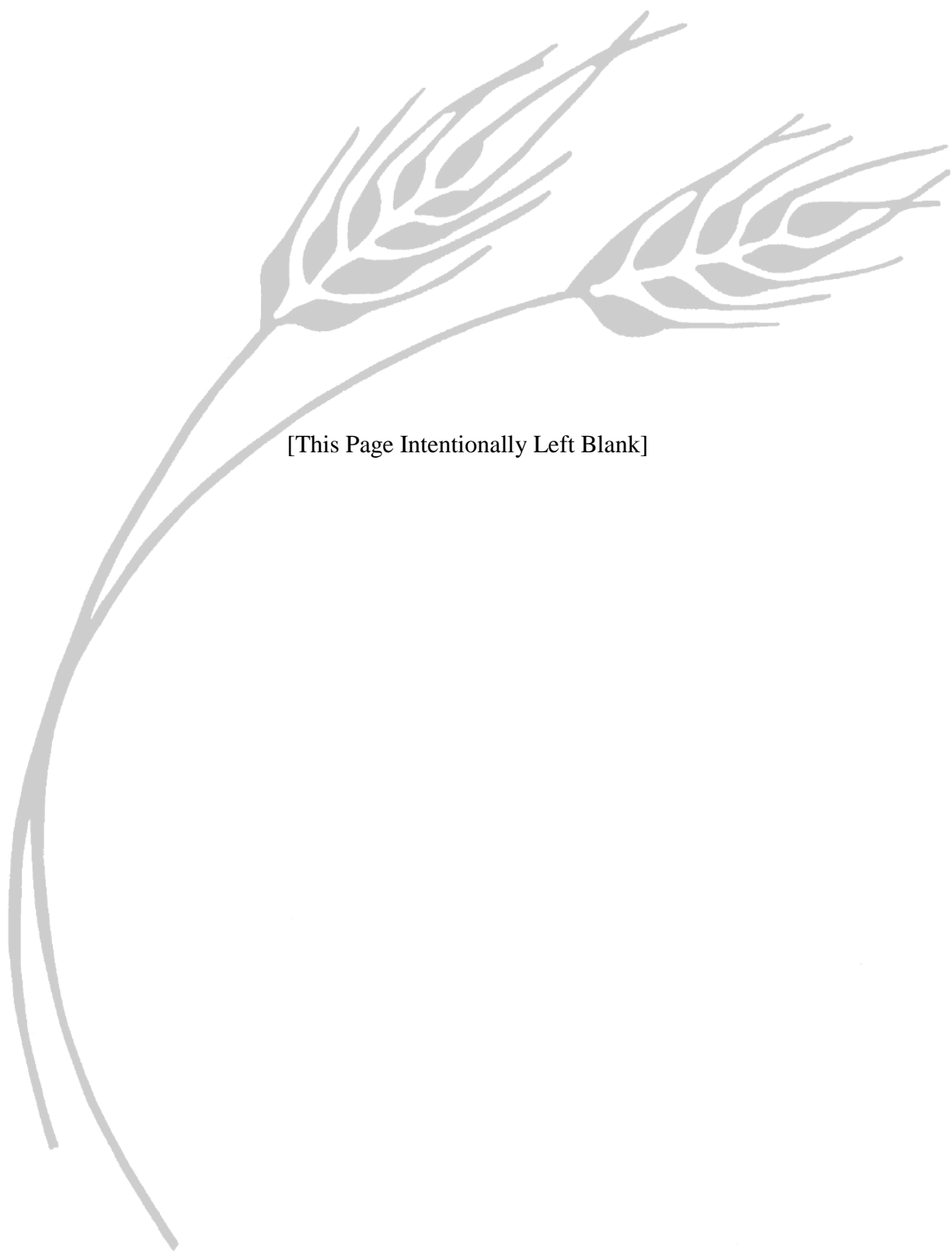
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# Howard County Regional Location





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# The Bonds

## Purpose of Official Statement

This Official Statement provides information regarding Howard County, Maryland (the “County”) and the offering of its \$255,470,000 general obligation bonds (the “Bonds”). The Bonds consist of the following:

- \$117,230,000 Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt) (the “Public Improvement Bonds”);
- \$51,130,000 Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt) (the “Metropolitan District Bonds” and together with the Public Improvement Bonds, the “Tax-Exempt Bonds”);
- \$63,050,000 Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable) (the “CPI Taxable Bonds”); and
- \$24,060,000 Metropolitan District Refunding Bonds, 2020 Series D (Taxable) (the “MD Taxable Bonds” and together with the CPI Taxable Bonds, the “Taxable Bonds”).

## The County

The County is 251 square miles in area and is home to approximately 326,286 residents. The County is located in the State of Maryland (the “State”) 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 was formed in 1851 and bears the name of Colonel John Eager Howard, the fifth Governor of Maryland. The County was predominately agricultural until 1966, when construction began on the master-planned community of Columbia. The County’s population has grown an average of 1.67 percent annually since 2000, and is the third wealthiest in the nation. Under a home rule charter since 1968, the County is governed by an elected county executive (the “County Executive”) and five-member council (the “Council”).

## Authorization

The Public Improvement Bonds are being issued pursuant to the authority of Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, 2019 Supplement) (“Section 10-203”), Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, 2019 Supplement) (“Section 19-101”), the Howard County Charter (the “Charter”), certain bond enabling bills of the County Council of Howard County, Maryland (the “Council”), and in accordance with Council Bill No. 44-2019 enacted during the 2019 Legislative Session (the “Bond Ordinance”).

The Metropolitan District Bonds are being issued pursuant to the authority of Section 10-203, the Charter, Chapter 991 of the Acts of the General Assembly of Maryland 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended (collectively, the “Acts”), certain bond enabling bills of the Council, and in accordance with the Bond Ordinance.

The CPI Taxable Bonds are being issued pursuant to the authority of Section 10-203, Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (“Section 19-207”), Section 19-101, the Charter, certain bond enabling bills of the Council, and in accordance with the Bond Ordinance and Council Bill No. 45-2019 enacted during the 2019 Legislative Session (the “Refunding Ordinance”).

The MD Taxable Bonds are being issued pursuant to the authority of Section 10-203, Section 19-207, the Charter, the Acts, certain bond enabling bills of the Council, and in accordance with the Refunding Ordinance.

## Description

The Bonds are dated and bear interest from their date of delivery (the “Closing Date”), and pay interest on February 15 and August 15 of each year, beginning August 15, 2020, at the interest rates set forth on the inside cover page of this Official Statement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are issued as fully-registered bonds without coupons, book-entry form only, and are denominated in integral multiples of \$5,000. The Bonds mature, subject to prior redemption as described herein, on the dates and in the amounts set forth on the inside cover page of this Official Statement.

## Registration, Payment and Transfer

### Registration through Securities Depository

*The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by The Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may

or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and any premium on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest or premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or its Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICIES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT OR ANY RULES AND PROCEDURES OF DTC.

**Neither the County nor its agents will have any responsibility or obligation to Direct or Indirect Participants or to any Beneficial Owner with respect to 1) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; 2) the payment by DTC or any Direct or Indirect Participant of any amount with respect to the principal of, premium, if any, or interest on the bonds; 3) any notice which is permitted or required to be given to Beneficial Owners; 4) any consent given by DTC or other action taken by DTC as bondholder; or 5) the selection by DTC or any Direct or Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of Bonds.**

### **Termination of Book-Entry System**

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the County and Manufacturers and Traders Trust Company (the "Bond Registrar"). In addition, the County Executive may discontinue the book-entry system with DTC. If the County Executive fails to identify another qualified securities depository to replace DTC, the County will deliver replacement Bonds in the form of fully registered certificates, and payments of principal of and interest on such replacement Bonds will be paid in accordance with the terms of the Bond Ordinance and the Refunding Ordinance. Each Beneficial Owner, upon registration of certificates held in such Beneficial Owner's name, will become a Bondholder. Subject to the further conditions contained in the Bond Ordinance and the Refunding Ordinance, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof by the registered owners or their duly authorized representatives. For every transfer and exchange of the Bonds, the registered owner may be charged a sum sufficient to cover any tax or other governmental charge required to be paid in connection with such exchange or transfer.

## Record Dates

The record dates for the Bonds will be the fifteenth day preceding each interest payment date for the Bonds and the fifteenth day preceding the date of publication of any notice of redemption.

## Redemption

### Mandatory Sinking Fund Redemption

The Metropolitan District Bonds maturing on August 15, 2045 and 2049, the CPI Taxable Bonds maturing on August 15, 2022 and 2039, and the MD Taxable Bonds maturing on August 15, 2022 and 2041 are subject to mandatory sinking fund redemption prior to maturity by the County in part at a redemption price equal to 100% of the principal amount thereof, together with interest accrued to the date fixed for redemption from sinking fund installments becoming due on August 15 of the following years and in the following amounts:

#### Metropolitan District Bonds Mandatory Sinking Fund Redemption

##### Term Bonds Due August 15, 2045

| <u>Year</u>     | <u>Sinking Fund Installment</u> | <u>Year</u> | <u>Sinking Fund Installment</u> |
|-----------------|---------------------------------|-------------|---------------------------------|
| 2041            | \$ 830,000                      | 2044        | \$ 935,000                      |
| 2042            | 860,000                         | 2045 *      | 975,000                         |
| 2043            | 900,000                         |             |                                 |
| *Final Maturity |                                 |             |                                 |

#### Metropolitan District Bonds Mandatory Sinking Fund Redemption

##### Term Bonds Due August 15, 2049

| <u>Year</u>     | <u>Sinking Fund Installment</u> | <u>Year</u> | <u>Sinking Fund Installment</u> |
|-----------------|---------------------------------|-------------|---------------------------------|
| 2041            | \$ 1,250,000                    | 2046        | \$ 2,460,000                    |
| 2042            | 1,290,000                       | 2047        | 2,535,000                       |
| 2043            | 1,325,000                       | 2048        | 2,615,000                       |
| 2044            | 1,370,000                       | 2049 *      | 2,690,000                       |
| 2045            | 1,410,000                       |             |                                 |
| *Final Maturity |                                 |             |                                 |

#### CPI Taxable Bonds Mandatory Sinking Fund Redemption

##### Term Bonds Due August 15, 2022

| <u>Year</u>     | <u>Sinking Fund Installment</u> | <u>Year</u> | <u>Sinking Fund Installment</u> |
|-----------------|---------------------------------|-------------|---------------------------------|
| 2020            | \$ 220,000                      | 2022 *      | \$ 10,615,000                   |
| 2021            | 200,000                         |             |                                 |
| *Final Maturity |                                 |             |                                 |



**CPI Taxable Bonds Mandatory Sinking Fund Redemption**

| Term Bonds Due August 15, 2039 |                                 |             |                                 |
|--------------------------------|---------------------------------|-------------|---------------------------------|
| <u>Year</u>                    | <u>Sinking Fund Installment</u> | <u>Year</u> | <u>Sinking Fund Installment</u> |
| 2036                           | \$ 265,000                      | 2038        | \$ 280,000                      |
| 2037                           | 275,000                         | 2039 *      | 290,000                         |
| *Final Maturity                |                                 |             |                                 |

**MD Taxable Bonds Mandatory Sinking Fund Redemption**

| Term Bonds Due August 15, 2022 |                                 |             |                                 |
|--------------------------------|---------------------------------|-------------|---------------------------------|
| <u>Year</u>                    | <u>Sinking Fund Installment</u> | <u>Year</u> | <u>Sinking Fund Installment</u> |
| 2020                           | \$ 275,000                      | 2022 *      | \$ 735,000                      |
| 2021                           | 580,000                         |             |                                 |
| *Final Maturity                |                                 |             |                                 |

**MD Taxable Bonds Mandatory Sinking Fund Redemption**

| Term Bonds Due August 15, 2041 |                                 |             |                                 |
|--------------------------------|---------------------------------|-------------|---------------------------------|
| <u>Year</u>                    | <u>Sinking Fund Installment</u> | <u>Year</u> | <u>Sinking Fund Installment</u> |
| 2036                           | \$ 510,000                      | 2039        | \$ 560,000                      |
| 2037                           | 525,000                         | 2040        | 580,000                         |
| 2038                           | 540,000                         | 2041 *      | 595,000                         |
| *Final Maturity                |                                 |             |                                 |

## Optional Redemption

Bonds maturing on or before August 15, 2030 are not redeemable prior to their stated maturities. Bonds maturing on and after August 15, 2031 are subject to redemption prior to their respective maturities, at the option of the County, on or at any time after August 15, 2030, in whole or in part, at a redemption price of 100% of the principal amount thereof, together with interest accrued to the redemption date.

If less than all of the outstanding Bonds of any series are called for optional redemption, the County will choose the maturities to be redeemed and the principal amount of each such maturity to be redeemed, in its sole discretion. If less than all of such Bonds of any one maturity are called for redemption, then the particular Bonds of such maturity or portions of such Bonds to be redeemed will be chosen by DTC in accordance with its normal and customary procedures (so long as the Bonds are in book-entry form), or by the Bond Registrar, by lot (if the book-entry system has been discontinued). For an optional redemption of term Bonds, the County will choose the mandatory sinking fund redemption installments of such term Bonds to be reduced and the amount of each such reduction, in its sole discretion. The Bonds are redeemable only in integral multiples of \$5,000.

## Notice of Redemption

A notice calling for redemption of any Bonds will be delivered to DTC not less than 20 days prior to the date fixed for redemption (the "Redemption Date"), and otherwise as provided in the Bond Ordinance. If the book-entry system has been discontinued for the Bonds, a notice calling for redemption of any Bonds will be mailed, not less than 20 days prior to the Redemption Date, to all registered owners of the Bonds to be redeemed (in whole or in part), at their last addresses appearing on the registration books kept by the Bond Registrar, by first-class mail, postage prepaid. Failure to mail or deliver any such notice or any defect in the notice or its mailing or delivery will not affect the validity of any redemption

proceedings. Any redemption notice will specify the series, CUSIP numbers, maturities and interest rates of any Bonds to be redeemed, the date of the notice, the Redemption Date, the redemption price, the name, address and telephone number of the Bond Registrar, and, for a partial redemption, the principal amount of each maturity of the Bonds to be redeemed. Such notice will further state that, on the Redemption Date, the Bonds called for redemption will be due and become payable, if sufficient funds are available, at the office of the Bond Registrar, and that, from and after the Redemption Date, interest thereon shall cease to accrue.

On the Redemption Date, if sufficient money to pay the redemption price of Bonds called for redemption and accrued interest on the Bonds are held by the Bond Registrar, such Bonds called for redemption will become due and payable, interest on such Bonds will cease to accrue and the registered owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest thereon to the Redemption Date.

## **Security and Sources of Payment**

### **General Obligation**

The Bonds are general obligations of the County, and the County's full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal and interest on such Bonds when due and payable.

### **Public Improvement Bonds and CPI Taxable Bonds**

In each and every fiscal year during which any of the Public Improvement Bonds or the CPI Taxable Bonds are outstanding, the County will levy or cause to be levied ad valorem taxes on real and tangible personal property and on intangible property subject to taxation by the County in an amount sufficient, together with other available funds, to pay the annual interest on the outstanding Public Improvement Bonds and the outstanding CPI Taxable Bonds and to pay the principal of the Public Improvement Bonds and the CPI Taxable Bonds due and payable during the succeeding fiscal year. Without limiting the foregoing, portions of the Public Improvement Bonds and the CPI Taxable Bonds are expected to be paid from transfer tax and fire tax revenues, school facilities surcharges, building excise taxes on new construction, broadband fees and environmental service charges.

### **Metropolitan District Bonds and MD Taxable Bonds**

The principal of and the interest on the Metropolitan District Bonds and the MD Taxable Bonds are payable from revenues obtained from: (1) special front foot benefit assessments collected by the County on all property in the Metropolitan District (described in more detail under "Government and Infrastructure, Water and Sewer System" herein) directly benefited by water and sewer facilities, (2) special annual ad valorem taxes levied by the County upon assessable property within the Metropolitan District, (3) water and sewer service charges for the use of utilities and charges for the upkeep of water and sewer systems that have a connection with water mains or sewers and (4) water and sewer connection charges. However, in the event such revenues in any fiscal year are insufficient to pay the annual interest on the outstanding Metropolitan District Bonds and the outstanding MD Taxable Bonds and to pay the principal of the Metropolitan District Bonds and the MD Taxable Bonds due and payable, the County will levy ad valorem taxes on real and tangible personal property and on intangible property subject to taxation by the County in an amount sufficient, together with other available funds, to pay such annual interest and to pay the principal of such Metropolitan District Bonds and MD Taxable Bonds. The County has never had to levy ad valorem taxes to pay the interest or principal due on any other Metropolitan District bonds.

## **Purpose of Financing**

### **Public Improvement Bonds**

The County is issuing the Public Improvement Bonds to repay all or a portion of the County's outstanding Consolidated General Obligation Bond Anticipation Tax-Exempt Note, Series 2017, to reimburse the County for the cost of Public Improvement projects and to pay costs of issuance related to the Public Improvement Bonds.

## CPI Taxable Bonds

The County is issuing the CPI Taxable Bonds to reimburse the County for the cost of Public Improvement projects, to provide funds that, together with investment earnings thereon will be sufficient to refund certain of the County's outstanding general obligation bonds described below (the "Refunded Public Improvement Bonds") at their respective maturities or optional redemption dates and to pay costs of issuance related to the CPI Taxable Bonds.

### Refunded Public Improvement Bonds

| <b>Dated<br/>Date</b> | <b>Principal Amount<br/>Outstanding</b> | <b>Principal Amount<br/>Being Refinanced</b> | <b>Maturities<br/>Being<br/>Refinanced</b> | <b>Redemption<br/>Date</b> | <b>Optional<br/>Redemption<br/>Price (%)</b> |
|-----------------------|---|--|--|----------------------------|--|
| 11/17/2011            | \$83,405,000                            | \$54,590,000                                 | 8/15/2022 - 8/15/2031                      | 8/15/2021                  | 100  |

## Metropolitan District Bonds

The County is issuing the Metropolitan District Bonds to repay all or a portion of the County's outstanding General Obligation Bond Anticipation Tax-Exempt Note, Series 2017, to reimburse the County for the cost of Water and Sewer projects and to pay costs of issuance related to the Metropolitan District Bonds.

## MD Taxable Bonds

The County is issuing the MD Taxable Bonds to provide funds that, together with investment earnings thereon will be sufficient to refund certain of the County's outstanding general obligation bonds described below (the "Refunded Metropolitan District Bonds") at their respective maturities or optional redemption dates and to pay costs of issuance related to the MD Taxable Bonds.

### Refunded Metropolitan District Bonds

| <b>Dated<br/>Date</b> | <b>Principal Amount<br/>Outstanding</b> | <b>Principal Amount<br/>Refinanced</b> | <b>Maturities<br/>Being<br/>Refinanced</b>      | <b>Redemption<br/>Date</b> | <b>Optional<br/>Redemption<br/>Price (%)</b> |
|-----------------------|---|--|---|----------------------------|--|
| 11/17/2011            | \$12,915,000                            | \$10,525,000                           | 8/15/2023 - 8/15/2036,<br>8/15/2041             | 8/15/2021                  | 100  |
| 4/4/2013              | \$13,505,000                            | \$8,340,000                            | 2/15/2022 - 2/15/2033,<br>2/15/2035, 2/15/2038* | 2/15/2021                  | 100  |
| 4/3/2014              | \$23,395,000                            | \$3,990,000                            | 2/15/2030 - 2/15/2036                           | 2/15/2022                  | 100  |

\*Only a portion of the 2013 Series A 2038 Term Bond is being refunded.

## Sources and Uses

The following table identifies the sources and uses of funds in this financing.

| Sources         | CPI 2020<br>Series A | Metro 2020<br>Series B | CPI 2020<br>Series C | Metro 2020<br>Series D | Total                 |
|-----------------|----------------------|------------------------|----------------------|------------------------|-----------------------|
| Par Amount..... | \$117,230,000        | \$51,130,000           | \$63,050,000         | \$24,060,000           | \$255,470,000         |
| Premium.....    | 23,668,675           | 5,081,899              | -                    | -                      | 28,750,574            |
| <b>Total</b>    | <b>\$140,898,675</b> | <b>\$56,211,899</b>    | <b>\$63,050,000</b>  | <b>\$24,060,000</b>    | <b>\$ 284,220,574</b> |

| Uses                                | CPI 2020<br>Series A | Metro 2020<br>Series B | CPI 2020<br>Series C | Metro 2020<br>Series D | Total                |
|-------------------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Project Fund Deposit.....           | \$140,442,282        | \$56,001,557           | \$4,653,000          | -                      | \$201,096,839        |
| Escrow Fund Deposit.....            | -                    | -                      | 58,161,938           | 23,957,305             | 82,119,243           |
| Issuance Costs <sup>(1)</sup> ..... | 456,393              | 210,342                | 235,062              | 102,695                | 1,004,492            |
| <b>Total</b>                        | <b>\$140,898,675</b> | <b>\$56,211,899</b>    | <b>\$63,050,000</b>  | <b>\$24,060,000</b>    | <b>\$284,220,574</b> |

(1) Issuance costs include Rating Agency Fees, Underwriters' Discount and Expenses, Financial Advisor Fees, Bond Counsel Fees, Underwriters' Counsel Fees, and other costs of issuance. Table may not add due to rounding.

## COVID-19 Outlook

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Maryland. The Governor of the State of Maryland proclaimed a state of emergency and catastrophic health emergency on March 5, 2020 and renewed it on March 17, 2020. Since the initial and renewed proclamation, the Governor of Maryland has issued a series of executive orders, among other things, prohibiting large gatherings and events, requiring residents to remain at home except to conduct and participate in essential and certain other activities, requiring closure of nonessential and certain other businesses and authorizing emergency healthcare delivery. On March 15, 2020, the County Executive issued an executive order proclaiming a state of emergency and requiring the closure of certain businesses in the County, which has been extended by the County Council Resolution No. 41-2020.

As a result of the Pandemic and the measures taken to prevent or reduce the spread of COVID-19, the financial condition and performance of local, state national and global economic activities are anticipated to be adversely impacted. The County has and will continue to experience an increase in expenses for emergency preparedness, public health and personnel costs. Further, County businesses and citizens of the County may also be impacted. The U.S. Treasury Department and the Internal Revenue Service have announced that the federal income tax filing and federal income tax payment due date is automatically extended from April 15, 2020, to July 15, 2020. Similarly, the Maryland Comptroller has extended the deadline for filing Maryland state tax returns and making payments for state income taxes from April 15, 2020, to July 15, 2020. This action by the Maryland Comptroller will delay the distribution of local income taxes in the future.

The County has already incurred nearly \$2 million in costs related to the response to COVID-19. The County has the ability to adjust its spending on certain capital projects and other operating costs and maintains a reserve fund from which the County may utilize funds to pay for increased expenses. The County has also paused all non-essential procurement and instituted a hiring freeze for all employees except sworn positions. Further, Fiscal Year 2020 revenues are expected to decline by approximately \$35 million, but will be offset by income tax revenues in excess of budget resulting from the Tax Cuts and Jobs Act of 2017. Moreover, according to the Maryland Department of Budget and Management, the County could be reimbursed for qualifying expenses up to \$56.8 million from the Coronavirus Relief Fund (CRF) established under the CARES Act. The volatility in the financial markets has caused the County's pension plan portfolios to decrease by approximately 10% over the 3-month period, ending March 31, 2020. This preliminary return ranks in the top quartile of Public Defined Benefit pension plans for the first quarter and can be attributed to maintaining a diversified strategic allocation to withstand these uncertain times.

The County cannot predict the extent of decline or delay in revenues nor the extent of the expenses it will incur as a result of the Pandemic. However, the County is proactively taking measures to maintain core services and support the County's priorities.

## **Continuing Disclosure**

In order to enable the Underwriters to comply with the requirements of paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), the County will execute and deliver, on or before the date of issuance and delivery of the Bonds, a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”). The form of this agreement is included in Appendix C of this Official Statement. Certain of the events listed in Section 4(a) of the Continuing Disclosure Agreement have been included for purposes of compliance with Rule 15c2-12 but are not relevant for the Bonds. Those events relate to debt service reserves, credit enhancements and liquidity providers, and property or other collateral. Except as otherwise disclosed herein, during the last five years, the County has not failed to comply in any material respect with the terms and provisions of previous continuing disclosure agreements entered into in order to comply with the requirements of Rule 15c2-12. Although the County has timely filed complete information required by its continuing disclosure undertakings, in certain instances, the County may not have associated all filings with all outstanding issues for which such filings may have been required. The County has subsequently filed such items.

## **Deposits to Escrow Deposit Account**

On the Closing Date, a portion of the proceeds of the CPI Taxable Bonds and the MD Taxable Bonds will be deposited by the Director of Finance with Manufacturers and Traders Trust Company (the “Escrow Deposit Agent”) in a single trust fund (the “Escrow Deposit Account”) to be established under an Escrow Deposit Agreement to be entered into between the County and the Escrow Deposit Agent (the “Escrow Deposit Agreement”). The Escrow Deposit Agent will apply all or part of the funds so deposited in the Escrow Deposit Account to purchase United States Treasury obligations or obligations guaranteed by United States of America (hereinafter referred to as the “Government Obligations”).

The Government Obligations on deposit in the Escrow Deposit Account will mature in stated fixed amounts as to principal and interest at such times as will, together with cash on hand, be sufficient, without reinvestment to redeem the Refunded Bonds on their respective optional redemption dates at the redemption prices set forth in the tables captioned “Refunded Public Improvement Bonds” and “Refunded Metropolitan District Bonds” under “Purpose of Financing” herein. Also see “Verification of Mathematical Computations” herein. The Government Obligations and cash, if any, on deposit in the Escrow Deposit Account will be used for the payment of the principal of and interest on the Refunded Bonds, and are not available for the payment of the principal of, redemption premium, if any, or interest on the Bonds or any other obligations of the County.

## **Additional Information**

This Official Statement speaks only as of the date appearing on the cover page, and the information contained herein is subject to change. Questions regarding this Official Statement should be directed to the Director of Finance at the address and telephone number listed on page i. The full text of the Bond Ordinance, the Refunding Ordinance and the County’s latest budget are available from the Director of Finance for the cost of reproducing such material.

# Financial Information

## Financial Reporting

### Basis of Accounting

The County's audited basic financial statements for the fiscal year ended June 30, 2019 are included in Appendix A. These statements were audited by CliftonLarsonAllen LLP, independent certified public accountants, and have been included in reliance upon the qualification of the firm to issue the report. The accounting and financial reporting policies of the County conform to generally accepted accounting principles ("GAAP") as applicable to governmental units.

The County's accounts are organized on the basis of funds. Fund types include (1) the General Fund, which is the general operating fund of the County, (2) Special Revenue Funds, which account for specific revenues that by law are designated for particular activities, (3) Proprietary Funds, which include the enterprise funds that account for the County's water and sewer, broadband, storm water and golf course operations, (4) Capital Projects Funds, which account for construction or acquisition of fixed assets, (5) Debt Service Funds, which account for the accumulation of resources which have been restricted, committed or assigned, (6) Internal Service Funds used to account for goods and services furnished by one County department to another, and (7) Trust and Agency Funds used to account for resources held in a custodial capacity.

The financial data for the Board of Education of Howard County (the "Board of Education"), the Howard County Library System (the "Library"), Howard Community College (the "Community College") and the Howard County Housing Commission (the "Housing Commission," and collectively, the "Component Units") are discretely presented in the government-wide statements to emphasize their legal separation from the County. However, the County is responsible for levying taxes and has budgetary control over the Component Units.

The County's comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2018 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA"). To receive this highest recognition from GFOA, a government unit's CAFR must be easily readable, efficiently organized and satisfy both GAAP and legal requirements. The County has received this certificate for each fiscal year since 1976 and will submit its CAFR for the fiscal year ended June 30, 2019 to GFOA for another certificate.

### Budget

The County's budget includes an operating and a capital budget. The operating budget is derived from programs detailing the nature, volume and cost of work to be performed by each of the County's agencies. This element of the budget includes revenues estimated to be received and expenditures authorized for the ensuing fiscal year, surpluses or deficits estimated for the current fiscal year. The operating and capital budgets also project summaries of revenues and expenditures for the ensuing five fiscal years.

The capital budget describes each capital project proposed in the ensuing fiscal year and receipts anticipated from all borrowings and other sources for such projects. The capital budget also proposes capital projects to be undertaken in the ensuing five fiscal years and the means of financing such projects. (See "Capital Requirements and Debt Management, Capital Budget and Program" herein.)

The County's budget for the fiscal year ended June 30, 2019 was awarded the Distinguished Budget Presentation Award by GFOA. To receive this award, a government unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan and communication device. The County has received this certificate for each fiscal year since 1992.

The County Executive must submit a capital budget and an operating budget to the Council by April 1 and April 21, respectively. The Council may decrease or delete any budgetary item, except those mandated by State law and provisions to pay outstanding debt service or eliminate cash deficits. The Council has no power to alter revenue estimates or increase any recommended expenditures, except as expressly provided in State law. After enacting the

operating budget and adopting the capital budget, the Council must then levy taxes required to balance budget revenues and expenditures. If a new operating budget is not enacted by the Council before June 2 in any fiscal year, the operating budget proposed by the County Executive stands adopted and funds for expenditures stand appropriated.

No agency of the County may incur any liability in excess of the amounts appropriated for the same general classification of expenditure in the budget. Any such liability incurred, except for small purchases, must first have funds for the designated purpose certified as available by the Director of Finance. The Council, upon the request of the County Executive, may approve transfers between projects in the capital budget and supplemental operating budgets funded from the contingency reserve and from unappropriated funds in emergencies. After April 1 of each year, the Council, upon the request of the County Executive, may approve transfers between departments in the operating budget; the County Executive has authority to make operating budget transfers within a department at any time without approval of the Council.

Surplus revenues in any fiscal year must be appropriated into the budget stabilization account, also known as the Rainy Day Fund, until its balance equals seven percent of the audited General Fund expenditures for the prior fiscal year. Money in the fund may be used only for emergencies or to cover significant revenue shortfalls during a fiscal year that the County Executive determines cannot be offset by reducing expenditures. Surplus revenues not required for the Rainy Day Fund must be used to fund capital projects, reduce existing County debt or fund appropriations for non-recurring expenses, unless otherwise determined by a vote of two-thirds of the members of the Council.

To finance capital projects from borrowing, the Council adopts a bond issue authorization ordinance pursuant to enabling laws. Such ordinances are not subject to referendum, nor to executive veto. Any contract, lease or other obligation providing for payment of funds after the end of the fiscal year in which such obligation is made must be approved by ordinance. No contract for the purchase of real or leasehold property may be entered into unless funds therefor are included in the capital budget. No obligations of the County may be authorized in any fiscal year for any capital project not included in the capital budget.

## Government-Wide Full Accrual Reporting

The positive total net position shown below as of June 30, 2019, reflects the County's commitment to maintaining infrastructure assets and its tradition of providing substantial pay-go funding for capital outlays.

Summary of Net Position

|  | Governmental<br>Activities | Business-type<br>Activities | Total           |
|--|----------------------------|-----------------------------|-----------------|
| NET POSITION                                       |                            |                             |                 |
| Invested in capital assets,<br>net of related debt | \$841,929,843              | \$456,887,408               | \$1,298,817,251 |
| Restricted   | 142,249,607                | 21,823,966                  | 164,073,573     |
| Unrestricted                                       | (997,456,851)              | 146,526,725                 | (850,930,126)   |
| Total net position                                 | (\$13,277,401)             | \$625,238,099               | \$611,960,698   |

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. The County also funds projects for Howard Community College and for intersection improvements to State-owned roads. As of June 30, 2019, the outstanding debt for public school buildings was \$474.5 million and \$117.0 million for community college buildings. The negative unrestricted net position for governmental activities reflects the imbalance of liabilities, without corresponding assets, as well as the governmental activities' net OPEB liability of \$353.2 million and net pension liability of \$150.7 million. Ownership of school buildings no longer needed for educational purposes reverts to the County. The net value of buildings, improvements and construction in progress owned by the Board of Education was \$1.2 billion and \$275 million for those owned by Howard Community College.

The schedule below shows the value of net assets resulting from operations in fiscal year 2019 for governmental and business activities combined.

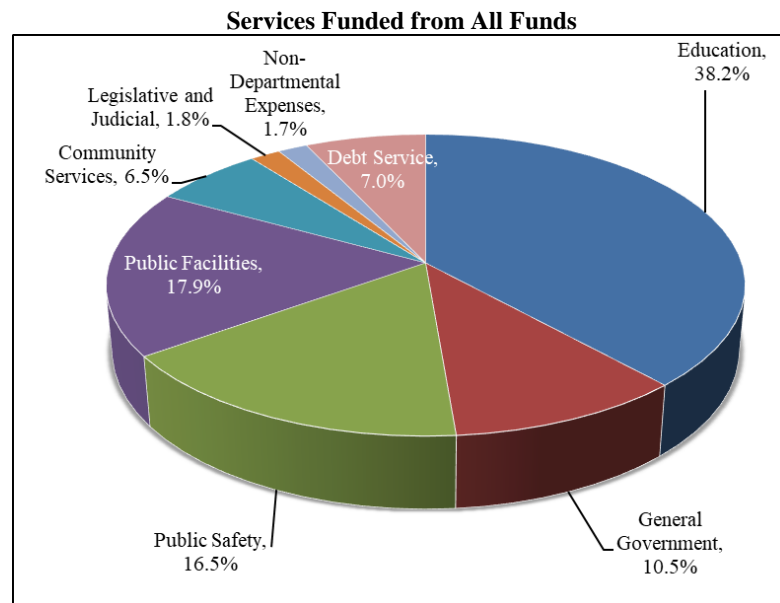
| Changes in Net Position                   |                            |                             |                 |
|---|----------------------------|-----------------------------|-----------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total           |
| Revenues                                  | \$1,430,390,769            | \$160,096,108               | \$1,590,486,877 |
| Expenses                                  | 1,428,846,896              | 120,220,555                 | 1,549,067,451   |
| Increase in net position before transfers | 1,543,873                  | 39,875,553                  | 41,419,426      |
| Transfers                                 | 9,412,543                  | (9,412,543)                 | -               |
| Increase in net position after transfers  | 10,956,416                 | 30,463,010                  | 41,419,426      |
| Net Position - July 1, 2018               | (24,233,817)               | 594,775,089                 | 570,541,272     |
| Net Position - June 30, 2019              | (\$13,277,401)             | \$625,238,099               | \$611,960,698   |

## Overview of Revenues and Expenditures

The largest fund in the County's basic financial statements, the General Fund, records receipt of taxes and other revenues not directed by law into other funds and payment of all operating costs of County government and services. Transfers from the General Fund and revenues from other government agencies (particularly the State) provide most of the revenues for the County's Board of Education, Library, Community College and Housing Commission, each of which is a Component Unit.

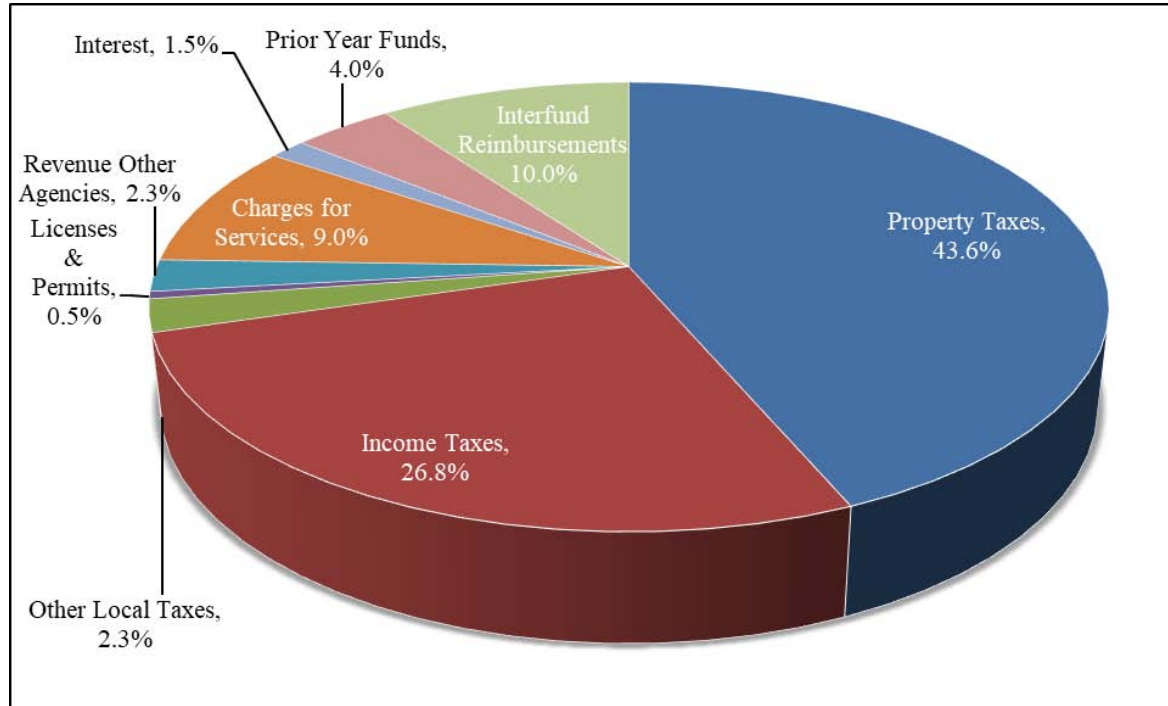
Special Revenue Funds account for specific revenues that by law are designated for particular functions or activities. The County uses Special Revenue Funds as a way of linking fees or taxes paid by residents with benefits or services received by them. Special Revenue Funds deal with management and construction of public housing, preservation of agricultural land, account for fire district activities, record categorical grants received from federal, State and local sources, support user-funded recreation and parks programs, account for speed enforcement programs, watershed protection and restoration projects, and provide for the collection and disposal of solid waste, including the County landfill.

The following charts present the composition of services funded from all Funds budgeted in fiscal year 2020, and the sources of funding for such services.



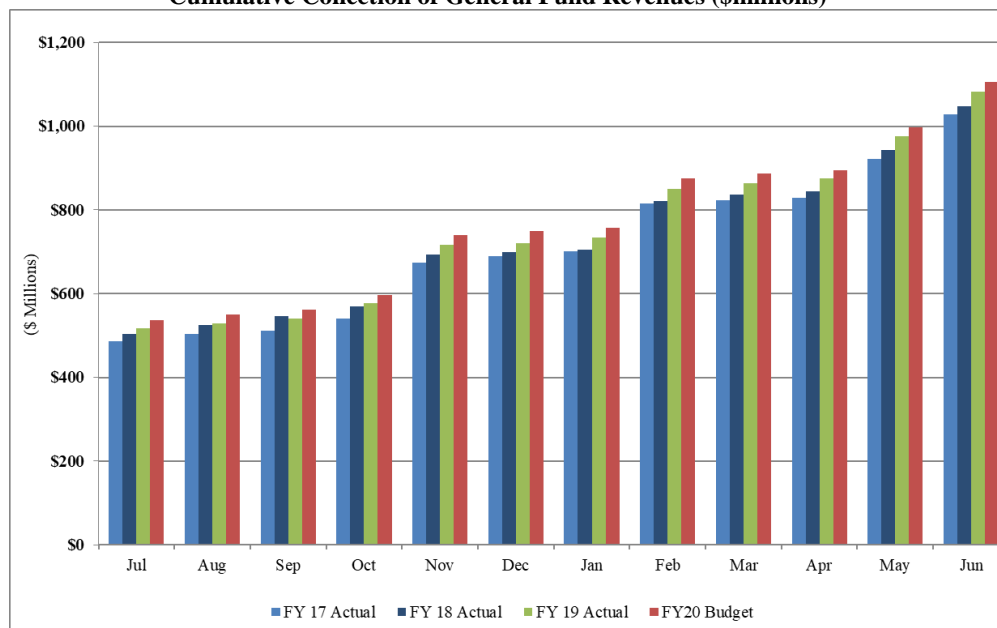


**Sources of Revenue for All Funds**



The revenues collected by the County each month are determined by the tax rates and fee levels established at the beginning of the fiscal year and the value of the bases during the year on which taxes and fees are collected. Property taxes are collected primarily during the County's first and second quarters; income taxes are received from the State following the end of each quarter. The chart below presents General Fund revenues received for the past three fiscal years and as budgeted for fiscal year 2020.

**Cumulative Collection of General Fund Revenues (\$millions)**



The following table presents the activity in the General Fund for fiscal years 2015 through 2019 on a budgetary basis, along with the annual budget adopted for fiscal year 2020.

**Statement of General Fund Revenues and Expenditures (Budgetary Basis) (000) <sup>(1)</sup>**

|  | Fiscal Year Ended June 30 |                    |                    |                    |                    | Budget             |
|--|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2015                      | 2016               | 2017               | 2018               | 2019               | 2020               |
| <b>Tax Revenues</b>                    |                           |                    |                    |                    |                    |                    |
| Local property taxes                   | \$476,160                 | \$499,903          | \$517,898          | \$533,672          | \$552,099          | \$568,484          |
| Local income taxes                     | 394,985                   | 433,404            | 435,233            | 444,453            | 462,445            | 465,244            |
| Other local taxes                      | 30,423                    | 33,272             | 34,421             | 32,941             | 31,696             | 29,554             |
| State shared taxes                     | 1,532                     | 2,078              | 1,818              | 1,596              | 1,673              | 3,544              |
| <b>Total Taxes</b>                     | <b>\$903,100</b>          | <b>\$968,656</b>   | <b>\$989,370</b>   | <b>\$1,012,662</b> | <b>\$1,047,913</b> | <b>\$1,066,825</b> |
| <b>Other Revenues</b>                  |                           |                    |                    |                    |                    |                    |
| State grants                           | 6,513                     | 6,502              | 8,939              | 8,178              | 9,667              | 6,882              |
| Charges for services                   | 13,616                    | 14,698             | 14,395             | 15,060             | 13,776             | 12,449             |
| Interest on investments                | 602                       | 1,292              | 704                | 3,487              | 7,262              | 4,000              |
| Licenses and permits                   | 6,586                     | 7,200              | 7,091              | 6,874              | 6,663              | 8,940              |
| Interfund reimbursements               | 36,884                    | 44,249             | 48,242             | 47,228             | 50,439             | 48,465             |
| Fines and forfeitures                  | 3,078                     | 3,237              | 3,011              | 3,129              | 3,018              | 4,009              |
| Appropriation from fund balance        | 39,770                    | -                  | 1,402              | 2,888              | 1,128              | 9,297              |
| Return of funding from component units | 351                       | 2,588              | 2,077              | 2,095              | 1,546              | -                  |
| Miscellaneous revenues                 | 2,565                     | 9,817              | 3,467              | 2,320              | 2,294              | 2,308              |
| <b>Total Revenues</b>                  | <b>\$1,013,065</b>        | <b>\$1,058,240</b> | <b>\$1,078,697</b> | <b>\$1,103,920</b> | <b>\$1,143,706</b> | <b>\$1,163,176</b> |
| <b>Expenditures</b>                    |                           |                    |                    |                    |                    |                    |
| General government                     | 42,745                    | 27,782             | 26,968             | 27,201             | 28,080             | 29,814             |
| Legislative and judicial               | 23,892                    | 25,220             | 25,690             | 26,912             | 27,945             | 29,838             |
| Public works                           | 71,939                    | 71,449             | 69,819             | 73,235             | 72,775             | 74,913             |
| Public safety                          | 114,602                   | 120,846            | 128,141            | 133,557            | 135,696            | 142,300            |
| Recreation and parks                   | 19,005                    | 19,603             | 21,921             | 24,227             | 24,547             | 25,017             |
| Health                                 | 7,784                     | 8,181              | 10,925             | 10,775             | 11,931             | 11,380             |
| Community services                     | 21,575                    | 32,160             | 32,515             | 34,508             | 36,026             | 38,137             |
| Education                              | 561,440                   | 575,145            | 594,485            | 606,837            | 635,040            | 643,043            |
| Libraries                              | 18,842                    | 18,842             | 19,544             | 20,309             | 20,938             | 21,451             |
| Debt service:                          |                           |                    |                    |                    |                    |                    |
| Principal payment on debt              | 58,735                    | 65,702             | 65,452             | 60,617             | 65,121             | 70,863             |
| Interest payment on debt               | 40,157                    | 39,911             | 40,821             | 39,057             | 46,853             | 47,396             |
| Capital improvements                   | 17,351                    | 4,779              | 5,304              | 4,752              | 3,679              | 16,023             |
| OPEB funding <sup>(2)</sup>            | 15,000                    | 10,000             | 13,000             | 16,000             | 15,724             | 13,000             |
| <b>Total Expenditures</b>              | <b>\$1,013,065</b>        | <b>\$1,019,618</b> | <b>\$1,054,585</b> | <b>\$1,077,987</b> | <b>\$1,124,354</b> | <b>\$1,163,176</b> |
| Excess Revenues over Expenditures      | -                         | 38,623             | 24,112             | 25,933             | 19,352             | -                  |
| Transfers In/(Out)                     | -                         | -                  | (24,112)           | (26,250)           | (20,145)           | -                  |
| Plus Lapsed Encumbrances               | 1,522                     | 2,019              | 2,406              | 2,620              | 2,511              | -                  |
| Capital Related Debt Issued            | -                         | -                  | -                  | -                  | 793                | -                  |
| Less Appropriation from Fund Balance   | (39,770)                  | -                  | (1,402)            | (2,888)            | (1,128)            | (9,297)            |
| Beginning Fund Balance                 | 121,138                   | 82,890             | 126,011            | 127,016            | 126,431            | 127,814            |
| Adjustment to Beginning Balance        | -                         | 2,479              | -                  | -                  | -                  | -                  |
| <b>Ending Fund Balance</b>             | <b>\$82,890</b>           | <b>\$126,011</b>   | <b>\$127,016</b>   | <b>\$126,431</b>   | <b>\$127,814</b>   | <b>\$118,517</b>   |

(1) The information in this table is presented in the same format as set forth in the County's Operating Budget and should be read in conjunction with the audited basic financial statements set forth in Appendix A.

(2) Funding was in addition to annual pay-go budget.

The following table presents the activity in all Special Revenue Funds for fiscal years 2015 through 2019 on a budgetary basis, along with the annual budget adopted for fiscal year 2020.

**Statement of Special Revenue Funds Revenues and Expenditures (Budgetary Basis)(000)<sup>(1)</sup>**

|   | <b>Fiscal Year Ended June 30</b> |                  |                  |                  |                  | <b>Budget</b>    |
|---|----------------------------------|------------------|------------------|------------------|------------------|------------------|
|   | <b>2015</b>                      | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      | <b>2020</b>      |
| <b>Revenues</b>   |                                  |                  |                  |                  |                  |                  |
| Property taxes <sup>(2)</sup>   | \$83,233                         | \$87,382         | \$90,703         | \$96,463         | \$97,667         | \$135,488        |
| Other local taxes   | 11,774                           | 11,944           | 14,339           | 15,478           | 16,513           | 11,400           |
| Revenues from other governmental agencies   | 14,724                           | 16,967           | 22,359           | 15,461           | 18,571           | 110              |
| Charges for services <sup>(3)</sup>   | 42,039                           | 41,982           | 44,461           | 44,577           | 46,564           | 56,234           |
| Interest on investments <sup>(4)</sup>  | 2,235                            | 3,626            | (541)            | 172              | 3,192            | 2,223            |
| Rental of property  | 112                              | -                | -                | -                | -                | -                |
| Miscellaneous revenues  | 8,374                            | 7,438            | 5,972            | 8,033            | 7,003            | 2,775            |
| <b>Total Revenues</b>   | <b>\$162,492</b>                 | <b>\$169,340</b> | <b>\$177,294</b> | <b>\$180,184</b> | <b>\$189,511</b> | <b>\$208,229</b> |
| <b>Other Sources of Financial Resources</b>   |                                  |                  |                  |                  |                  |                  |
| Operating transfers in  | 8,442                            | 171              | 472              | 5,474            | 590              | 4,969            |
| Capital lease proceeds  | -                                | -                | -                | -                | 2,223            | -                |
| <b>Total Revenues and Other Sources of Financial Resources</b>  | <b>\$170,933</b>                 | <b>\$169,511</b> | <b>\$177,766</b> | <b>\$185,659</b> | <b>\$192,323</b> | <b>\$213,198</b> |
| <b>Expenditures and Encumbrances</b>  |                                  |                  |                  |                  |                  |                  |
| Public safety   | 91,456                           | 88,453           | 97,586           | 104,076          | 107,997          | 111,140          |
| Recreation and parks  | 17,463                           | 18,425           | 19,345           | 19,900           | 20,079           | 20,381           |
| Health <sup>(5)</sup>   | 11,719                           | -                | -                | -                | -                | -                |
| Environmental   | 30,562                           | 29,239           | 32,515           | 32,336           | 33,638           | 27,100           |
| Community services and intergovernmental  | 18,780                           | 19,304           | 13,844           | 16,784           | 17,235           | 11,238           |
| Capital improvements  | 664                              | 357              | 601              | 327              | 104              | -                |
| Debt service:   |                                  |                  |                  |                  |                  |                  |
| Principal payment on debt <sup>(6)</sup>  | 2,451                            | 2,783            | 9,295            | 5,543            | 4,298            | 17,150           |
| Interest payment on debt  | 5,439                            | 5,473            | 5,480            | 6,228            | 6,087            | 10,818           |
| <b>Total Expenditures and Encumbrances</b>  | <b>\$178,534</b>                 | <b>\$164,034</b> | <b>\$178,666</b> | <b>\$185,194</b> | <b>\$189,437</b> | <b>\$197,827</b> |
| <b>Other Uses of Financial Resources</b>  |                                  |                  |                  |                  |                  |                  |
| Operating transfers out   | 1,953                            | 3,459            | 3,779            | 3,909            | 3,096            | 32,646           |
| <b>Total Expenditures and Other Uses of Financial Resources</b>   | <b>\$180,487</b>                 | <b>\$167,493</b> | <b>\$182,445</b> | <b>\$189,103</b> | <b>\$192,532</b> | <b>\$230,473</b> |
| Excess Revenues and Other Sources of Financial Resources over Expenditures and Encumbrances and Other Uses of Financial Resources | (9,554)                          | 2,018            | (4,679)          | (3,445)          | (209)            | (17,275)         |
| Beginning Fund Balance  | 127,308                          | 117,754          | 119,772          | 115,093          | 111,648          | 111,439          |
| <b>Ending Fund Balance</b>  | <b>\$117,754</b>                 | <b>\$119,772</b> | <b>\$115,093</b> | <b>\$111,648</b> | <b>\$111,439</b> | <b>\$94,164</b>  |

(1) The information in this table should be read in conjunction with the audited basic financial statements set forth in Appendix A.

(2) The real property and personal property tax rates for the dedicated Fire & Rescue Fund increased from \$0.176 and \$0.440 to \$0.236 and \$0.590 in FY2020.

(3) The fee for residents receiving curbside trash, recycling and yard waste collection was increased by \$100 in FY2020 .

(4) The recognition of \$3,717,878 decrease in the fair value of investments of the Agricultural Land Preservation Fund resulted in negative Interest Income in FY2017.

(5) In FY2016, the Health Fund was no longer listed as a separate Governmental Fund and shown as part of the General Fund based on clarified accounting rules.

(6) Principal payments increased due to the change to equal annual principal payments in Agricultural Land Preservation Program Installment Purchase Agreements.

The following table presents the Component Units' activity for the last five fiscal years on a GAAP basis, which is not comparable to General Fund and Special Revenue Funds statements prepared on a budgetary basis.

**Statement of Component Units Revenues and Expenses (GAAP Basis)(000)<sup>(1)</sup>**

|  | Fiscal Year Ended June 30 |                    |                    |                    |                    |
|--|---------------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2015                      | 2016               | 2017               | 2018               | 2019               |
| <b>Revenues:</b>   |                           |                    |                    |                    |                    |
| Revenues from other agencies   | \$482,346                 | \$513,611          | \$542,820          | \$522,958          | \$518,636          |
| Charges for services   | 67,204                    | 68,787             | 68,218             | 85,399             | 81,341             |
| Interest on investments  | 536                       | 84                 | 2,071              | 2,620              | 3,534              |
| Miscellaneous  | 14,007                    | 11,793             | 10,926             | 15,749             | 23,835             |
| <b>Total Revenues</b>  | <b>\$564,093</b>          | <b>\$594,275</b>   | <b>\$624,034</b>   | <b>\$626,726</b>   | <b>\$627,347</b>   |
| <b>Other Sources of Financial Resources:</b>   |                           |                    |                    |                    |                    |
| Operating transfers from primary government  | 579,766                   | 593,986            | 614,044            | 628,304            | 657,136            |
| <b>Total Revenues and Other Sources of Financial Resources</b>                             | <b>\$1,143,859</b>        | <b>\$1,188,262</b> | <b>\$1,238,079</b> | <b>\$1,255,030</b> | <b>\$1,284,482</b> |
| <b>Expenditures:</b>   |                           |                    |                    |                    |                    |
| Education  | 1,039,195                 | 1,070,800          | 1,094,610          | 1,185,253          | 1,206,642          |
| Libraries  | 22,275                    | 22,707             | 23,932             | 25,379             | 25,851             |
| Housing  | 39,890                    | 39,240             | 41,736             | 48,150             | 49,078             |
| <b>Total Expenditures</b>  | <b>\$1,101,360</b>        | <b>\$1,132,746</b> | <b>\$1,160,277</b> | <b>\$1,258,782</b> | <b>\$1,281,571</b> |
| Excess (Deficiency) of Revenues and Other Sources of Financial Resources over Expenditures | 42,499                    | 55,517             | 77,802             | (3,752)            | 2,911              |
| Beginning Net Assets   | 1,352,157                 | 1,358,962          | 1,412,724          | 679,583            | 675,831            |
| Adjustment to restate net assets <sup>(2)</sup>  | (35,693)                  | (1,755)            | (810,942)          | -                  | (1,412)            |
| <b>Ending Net Assets, GAAP Basis</b>   | <b>\$1,358,962</b>        | <b>\$1,412,724</b> | <b>\$679,584</b>   | <b>\$675,831</b>   | <b>\$677,330</b>   |

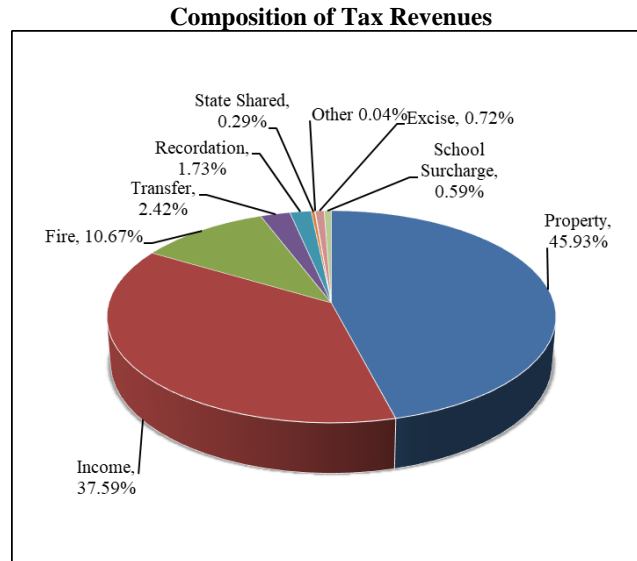
(1) Excludes the Internal Service Funds.

(2) FY 2017 amounts have been restated for GASB 75.

## Sources of Revenue

### Overview of Tax Revenues

The chart below presents the composition of the County's budgeted tax revenues in all funds for fiscal year 2020.



### Local Property Taxes

#### Assessments

The assessment of all real and tangible personal property for purposes of property taxation by the County is solely the responsibility of the State Department of Assessment and Taxation, an independent State agency. Assessment records and tax rolls are maintained in each county seat and in Baltimore City. Real property is valued at market value ("full cash value") and active farm property is assessed at \$500 per acre. Personal property owned by a business is assessed annually by the State based on returns filed by April 15 for property owned as of January 1 of that year.

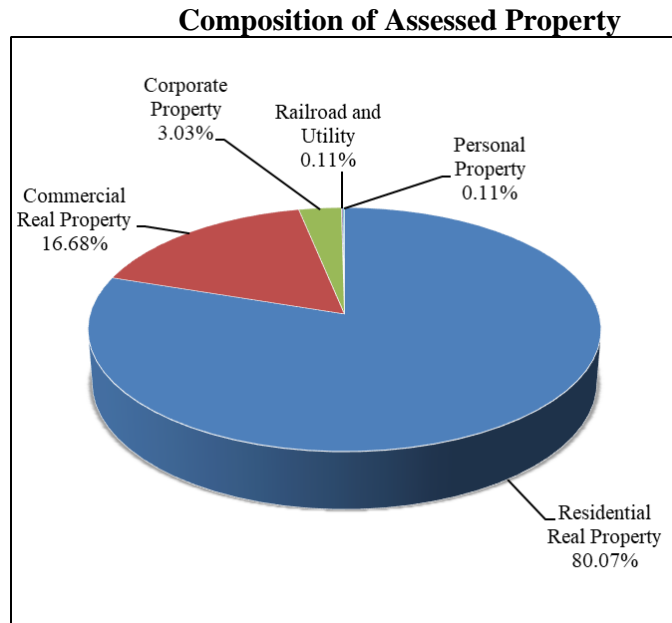
#### Property Tax Credit Programs

Under State law, certain owners who occupy residential property receive tax credits against local property taxes. The effect of the homestead property tax credit is to limit property tax increases payable as a result of increases in assessed values. State law permits a maximum increase of 10 percent in assessed value annually, but the County has elected to reduce that percentage to five percent. The County granted \$2.3 million of such tax credits in fiscal year 2019 and estimates \$1.8 million will be granted in fiscal year 2020.

A State-mandated tax credit is granted to certain property owners with lower incomes. The credit is calculated using a scale that establishes a maximum property tax liability for various income levels. The credit is reimbursed to the County by the State; for fiscal year 2019, the County received \$3,510,911. In fiscal year 2019, the County granted a supplemental credit to certain property owners with lower incomes. This credit amounted to \$29,387. The County also grants a tax credit for homeowners 70 years of age and older who fall into certain income and asset categories. In the fiscal year 2019, senior credits were issued in the amount of \$588,956.

## Assessed Value, Property Tax Rates and Property Tax Levies

The chart below presents the composition of the County's assessable base of both real and personal property in fiscal year 2019.



The following table presents the assessed value of all taxable property in the County for the last five fiscal years, the County tax rates and the tax levy in each of those years. The County has exempted manufacturers' and warehousing inventories and manufacturers' machinery, tools and equipment from local property taxation. Assessed values of tax-exempt properties owned by Federal, State and County governments, churches, charities, schools, fraternal organizations, cemeteries, fire companies, disabled veterans and the blind, aggregating approximately \$3.6 billion as of June 30, 2019, are not included in the table below.

### Assessed Values, Tax Rates and Tax Levies

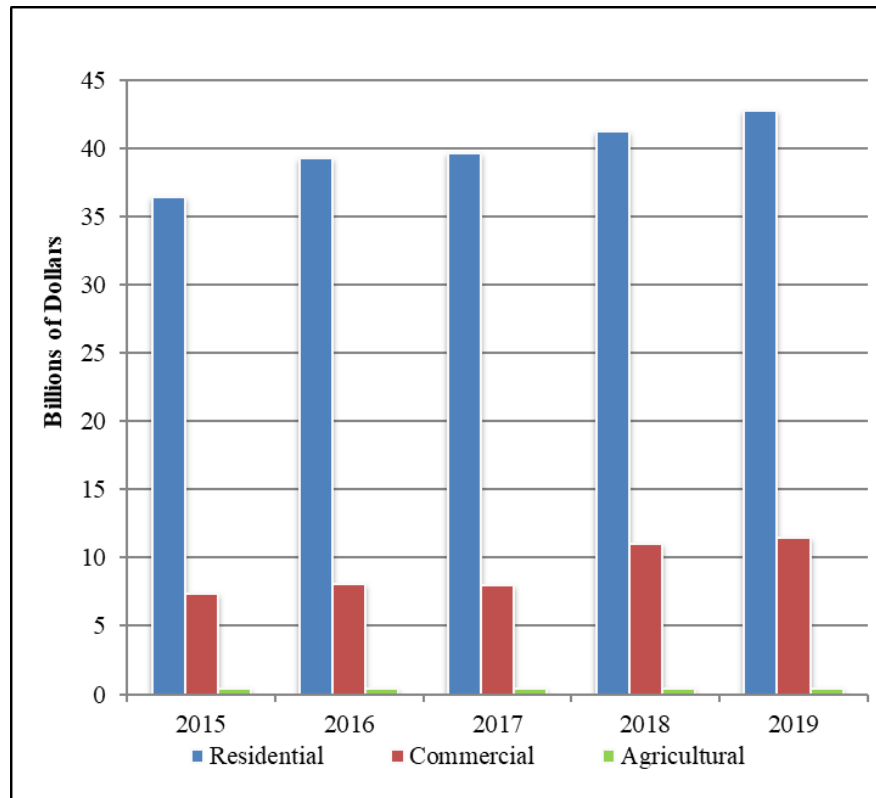
|  | Fiscal Year Ended June 30 |              |              |              |              |
|--|---------------------------|--------------|--------------|--------------|--------------|
|  | 2015                      | 2016         | 2017         | 2018         | 2019         |
| <b>Assessed Value (\$000)</b>          |                           |              |              |              |              |
| Real property                          | \$44,112,719              | \$45,939,083 | \$47,976,024 | \$49,821,784 | \$51,679,563 |
| Personal property                      | 49,749                    | 51,398       | 53,600       | 55,941       | 59,609       |
| Railroads and public utilities         | 51,966                    | 60,841       | 51,837       | 57,826       | 57,518       |
| Corporations                           | 1,516,731                 | 1,590,292    | 1,545,347    | 1,582,455    | 1,615,926    |
| Total Assessable Base                  | \$45,731,164              | \$47,641,613 | \$49,626,809 | \$51,518,005 | \$53,412,616 |
| County Tax Rate:                       |                           |              |              |              |              |
| Real Property                          | 1.014                     | 1.014        | 1.014        | 1.014        | 1.014        |
| Personal Property                      | 2.535                     | 2.535        | 2.535        | 2.535        | 2.535        |
| County Tax Levy (\$000) <sup>(1)</sup> | \$485,607                 | \$506,793    | \$525,427    | \$545,280    | \$564,976    |
| Fire District Tax Rate                 |                           |              |              |              |              |
| Real property                          | 0.176                     | 0.176        | 0.176        | 0.176        | 0.176        |
| Personal property                      | 0.440                     | 0.440        | 0.440        | 0.440        | 0.440        |
| Fire Tax Levy (\$000)                  | \$84,285                  | \$87,964     | \$91,207     | \$94,653     | \$98,063     |

<sup>(1)</sup>Excludes payments in lieu of taxes, additions and abatements, interest on taxes, discounts on taxes, various tax credits and tax levies on any tax-exempt property.

The fire district tax is levied on the assessable base within the County's fire district. Proceeds of the tax are distributed to the Fire Tax Reserve Fund, a Special Revenue Fund, to fund operations, equipment and buildings.

As presented in the following chart, the value of commercial/industrial property increased approximately 55.6% over the last five fiscal years, agricultural property values increased approximately 10.5% and residential real property values increased approximately 17.6%.

**Value of Assessable Base by Type of Property**



The County estimates that the assessed value of all taxable property in the County for the fiscal year ending June 30, 2020 will be approximately \$53.4 billion. The County's real property tax rate for fiscal year 2020 is \$1.014 per \$100 of full cash value for real property and \$2.535 per \$100 of assessed value for personal property owned by businesses. In fiscal year 2020, the total property tax revenue budgeted for the General Fund is \$568.5 million, or a 3.5 percent increase from the amount budgeted in fiscal year 2019.

### **Property Tax Collection**

County taxes are due and payable as of July 1 of each fiscal year, except that real property taxes on principal residences and on small business properties are due and payable in two installments as of July 1 and December 1 of each fiscal year. A discount of 0.5 percent is allowed on payments made in July. The County records property tax revenues as the taxes are billed. Over the last five years, the County has collected virtually all of the property taxes levied.

When taxes become delinquent, combined interest and penalty at the rate of 1.5 percent per month are charged for each month or fraction thereof that taxes due remain unpaid for the current year. Delinquent taxes are satisfied, after prior notice of delinquency, at public auction conducted by the Director of Finance prior to the end of the fiscal year of billing. The 2020 tax sale date has been changed to August 5, 2020. The net receivables uncollected 60 days after year-end are recorded as deferred revenues. Personal property taxes receivable are charged off as uncollectible after all collection means are exhausted.

The table below presents information with respect to the County's tax levies and tax collections for fiscal years 2015 through 2019.

**Total Property Tax Levies and Collections (\$000)**

| Fiscal Year<br>Ended June 30 | Total Tax<br>Levy <sup>(1)</sup> | Current Year's Taxes    |       | Taxes Collected          |       | Delinquent | As % of Current |
|------------------------------|----------------------------------|-------------------------|-------|--------------------------|-------|------------|-----------------|
|                              |                                  | Collection Year of Levy |       | (Current and Delinquent) |       | Taxes      | Year's Tax Levy |
|                              |                                  | Amount                  | %     | Amount                   | %     | Amount     |                 |
| 2019                         | \$663,039                        | \$656,951               | 99.08 | \$656,951                | 99.08 | \$6,087    | 0.92            |
| 2018                         | 639,933                          | 635,258                 | 99.27 | 639,402                  | 99.92 | 532        | 0.08            |
| 2017                         | 616,634                          | 612,695                 | 99.36 | 616,028                  | 99.90 | 605        | 0.10            |
| 2016                         | 594,758                          | 593,510                 | 99.79 | 594,327                  | 99.93 | 431        | 0.07            |
| 2015                         | 569,892                          | 568,112                 | 99.69 | 569,540                  | 99.94 | 353        | 0.06            |

(1) Total tax levy represents the original property tax levy, and excludes fire district taxes levied, payments in lieu of taxes, additions and abatements, interest on taxes, discount on taxes and various tax levies on any tax-exempt property.

## Major Property Taxpayers

The following table presents the ten largest property taxpayers on June 30, 2019, the total taxes paid by such taxpayers during fiscal year 2019 and the assessed value of real and personal property owned by each taxpayer during fiscal year 2019.

**Ten Largest Property Taxpayers <sup>(1)</sup>**

| Name of Taxpayer                  | Type of Business         | Total Taxes<br>Paid (\$000) | Taxable Assessed<br>Valuation Amount (\$000) | Percentage of Total<br>Assessed Valuation |
|-----------------------------------|--------------------------|-----------------------------|--|---|
| Baltimore Gas & Electric Company  | Gas and Electric Utility | \$13,763                    | \$458,256                                    | 0.86%                                     |
| Mall in Columbia Business Trust   | Rental Real Estate       | 3,867                       | 276,187                                      | 0.52                                      |
| Howard Properties Howard Crossing | Apartment Rentals        | 1,996                       | 143,429                                      | 0.27                                      |
| Verizon - Maryland                | Telephone Communications | 3,750                       | 128,384                                      | 0.24                                      |
| 9220 Old Lantern Way Owner LLC    | Apartment Rentals        | 1,789                       | 124,848                                      | 0.23                                      |
| Parcel D Property LLC             | Rental Real Estate       | 1,243                       | 100,299                                      | 0.19                                      |
| Home Properties Charleston        | Apartment Rentals        | 1,383                       | 99,483                                       | 0.19                                      |
| API Columbia Town Center LLC      | Rental Real Estate       | 1,144                       | 80,161                                       | 0.15                                      |
| Mariner Sherwood                  | Apartment Rentals        | 1,156                       | 79,115                                       | 0.15                                      |
| Lutheran Village                  | Rental Real Estate       | 1,014                       | 73,930                                       | 0.14                                      |
| Totals                            |                          | \$31,105                    | \$1,564,093                                  | 2.93%                                     |

(1) The information set forth above was compiled from tax rolls on which the names of owners are not always recorded in the same manner.

## Local Income, Transfer and Other County Taxes

### Local Income Taxes

The State imposes an income tax on the adjusted income of individuals as determined for federal income tax purposes, subject to certain adjustments. For tax year 2019, Maryland's personal tax rates begin at 2% on the first \$1,000 of taxable income and increase up to a maximum of 5.75% on incomes exceeding \$250,000 (or \$300,000 for taxpayers filing jointly, heads of household, or qualifying widows/widowers). Nonresidents are subject to a special tax rate of 1.75%, in addition to the state income tax rate. The deadline to file 2019 taxes has been extended to July 15, 2020.

Pursuant to State law, each county and Baltimore City may levy a local income tax at the rate of at least 1.75 percent, but not more than 3.2 percent, of the State taxable income of individuals domiciled in their respective jurisdictions. With a local income tax rate of 3.2 percent, the County is one of eight with local income tax rates set at the maximum.



In the case of *Comptroller v. Wynne*, 135 S.Ct. 1787 (2015), the United States Supreme Court ruled in May 2015 that Maryland's personal income tax structure, which allowed counties to collect personal income taxes from residents on income earned in other states where the income was subject to tax by that state, violates the Commerce Clause and that Maryland residents who paid income taxes to another state on income earned in the other state are entitled to a credit against the county portion of the Maryland income tax owed. The ruling means that each county in Maryland will experience a reduction in income tax revenue, including the County. The total fiscal impact on the County is still being assessed but the decision will have a direct impact on the County in both covering historical liabilities resulting from refund claims by certain taxpayers and from a loss of revenues in the future. As of September 2017, the County has incurred verified accumulative historical liabilities of approximately \$9.1 million based on refund claims approved and processed by the State Comptroller's Office. This number will increase as more requests for refunds are processed by the State Comptroller's Office. For those historical liabilities, the State will initially provide the refunds to the taxpayers and then the County has the option to either pay back the State the full amount in one lump sum or through nine quarterly installments, commencing in May 2021 (fiscal year 2021). Litigation is currently pending challenging the interest rate to be applied to the income tax refunds. If such claims or appeals are successful, the estimated amount of interest on refunds owed by the County would increase.

As reflected in the FY2017 CAFR (for fiscal year closing on June 30, 2017), the County no longer assigned any amount from its fund balance for refunds resulting from the *Wynne* case. The installment payments are spread over multiple years and the County is able to incorporate estimated impact in its annual revenue forecasts rather than set aside a lump sum in the fund balance to address such impact. The County estimates its loss in income revenues to be approximately \$1.0 million per year going forward.

The following table presents the total amount of income tax budgeted for the last six fiscal years and received for fiscal years 2015 through 2019.

| <b>Income Tax Revenues (000)</b> |               |               |
|----------------------------------|---------------|---------------|
| <b>Fiscal Year Ended</b>         |               |               |
| <b>June 30</b>                   | <b>Budget</b> | <b>Actual</b> |
| 2020                             | \$465,244     | -             |
| 2019                             | 454,296       | \$462,445     |
| 2018                             | 444,292       | 444,453       |
| 2017                             | 430,586       | 435,233       |
| 2016                             | 407,367       | 433,404       |
| 2015                             | 408,780       | 394,985       |

### **Local Transfer Taxes**

The County levies and collects a transfer tax at the rate of one percent of the actual consideration paid for the conveyance of title, which tax is imposed upon all transfers of real property within the County. Twenty-five percent of proceeds of the transfer tax are distributed to an agency fund for school construction and site acquisition, 25 percent for Recreation and Parks, 12.5 percent for Fire Service Buildings and Equipment Capital Project Funds, 25 percent for the Agricultural Land Preservation Program, and 12.5 percent to the Community Renewal Special Revenue Funds. In fiscal year 2019, the total amount of transfer tax collected was \$31.4 million. The amount of transfer tax budgeted for fiscal year 2020 is \$30.0 million. Maryland House Bill 1454 was introduced in 2020 to authorize Howard County to increase the rate of the transfer tax. The additional revenue would be split equally between schools, parks, housing and fire.

### **Building Excise Tax**

The County levies and collects a building excise tax on all construction in the County. The tax is levied at the time a building permit is issued and the amount of tax paid is determined by the square footage of the construction project. The County uses this money to fund road construction projects as well as to pay debt service on general obligation bonds whose proceeds fund such projects. The County has issued \$141.6 million of these general obligation bonds since 2000. In addition, \$51.4 million of excise tax collected has been appropriated as pay-go funding on road construction projects since fiscal year 1995. The total amount of excise taxes collected were \$7.3 million in fiscal year 2019 and \$8.9 million is budgeted in fiscal year 2020.

## **School Facilities Surcharge**

The County levies and collects a surcharge on all residential construction in the County. The surcharge is levied at the time a building permit is issued. The County uses this money to fund public school construction projects as well as to pay debt service on general obligation bonds whose proceeds fund such projects. Prior capital budgets included \$102 million of County general obligation bonds whose debt service will be paid from the surcharge. The County has issued \$101.8 million of these general obligation bonds. The total amount of school facilities surcharge collected in fiscal year 2019 was \$5.7 million, and \$7.3 million is budgeted in fiscal year 2020.

Maryland House Bill 1409, enacted in 2019, gave the County the authority to increase the School Surcharge rate effective July 1, 2019. The school surcharge is paid when a building permit is applied for. All revenue raised from this surcharge is dedicated to school construction for the Howard County Public School System.

On November 4, 2019, the Howard County Council voted unanimously to pass Council Bill 42-2019, which raised the school facilities surcharge paid in Howard County to fund school construction effective January 6, 2020. The bill set phased-in rates for the school facilities surcharge over the course of two years. Subject to inflation, the surcharge is set at \$4.75 per square foot through December 31, 2020, \$6.25 per square foot through December 31, 2021, and \$7.50 per square foot for all years thereafter. The increased rates are projected to generate up to an additional \$200 million in revenues over the next 20 years.

## **Other County Taxes**

The County levies and collects other miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. In fiscal year 2019, the total amount of other taxes collected was \$30.4 million. Of this amount, \$21.1 million was attributable to the recordation tax. The fiscal year 2020 recordation tax budget is \$21.5 million.

## **Local Charges for Services, Licenses and Permits, and Fines**

The County and its Component Units collect charges for various services as well as fees for licenses and permits. The largest of these constituting General Fund revenues are rental housing inspection fees, development-review fees, cable television franchise fees and charges for boarding prisoners. In fiscal year 2019, the total amount of charges and fees collected in the General Fund were \$13.8 million. The fiscal year 2020 budget is \$12.5 million.

The largest charges and fees credited to Special Revenue Funds are charges for use of recreational facilities and programs and fees and charges for trash collection and use of the County landfill. The total amount of charges and fees collected in Special Revenue Funds in fiscal year 2019 were \$46.6 million and \$55.0 million is budgeted in fiscal year 2020.

## **State-Shared Taxes**

The State shares certain taxes collected in the County with the County. These taxes are primarily collected on gasoline sales and used for construction and maintenance of highways. The State is not required to share such taxes and has changed the amount that it shares from year to year. The total amount of State-shared taxes collected in fiscal year 2019 was \$1.7 million, with \$3.5 million budgeted for fiscal year 2020.

## **State and Federal Grant Assistance**

The County receives and accrues grant revenues from the federal and State governments. The largest of these grants constituting General Fund revenues is from the State for police protection. The total amount of grants received in the General Fund in fiscal year 2019 was \$9.7 million, with \$7.5 million budgeted in fiscal year 2020.

Revenues in the Grants Special Revenue Fund are primarily categorical grants from the federal government funding special programs, such as housing, senior services, transit and homeland security. The total amount of grant funds received in the Grants Special Revenue Fund in fiscal year 2019 was \$17.6 million.

The County's Component Units receive and accrue grants from other government agencies, primarily the State, in addition to operating transfers received from the County. In fiscal year 2019, the total amount of grants collected by the Component Units was \$176.8 million. Of that amount \$175.5 million was used for operations by the Board of Education,

\$0.5 million was used for operations by the Community College and \$0.8 million funded the Howard County Housing Commission.

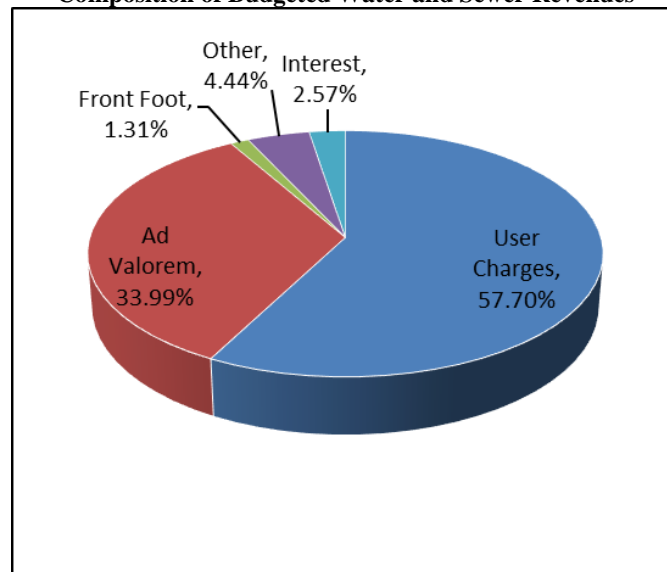
## Water and Sewer Enterprise Fund

The County provides water and sewer services primarily to areas of heavy residential and commercial demand in the eastern part of the County (the “Metropolitan District”). The Metropolitan District and the County’s water and sewer facilities are described in more detail under “Government and Infrastructure, Water and Sewer System” herein. Financial accounting for the County’s water and sewer operations is consolidated in an enterprise fund.

Water and sewer service charges are recorded as revenues when they are billed. At each fiscal year-end, revenue is accrued for the amount of unbilled water and sewage service provided. Other revenues are recorded as payments when received, except at fiscal year-end, when all other revenues are also accrued. Unpaid water and sewer service charges and assessments are a lien on the real property served and are collectible in the same manner as real property taxes at tax sale.

The water and sewer enterprise fund’s largest source of operating revenues are water and sewer user charges. These charges are based on the amount of water used. Commercial and residential properties connecting into the water and sewer system also pay connection charges. The average quarterly bill for a family of four in fiscal year 2019 is approximately \$245.

**Composition of Budgeted Water and Sewer Revenues**



The chart above presents the costs related to provision of water and sewer services are financed primarily with ad valorem, front-foot charges, and user fees. For fiscal year 2020, an ad valorem charge of \$0.08 per \$100 assessed value was levied upon all property located within the Metropolitan District. Property abutting a road under which the County has built a water or sewer main is charged a fixed amount annually for 30 years (front foot), with such amount established in the year in which water or sewer service becomes available to each specific property. An in-aid-of-construction charge is collected for each connection of an equivalent dwelling unit.

The County has entered into certain agreements with Baltimore City, Baltimore County and the Washington Suburban Sanitary Commission for water supply services and/or sewage disposal services. Under the terms of such agreements, the County is to reimburse these governmental units for their costs of providing water and sewer service. The County provides for annual accrual of its liability under these agreements. Under the terms of several other agreements with these governmental units as well as Anne Arundel County, the County is obligated to fund a portion of capital improvements to certain existing and proposed water and sewer facilities. The County estimates that its remaining commitment under these agreements over the next five fiscal years is \$15.4 million and such obligation is included in the County’s capital program.

The following table presents the revenues, expenses and changes in net position of the water and sewer enterprise fund for fiscal years 2015 through 2019.

**Water & Sewer Enterprise Fund Statement of Revenues, Expenses & Changes in Net Position (000)<sup>(1)</sup>**

|   | <b>Fiscal Year Ended June 30</b> |                  |                  |                  |                  |
|---|----------------------------------|------------------|------------------|------------------|------------------|
|   | <b>2015</b>                      | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      |
| <b>Operating Revenues:</b>                            |                                  |                  |                  |                  |                  |
| User charges  | \$60,668                         | \$62,204         | \$61,736         | \$60,634         | \$60,911         |
| Miscellaneous sales and services                      | 1,285                            | 859              | 525              | 2,684            | 2,005            |
| <b>Total Operating Revenues</b>                       | <b>\$61,953</b>                  | <b>\$63,063</b>  | <b>\$62,262</b>  | <b>\$63,318</b>  | <b>\$62,915</b>  |
| <b>Operating Expenses:</b>                            |                                  |                  |                  |                  |                  |
| Salaries and employee benefits                        | 11,794                           | 12,538           | 13,478           | 13,550           | 13,651           |
| Contractual services                                  | 22,849                           | 17,506           | 15,262           | 14,765           | 16,508           |
| Supplies and materials                                | 2,238                            | 3,701            | 2,248            | 2,216            | 3,323            |
| Business, travel and vehicle expenses                 | 1,498                            | 1,470            | 1,574            | 1,841            | 1,974            |
| Purchased water and transmission charges              | 18,620                           | 20,480           | 23,416           | 26,926           | 30,403           |
| Sewage treatment charges                              | 6,484                            | 4,359            | 7,081            | 7,550            | 8,032            |
| Share of county administrative expense                | 4,288                            | 4,703            | 4,484            | 5,035            | 5,681            |
| Other   | 717                              | 435              | 1,173            | 730              | 1,220            |
| Depreciation expense                                  | 19,701                           | 21,609           | 22,360           | 22,714           | 23,015           |
| Less: House connection and capitalized overhead costs | (66)                             | (139)            | (91)             | (51)             | (9)              |
| <b>Total Operating Expenses</b>                       | <b>\$88,122</b>                  | <b>\$86,661</b>  | <b>\$90,985</b>  | <b>\$95,274</b>  | <b>\$103,799</b> |
| <b>Operating Loss</b>                                 | <b>(26,169)</b>                  | <b>(23,598)</b>  | <b>(28,723)</b>  | <b>(31,956)</b>  | <b>(40,884)</b>  |
| <b>Nonoperating Revenues (Expenses):</b>              |                                  |                  |                  |                  |                  |
| Ad valorem charges                                    | 30,010                           | 31,340           | 32,670           | 33,958           | 35,349           |
| Water and sewer assessment charges                    | 2,180                            | 1,903            | 1,619            | 1,324            | 1,124            |
| Interest on investments                               | 235                              | 760              | 824              | 2,201            | 5,341            |
| Interest expense                                      | (9,234)                          | (9,527)          | (10,880)         | (10,828)         | (9,039)          |
| Gain (loss) on sale of capital assets                 | (133)                            | 396              | -                | 53               | (794)            |
| Grant   | -                                | -                | -                | -                | 1,299            |
| Other revenue (expense)                               | 11,086                           | 3,331            | 881              | (28)             | (32)             |
| <b>Total Nonoperating Revenues (Expenses)</b>         | <b>\$34,144</b>                  | <b>\$28,202</b>  | <b>\$25,114</b>  | <b>\$26,680</b>  | <b>\$33,248</b>  |
| <b>Net Income before Contributions and Transfers</b>  | <b>7,975</b>                     | <b>4,604</b>     | <b>(3,609)</b>   | <b>(5,276)</b>   | <b>(7,636)</b>   |
| Capital contributions                                 | 27,513                           | 14,729           | 7,606            | 11,433           | 11,481           |
| Operating transfers in (out)                          | (500)                            | -                | -                | -                | -                |
| <b>Change in Net Position</b>                         | <b>\$34,988</b>                  | <b>\$19,333</b>  | <b>\$3,997</b>   | <b>\$6,157</b>   | <b>\$3,845</b>   |
| Net Position at Beginning of Period                   | 505,653                          | 538,689          | 558,022          | 562,020          | 557,229          |
| Adjustment to Beginning Net Position                  | (1,952)                          | -                | -                | (10,948)         | -                |
| <b>Net Position at End of Period</b>                  | <b>\$538,689</b>                 | <b>\$558,022</b> | <b>\$562,020</b> | <b>\$557,229</b> | <b>\$561,074</b> |

(1) This information should be read in conjunction with the audited basic financial statements set forth in Appendix A.

## Special Recreation Facility Enterprise Fund

The County owns an 18-hole public golf course, opened in 1996, whose construction and equipping were financed with proceeds of revenue bonds issued in 1995 and subsequently refunded in 2003. In May 2012, the 2003 bonds were redeemed by the Taxable Golf Course Refunding Revenue Note (Timbers at Troy Golf Course), Series 2012, which was privately negotiated with a financial institution. The County accounts for the operations of the golf course in an enterprise fund. The County has a multi-year contract through December 31, 2027 with a management company to operate the course.

The following table presents the revenues, expenses and changes in net assets of the special recreation facility enterprise fund for fiscal years 2015 through 2019.

**Special Recreation Facility Enterprise Fund Statement of Revenues, Expenses & Changes in Net Position (000) <sup>(1)</sup>**

|   | Fiscal Year Ended June 30 |                |                  |                |                |
|---|---------------------------|----------------|------------------|----------------|----------------|
|   | 2015                      | 2016           | 2017             | 2018           | 2019           |
| <b>Operating Revenues:</b>              |                           |                |                  |                |                |
| Greens & cart fees <sup>(2)</sup>       | \$1,326                   | \$1,272        | \$860            | \$687          | -              |
| Range fees                              | 109                       | 114            | 81               | 51             | -              |
| Merchandise sales & services            | 125                       | 117            | 85               | 74             | -              |
| Food & beverage                         | 307                       | 309            | 213              | 161            | -              |
| Miscellaneous sales & services          | 27                        | 27             | 22               | 116            | \$300          |
| <b>Total Operating Revenues</b>         | <b>\$1,893</b>            | <b>\$1,840</b> | <b>\$1,261</b>   | <b>\$1,089</b> | <b>\$300</b>   |
| <b>Operating Expenses:</b>              |                           |                |                  |                |                |
| Contractual services                    | \$1,459                   | \$1,557        | \$2,729          | \$935          | \$826          |
| Supplies and Materials                  | -                         | -              | -                | 10             | -              |
| Depreciation expense                    | 40                        | 39             | 48               | 151            | 147            |
| <b>Total Operating Expenses</b>         | <b>\$1,499</b>            | <b>\$1,595</b> | <b>\$2,777</b>   | <b>\$1,096</b> | <b>\$973</b>   |
| <b>Operating Income/(Loss)</b>          | <b>\$394</b>              | <b>\$245</b>   | <b>(\$1,516)</b> | <b>(\$7)</b>   | <b>(\$673)</b> |
| <b>Nonoperating Expenses:</b>           | <b>(204)</b>              | <b>(169)</b>   | <b>(138)</b>     | <b>(124)</b>   | <b>(134)</b>   |
| Income before contributions & transfers | 191                       | 76             | (1,653)          | (131)          | (806)          |
| Operating transfers in (out)            | 120                       | 0              | 2,216            | (4)            | 2              |
| <b>Change in Net Position</b>           | <b>\$311</b>              | <b>\$76</b>    | <b>\$563</b>     | <b>(\$135)</b> | <b>(\$805)</b> |
| Net Position at Beginning of Period     | 5,694                     | 6,005          | 6,081            | 6,644          | 6,508          |
| <b>Total Net Position</b>               | <b>\$6,005</b>            | <b>\$6,081</b> | <b>\$6,644</b>   | <b>\$6,508</b> | <b>\$5,703</b> |

(1) The information in this table should be read in conjunction with the audited basic financial statements set forth in Appendix A.

(2) The course is now leased as of January 1, 2018. Lease revenue is now received instead of greens and cart fees.

## Broadband Enterprise Fund

The Broadband Fund accounts for broadband services to private sector businesses as well as non-County government agencies and County departments and component units.

The following table presents the revenues, expenses and changes in net position of the broadband enterprise fund for fiscal years 2015 through 2019.

**Broadband Enterprise Fund Statement of Revenues, Expenses & Changes in Net Position <sup>(1)</sup>**

|  | <b>Fiscal Year Ended June 30</b> |                     |                     |                     |                     |
|--|----------------------------------|---------------------|---------------------|---------------------|---------------------|
|  | <b>2015</b>                      | <b>2016</b>         | <b>2017</b>         | <b>2018</b>         | <b>2019</b>         |
| <b>Operating Revenues:</b>                           |                                  |                     |                     |                     |                     |
| User charges   | \$1,101,330                      | \$1,322,575         | \$1,582,113         | \$1,786,773         | \$1,741,432         |
| Miscellaneous sales & services                       | -                                | -                   | 13,959              | -                   | 2,385               |
| <b>Total Operating Revenues</b>                      | <b>\$1,101,330</b>               | <b>\$1,322,575</b>  | <b>\$1,596,072</b>  | <b>\$1,786,773</b>  | <b>\$1,743,817</b>  |
| <b>Operating Expenses:</b>                           |                                  |                     |                     |                     |                     |
| Salaries and employee benefits                       | 371,432                          | 475,633             | 581,301             | 661,223             | 496,654             |
| Contractual services                                 | 554,567                          | 535,192             | 161,864             | 40,735              | 415,418             |
| Supplies and materials                               | 684                              | 357,314             | 34,364              | 220                 | 350,792             |
| Business, travel and vehicle expenses                | 734                              | 2,323               | 2,120               | 417                 | 105                 |
| Depreciation expense                                 | 720,961                          | 671,625             | 681,729             | 707,145             | 876,907             |
| <b>Total Operating Expenses</b>                      | <b>\$1,648,378</b>               | <b>\$2,042,087</b>  | <b>\$1,461,378</b>  | <b>\$1,409,740</b>  | <b>\$2,139,876</b>  |
| <b>Operating Income/(Loss)</b>                       | <b>(\$547,048)</b>               | <b>(\$719,512)</b>  | <b>\$134,694</b>    | <b>\$377,033</b>    | <b>(\$396,059)</b>  |
| <b>Nonoperating Revenues (Expenses):</b>             |                                  |                     |                     |                     |                     |
| Interest on investments                              | (94)                             | 3,478               | 5,707               | 44,511              | 131,891             |
| Interest expense                                     | -                                | -                   | -                   | (10,935)            | (59,968)            |
| Gain (loss) on sale of capital assets                | 23,318                           | 14,629              | -                   | -                   | -                   |
| <b>Total Nonoperating Revenues (Expenses)</b>        | <b>\$23,224</b>                  | <b>\$18,107</b>     | <b>\$5,707</b>      | <b>\$33,576</b>     | <b>\$71,923</b>     |
| <b>Net Income before Contributions and Transfers</b> | <b>(\$523,824)</b>               | <b>(\$701,405)</b>  | <b>\$140,401</b>    | <b>\$410,609</b>    | <b>(\$324,136)</b>  |
| Capital contributions                                | 13,340,837                       | -                   | 435,147             | 543,859             | 18,052              |
| Operating transfers in (out)                         | 52,940                           | 489,909             | 563,072             | (1,259,040)         | 555,170             |
| <b>Change in Net Position</b>                        | <b>\$12,869,953</b>              | <b>(\$211,496)</b>  | <b>\$1,138,620</b>  | <b>(\$304,572)</b>  | <b>\$249,086</b>    |
| Net Position at Beginning of Period                  | -                                | 12,869,953          | \$12,658,457        | \$13,797,077        | \$13,492,505        |
| <b>Net Position at End of Period</b>                 | <b>\$12,869,953</b>              | <b>\$12,658,457</b> | <b>\$13,797,077</b> | <b>\$13,492,505</b> | <b>\$13,741,591</b> |

(1) This information should be read in conjunction with the audited basic financial statements set forth in Appendix A.

## Watershed Protection and Restoration Enterprise Fund

The County passed legislation to create a Watershed Protection and Restoration fund as a dedicated, non-lapsing, enterprise fund. The legislation allowed for the collection of a watershed protection and restoration fee to allocate the cost of the program to all owners of improved real property based on impervious surface measurement. The fee was included, as a separate item, on a supplemental real property tax bill, for each property subject to the fee.

The following table presents the revenues, expenses and changes in net position of the watershed protection and restoration enterprise fund for fiscal years 2015 through 2019.

**Watershed Protection and Restoration Enterprise Fund**  
**Statement of Revenues, Expenses & Changes in Net Position (000)<sup>(1)</sup>**

|  | <b>Fiscal Year Ending June 30</b> |                 |                 |                 |                 |
|--|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
|  | <b>2015</b>                       | <b>2016</b>     | <b>2017</b>     | <b>2018</b>     | <b>2019</b>     |
| <b>Operating Revenues:</b>                           |                                   |                 |                 |                 |                 |
| User charges   | \$11,106                          | \$11,069        | \$11,033        | \$10,812        | \$9,476         |
| Miscellaneous sales and services                     | 29                                | 25              | 17              | 25              | 25              |
| <b>Total Operating Revenues</b>                      | <b>\$11,135</b>                   | <b>\$11,094</b> | <b>\$11,050</b> | <b>\$10,836</b> | <b>\$9,501</b>  |
| <b>Operating Expenses:</b>                           |                                   |                 |                 |                 |                 |
| Salaries and employee benefits                       | 1,158                             | 771             | 830             | 938             | 1,049           |
| Contractual services                                 | 653                               | 738             | 935             | 1,586           | 1,477           |
| Supplies and materials                               | 1                                 | -               | 28              | 1               | 8               |
| Business, travel and vehicle expenses                | 1                                 | 2               | -               | 1               | 2               |
| Share of county administrative expense               | 710                               | 1,107           | 1,094           | 1,253           | 1,096           |
| Other  | 78                                | 92              | 82              | 82              | 82              |
| Depreciation expense                                 | 26                                | 35              | 77              | 97              | 112             |
| <b>Total Operating Expenses</b>                      | <b>\$2,627</b>                    | <b>\$2,745</b>  | <b>\$3,047</b>  | <b>\$3,959</b>  | <b>\$3,825</b>  |
| <b>Operating Income/(Loss)</b>                       | <b>\$8,508</b>                    | <b>\$8,350</b>  | <b>\$8,003</b>  | <b>\$6,877</b>  | <b>\$5,676</b>  |
| <b>Nonoperating Revenues (Expenses):</b>             |                                   |                 |                 |                 |                 |
| Interest on investments                              | 8                                 | 61              | 65              | 204             | 519             |
| Gain (loss) on sale of capital assets                | -                                 | 63              | -               | -               | (0)             |
| Interest expense                                     | -                                 | -               | -               | -               | (25)            |
| <b>Total Nonoperating Revenues (Expenses)</b>        | <b>\$8</b>                        | <b>\$123</b>    | <b>\$65</b>     | <b>\$204</b>    | <b>\$493</b>    |
| <b>Net Income before Contributions and Transfers</b> | <b>8,516</b>                      | <b>8,473</b>    | <b>8,068</b>    | <b>7,081</b>    | <b>6,169</b>    |
| Capital contributions                                | -                                 | -               | -               | -               | 30,367          |
| Operating transfers in (out)                         | (3,370)                           | (2,808)         | (5,948)         | (7,888)         | (9,969)         |
| <b>Change in Net Position</b>                        | <b>\$5,146</b>                    | <b>\$5,665</b>  | <b>\$2,120</b>  | <b>(\$807)</b>  | <b>\$26,566</b> |
| Net Position at Beginning of Period                  | 1,696                             | 6,842           | 12,506          | 14,626          | \$13,819        |
| <b>Net Position at End of Period</b>                 | <b>\$6,842</b>                    | <b>\$12,506</b> | <b>\$14,626</b> | <b>\$13,819</b> | <b>\$40,385</b> |

(1) This information should be read in conjunction with the audited basic financial statements set forth in Appendix A.

## Retirement and Pension Programs

### Overview of Programs

Each fully benefited employee of the County is provided retirement benefits through and must be a member of (1) the Police and Fire Employees' Retirement Plan ("Police/Fire Plan"), (2) the Howard County Retirement Plan ("County Plan") or (3) the Employee Retirement and Pension Systems of the State of Maryland ("State Systems"). The State Systems are cost-sharing multiple-employer defined benefit systems; the Police/Fire Plan and the County Plan are single-employer defined benefit public employee retirement plans administered by the County. Fully benefited employees of the Component Units are provided retirement benefits through the State Systems; most contributions to the State Systems for these employees are made directly by the State according to State statute. The Governor's fiscal year 2013 budget authorized the counties to share the cost of funding teachers' pensions. As of this date, the General Assembly has not adopted statutory changes to the current obligation of the State to pay pension costs or regarding any costs or responsibilities for unfunded actuarial liabilities that might be passed on to the counties. The Component Units' financial reports for the year ended June 30, 2019 present information related to their participation in the State Systems.

The following table presents the enrollment (as of July 1, 2019) and payroll in fiscal year 2019 for County employees covered by the State Systems (excluding Component Unit employees), Police/Fire Plan and County Plan.

| <b>Enrollment and Payroll of Covered Employees</b> |                   |                      |                          |                      |
|--|-------------------|----------------------|--------------------------|----------------------|
|  | <b>Enrollment</b> |                      |                          | <b>Payroll (000)</b> |
|  | <b>Inactive</b>   | <b>Active Vested</b> | <b>Active Non-Vested</b> |                      |
| State Systems                                      | -                 | 58                   | -                        | \$4,433              |
| Police/Fire Plan                                   | 447               | 751                  | 178                      | 85,171               |
| County Plan  | 1078              | 1,195                | 594                      | 120,834              |
| Non-Covered Payroll                                | -                 | -                    | -                        | 19,940               |
| <b>Total</b>                                       | <b>1,525</b>      | <b>2,004</b>         | <b>772</b>               | <b>\$230,378</b>     |

Information regarding these retirement and pension programs is contained in Note 15 of the notes to the audited basic financial statements.

### Funding of Payments

Retirement and pension payments are funded from three sources: County contributions, member contributions and investment earnings. The following table presents the County's total pension contributions for fiscal years 2015 through 2019.

| <b>Total Pension Contributions (000)</b> |  |                                     |                                      |
|--|--|-------------------------------------|--------------------------------------|
| <b>Fiscal Year<br/>Ended June 30</b>     | <b>Police/Fire<br/>Plan<br/>Contribution</b> | <b>County Plan<br/>Contribution</b> | <b>Total County<br/>Contribution</b> |
| 2019                                     | \$27,720                                     | \$14,155                            | \$41,875                             |
| 2018                                     | 26,337                                       | 14,841                              | 41,178                               |
| 2017                                     | 24,729                                       | 14,179                              | 38,908                               |
| 2016                                     | 21,636                                       | 13,428                              | 35,064                               |
| 2015                                     | 22,530                                       | 13,967                              | 36,497                               |



## Pension Liability

The County's funding policies provide for periodic employer contributions at rates determined actuarially to accumulate sufficient assets to pay for benefits when due. The County had a net pension liability of \$37.5 million and \$121.8 million, as of June 30, 2019 for the County Plan and the Police/Fire Plan respectively. The County has always made its annual required contributions. The following tables present the computation of contribution requirements for the Police/Fire Plan and the County Plan through the most recent actuarial valuations.

The Police/Fire Plan was only 37% funded when it was established in 1990. The increase in unfunded accrued liabilities of the Police/Fire Plan and the County Plan is primarily the result of a reduction in the assumed rate of return from 8.0% on a gross basis to 7.50% on a net basis. Investment gains and losses are smoothed over five years and actuarial gains and losses are amortized over 15 years for both plans.

### Computation of Contribution Requirements

|  | Police/Fire Plan for the Fiscal Year Ended June 30 |                   |                   |                   |                   |
|--|--|-------------------|-------------------|-------------------|-------------------|
|  | 2015<br>Valuation                                  | 2016<br>Valuation | 2017<br>Valuation | 2018<br>Valuation | 2019<br>Valuation |
| Total Pension Liability (\$000)  | 528,451  | 574,446           | 637,712           | 694,496           | 741,185           |
| Net Position (\$000)   | 430,364  | 441,335           | 505,924           | 562,284           | 619,358           |
| Net Pension Liability (\$000)  | (96,272)   | (105,913)         | (121,456)         | (122,594)         | (121,827)         |
| Percentage Funded <sup>(1)</sup>                                       | 81.8   | 81.6              | 81.0              | 82.3              | 83.6              |
| Annual Covered Payroll (\$000)   | 62,709   | 72,790            | 80,814            | 81,037            | 83,746            |
| Net Pension Liability as % of<br>Annual Covered Payroll <sup>(1)</sup> | 153.5  | 145.5             | 150.3             | 151.3             | 145.5             |

|  | County Plan for the Fiscal Year Ended June 30 |                   |                   |                   |                   |
|--|---|-------------------|-------------------|-------------------|-------------------|
|  | 2015<br>Valuation                             | 2016<br>Valuation | 2017<br>Valuation | 2018<br>Valuation | 2019<br>Valuation |
| Total Pension Liability (\$000)  | 377,131                                       | 400,512           | 445,553           | 478,828           | 515,666           |
| Net Position (\$000)   | 353,239                                       | 356,119           | 401,208           | 440,606           | 478,198           |
| Net Pension Liability (\$000)  | (23,487)                                      | (22,498)          | (35,438)          | (31,068)          | (37,469)          |
| Percentage Funded <sup>(1)</sup>                                       | 93.8  | 94.4              | 92.0              | 93.5              | 92.7              |
| Annual Covered Payroll (\$000)   | 101,085                                       | 108,292           | 114,349           | 119,686           | 123,090           |
| Net Pension Liability as % of<br>Annual Covered Payroll <sup>(1)</sup> | 23.2  | 20.8              | 31.0              | 26.0              | 30.4              |

(1) Based on Actuarial Value of Assets  
Source: Bolton Partners, Inc., Actuarial Valuation

## Other Post-Employment Benefits

In the financial statements for fiscal year 2018, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government and Howard County Soil Conservation District) and its component units: Howard County Housing Commission, the Community College, Howard County Library, Howard County Economic Development Authority and Howard County Public School System.

The County provides a post-employment health insurance program in addition to pension benefits. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of fifteen years of County service and, immediately preceding retirement, have been enrolled in a medical, vision or prescription drug insurance plan offered to active employees of the County. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate. The component units provide medical benefits to eligible employees who retire from employment with the entity. The eligibility requirements vary among different entities. Each entity pays a percentage of the health insurance premium based on certain criteria. In addition to medical benefits, the school system offers life insurance benefits to eligible retirees who have provided ten years of service with the school system and have retired from the Howard County Public School System.

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution. During fiscal year 2019, the County contributed \$15.724 million to the trust. The County budget for fiscal year 2020 includes funding for pay-as-you go OPEB costs as well as \$13 million to the trust.

Based on the most recent actuarial valuation which was prepared as of July 1, 2017 and rolled forward to June 30, 2018, the actuarially calculated proportionate share of total OPEB liability as of the measurement date of June 30, 2018 was \$417.9 million and there was \$41.5 million of actuarial plan assets; therefore, the net OPEB liability for the County was \$376.3 million. The plan fiduciary net position as a percentage of the OPEB liability was 9.94%.

|  | Howard<br>County<br>Government<br>* | Howard<br>County Public<br>Schools | Howard<br>Community<br>College | Howard<br>County<br>Library | Howard<br>County<br>Housing<br>Commission<br>** | Howard<br>County<br>Economic<br>Development<br>Authority<br>(EDA) ** | Total            |
|--|-------------------------------------|------------------------------------|--------------------------------|-----------------------------|---|--|------------------|
| <b>As of June 30, 2018:</b>                    |                                     |                                    |                                |                             |   |  |                  |
| Total proportion of net OPEB liabilities       | \$ 376,331,122                      | \$ 743,045,807                     | \$ 34,243,904                  | \$ 16,887,405               | \$ 1,641,831                                    | \$ 586,368   | \$ 1,172,736,437 |
| Total proportion of OPEB assets                | 41,532,494                          | 82,003,702                         | 3,779,210                      | 1,863,721                   | 181,195   | 64,713   | 129,425,035      |
| Total deferred outflows of resources from OPEB | 49,344,159                          | 68,632,632                         | 3,162,994                      | 2,237,361                   | 264,572   | 167,082  | 123,808,800      |
| Total deferred inflows of resources from OPEB  | 61,379,328                          | 136,208,782                        | 6,601,450                      | 2,754,323                   | 267,781   | 95,636   | 207,307,300      |
| <b>For the year ended June 30, 2018:</b>       |                                     |                                    |                                |                             |   |  |                  |
| Total OPEB expense                             | \$ 26,715,357                       | \$ 47,759,737                      | \$ 2,165,032                   | \$ 1,198,655                | \$ 121,763                                      | \$ 51,553  | \$ 78,012,097    |

\* Enterprise fund share of net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$23,102,908, \$2,549,673, \$5,402,144, and \$3,768,067, respectively. The portion allocated to the Howard County Soil Conservation District for net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$351,821, \$38,827, \$32,497, and \$57,382, respectively.

\*\* EDA is not included in the CAFR due to immateriality. Also, Housing Commission has a different fiscal year end.

### 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 Statement 75.

| Actuarial Cost Method  | Entry Age Normal   |
|--|--|
| Projected Cash Flows   | Member & County contributions will continue to increase \$3 million per annum.<br>Discount rate of 3.98% was applied to investments in fiscal years 2018 through 2037. |
| Municipal Bond Rate  | 3.628% as of 6/30/18 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index.   |
| Interest Assumption  | Equivalent single discount rate of 3.98% as of 6/30/18   |
| Inflation  | 2.20%  |
| Long-term Expected Real Rate of Return, Based on Geometric Means | 3.27% for Equity investments (based on 65% target allocation) and 1.25% for Fixed Income investments (based on 35% target allocation), or a total of 4.52%             |
| Healthcare Cost Trend Rate                                       | 3.80%  |

## **Accounting for Annual and Disability Leave**

As of June 30, 2019, County employees paid from the General Fund, Special Revenue Funds, and Internal Service Funds accrued unused annual leave of \$26.4 million. Unused annual leave for County employees paid from the water and sewer enterprise fund was \$891,193. These amounts are based upon the average daily pay rate for County employees at year-end. The annual leave amounts are recognized as liabilities in the County's financial statements. The disability leave amounts do not vest to the employees and are not reflected as liabilities.

## **Insurance and 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; environmental exposures; and natural disasters. The County, excluding the Howard County Public School System, has established two internal service funds to account for and finance its risks of loss. The County's risk-financing techniques include a combination of risk retention through self-insurance and risk transfer using a risk pool and commercial insurance. The Employee Benefits Self Insurance Fund is administered by the Office of Human Resources and provides full coverage for employee benefits and long-term disability claims. The Risk Management Self Insurance Fund is administered by the Office of Risk Management in the Department of County Administration and provides coverage up to a maximum of \$1 million for each automobile liability claim, \$1 million for each general liability claim, \$100,000 for each property and first party vehicle damage claim and unlimited coverage for each workers' compensation claim.

The County belongs to the Local Government Insurance Trust ("LGIT"), a Maryland governmental insurance pool, which provides insurance for claims in excess of coverage provided by the County's Risk Management Fund. The County pays an annual premium to LGIT for this coverage. The County participates in LGIT in the areas of excess property, general and automobile liability coverages. LGIT was created to provide broader insurance coverages to Maryland's local governmental entities than those available from commercial insurers, coverages which would otherwise be unavailable, and loss control and risk management services. Claims settled by the County in the past five fiscal years have not exceeded the Risk Management Fund's retention to trigger payment by LGIT except for the Bain Center water damage loss on February 18, 2015.

All funds and component units of the County, excluding the Howard County Public School System, participate in the risk management program and make annual payments to the internal service fund. These payments are calculated based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay administrative costs, prior and current year claims and to establish a reserve for future claims and catastrophic losses.

At fiscal year-end, the combined Net Position for the two internal service funds was \$17,559,388 and is reported as unrestricted. The combined claims liability of the two funds, \$20,215,850, 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 is reasonably estimated.

## **Investment Policy**

The County has established an investment policy that applies to all of its financial assets. This policy invests public funds in a manner that conforms to all applicable State and County statutes while meeting the County's investment objectives. The three prioritized objectives of the County's investment activities are (1) safety of principal through (a) diversification, (b) third-party collateralization and safekeeping and (c) delivery versus payment; (2) liquidity sufficient to meet all reasonably anticipated operating requirements; and (3) return on investment at least equal to the yield on U.S. Treasury bills of comparable duration. The Director of Finance is required to develop and maintain written administrative procedures as well as a system of controls to regulate the operation of the investment program. Compliance with these procedures and controls is audited as part of the County's annual financial audit.

As of June 30, 2019, the County had investments totaling approximately \$484.2 million. Of these investments, none have maturities in excess of one year, other than stripped-coupon U.S. Treasury securities that the County has purchased to provide for the payment of the final installments under its agricultural land preservation installment-purchase agreements. All investments were purchased to be held to maturity, and interest is paid throughout the term except as previously noted. The County has never entered into reverse repurchase transactions, and does not invest in derivatives.

The County's investment policy was updated in February 2019 and received a Certificate of Excellence from the Association of Public Treasurers of the United States and Canada. The County is a member of the Investment and Treasury Affinity Group of the Maryland GFOA, which periodically brings together public investment officers from large Maryland counties, Baltimore City and the State.

# Capital Requirements and Debt Management

## Capital Projects Funds

The following table presents the sources and uses of funds in the County's Capital Projects Funds over the last five fiscal years.

**Sources and Uses of Capital Projects Funds (\$000)<sup>(1)</sup>**

|  | Fiscal Year Ended June 30 |                   |                   |                  |                  |
|--|---------------------------|-------------------|-------------------|------------------|------------------|
|  | 2015                      | 2016              | 2017              | 2018             | 2019             |
| <b>Source of Funds:</b>                        |                           |                   |                   |                  |                  |
| Proceeds of bonds and notes                    | \$100,180                 | \$ 76,490         | \$133,925         | \$172,332        | \$107,662        |
| Proceeds of refunding bonds                    | 84,015                    | 21,157            | 140,385           | 183,686          | 22,514           |
| Bond Premium                                   | 17,523                    | 13,509            | 43,899            | 49,186           | 12,219           |
| Capital Leases                                 | -                         | 10,058            | 3,368             | 11,937           | -                |
| Local transfer tax                             | 19,353                    | 19,732            | 23,690            | 23,641           | 26,933           |
| Pay-as-you-go funding                          | -                         | 4,450             | -                 | -                | -                |
| Revenues from other governmental agencies      | 14,408                    | 7,147             | 21,847            | 23,243           | 15,289           |
| Developer contributions                        | 3,985                     | 4,377             | 8,466             | 1,899            | 474              |
| Other  | 11,816                    | 9,249             | 7,655             | 9,149            | 10,478           |
| Operating transfers in                         | 21,379                    | 3,491             | 23,429            | 25,869           | 34,960           |
| <b>Total Sources</b>                           | <b>\$272,659</b>          | <b>\$169,661</b>  | <b>\$406,663</b>  | <b>\$500,942</b> | <b>\$230,529</b> |
| <b>Use of Funds:</b>                           |                           |                   |                   |                  |                  |
| Capital projects expenditures                  | 171,692                   | 186,875           | 209,455           | 196,506          | 207,179          |
| Operating transfers out                        | 19,980                    | 20,581            | 20,324            | 26,446           | 25,925           |
| Payment to refunded bond escrow agent          | 93,817                    | 26,441            | 169,144           | 219,086          | 24,007           |
| <b>Total Uses</b>                              | <b>\$285,488</b>          | <b>\$233,898</b>  | <b>\$398,923</b>  | <b>\$442,038</b> | <b>\$257,111</b> |
| Excess (Deficit) of Sources over Uses          | (12,830)                  | (64,237)          | 7,740             | 58,904           | (26,582)         |
| Fund Balance at Beginning of Period            | 52,026                    | 39,196            | (25,042)          | (17,302)         | 41,602           |
| <b>Fund Balance (Deficit) at End of Period</b> | <b>\$39,196</b>           | <b>(\$25,042)</b> | <b>(\$17,302)</b> | <b>\$41,602</b>  | <b>\$15,020</b>  |

<sup>(1)</sup> The information in this table should be read in conjunction with the audited basic financial statements set forth in Appendix A.

## Board of Education Capital Projects

The following table presents the sources and uses of funds for the Board of Education's capital projects for the last five fiscal years.

**Sources and Uses of Funds for Board of Education Capital Projects (\$000) <sup>(1)</sup>**

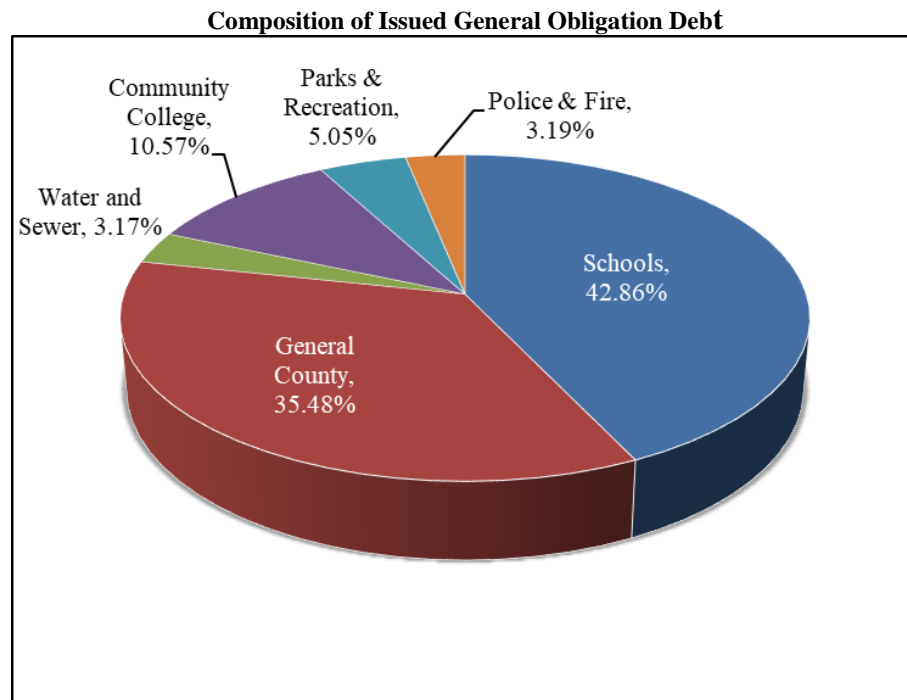
|                                       | Fiscal Year Ended June 30 |                   |                  |                  |                  |
|---------------------------------------|---------------------------|-------------------|------------------|------------------|------------------|
|                                       | 2015                      | 2016              | 2017             | 2018             | 2019             |
| <b>Sources of Funds:</b>              |                           |                   |                  |                  |                  |
| Proceeds of County bonds and notes    | \$ 46,452                 | \$ 61,232         | \$ 53,016        | \$ 54,858        | \$ 36,280        |
| Revenues from County and State        | 31,636                    | 18,910            | 37,478           | 6,741            | 6,220            |
| Other                                 | 1                         | 8                 | 24               | 100              | 244              |
| <b>Total Sources</b>                  | <b>\$ 78,090</b>          | <b>\$ 80,150</b>  | <b>\$ 90,519</b> | <b>\$ 61,699</b> | <b>\$ 42,744</b> |
| <b>Uses of Funds:</b>                 |                           |                   |                  |                  |                  |
| Capital projects expenditures         | 80,462                    | 79,066            | 83,538           | 63,212           | 37,053           |
| <b>Total Uses</b>                     | <b>\$ 80,462</b>          | <b>\$ 79,066</b>  | <b>\$ 83,538</b> | <b>\$ 63,212</b> | <b>\$ 37,053</b> |
| Excess (Deficit) of Sources over Uses | (2,372)                   | 1,084             | 6,981            | (1,513)          | 5,692            |
| Fund Balance at Beginning of Period   | (1,411)                   | (3,783)           | (2,699)          | 4,282            | 2,769            |
| <b>Fund Balance at End of Period</b>  | <b>\$ (3,783)</b>         | <b>\$ (2,699)</b> | <b>\$ 4,282</b>  | <b>\$ 2,769</b>  | <b>\$ 8,460</b>  |

<sup>(1)</sup> This table should be read in conjunction with the audited basic financial statements of the Board of Education.

Source: Howard County Public School System Office of Finance

## Composition of Debt

The chart below presents how proceeds of outstanding County bonds were used as of June 30, 2019.



## Capital Budget and Program

The following table presents the County's adopted capital budget for fiscal year 2020 and program for fiscal years 2021 through 2025.

**Capital Budget and Program (\$000)**

| Program Title             | Authorization      |                  |                    | FY2021           | FY2022           | FY2023           | FY2024           | FY2025           | Total              |
|---------------------------|--------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
|                           | Prior              | FY2020           | Subtotal           |                  |                  |                  |                  |                  |                    |
| Bridge Improvements       | \$22,369           | \$7,800          | <b>\$30,169</b>    | \$1,600          | \$4,500          | \$300            | \$3,200          | \$300            | <b>\$40,069</b>    |
| Storm Drainage            | 158,964            | 28,200           | <b>187,164</b>     | 34,900           | 33,675           | 27,875           | 28,175           | 27,875           | <b>339,664</b>     |
| Road Resurfacing          | 62,877             | 6,500            | <b>69,377</b>      | 14,250           | 14,250           | 14,250           | 14,250           | 14,250           | <b>140,627</b>     |
| Road Construction         | 225,799            | 3,808            | <b>229,607</b>     | 38,295           | 73,345           | 13,050           | 6,200            | 1,900            | <b>362,397</b>     |
| Sidewalk/Curb Projects    | 24,075             | 3,335            | <b>27,410</b>      | 8,675            | 7,615            | 9,050            | 7,650            | 6,050            | <b>66,450</b>      |
| Traffic Improvements      | 22,413             | 1,420            | <b>23,833</b>      | 6,180            | 3,955            | 3,105            | 1,500            | 270              | <b>38,843</b>      |
| General County            | 629,299            | 39,603           | <b>668,902</b>     | 223,121          | 136,833          | 43,425           | 44,753           | 27,294           | <b>1,144,328</b>   |
| Fire                      | 40,045             | 17,498           | <b>57,543</b>      | 1,125            | 800              | 800              | 800              | 800              | <b>61,868</b>      |
| Library                   | 31,927             | 488              | <b>32,415</b>      | 1,022            | 296              | 5,211            | 32,960           | 2,575            | <b>74,479</b>      |
| Police                    | 4,015              | -                | <b>4,015</b>       | 200              | 4,210            | 38,541           | 19,150           | 1,680            | <b>67,796</b>      |
| Recreation & Parks        | 199,824            | 4,459            | <b>204,283</b>     | 14,050           | 12,150           | 8,475            | 13,225           | 7,900            | <b>260,083</b>     |
| Agricultural Preservation | 170,608            | -                | <b>170,608</b>     | -                | -                | -                | -                | -                | <b>170,608</b>     |
| Sewer                     | 445,027            | 23,780           | <b>468,807</b>     | 46,010           | 19,390           | 17,160           | 11,100           | 9,605            | <b>572,072</b>     |
| Water                     | 219,787            | 9,975            | <b>229,762</b>     | 20,630           | 15,483           | 13,533           | 8,295            | 8,075            | <b>295,778</b>     |
| Board of Education        | 648,694            | 54,615           | <b>703,309</b>     | 122,472          | 135,504          | 130,022          | 140,043          | 105,451          | <b>1,336,801</b>   |
| Community College         | 143,041            | 4,824            | <b>147,865</b>     | 17,868           | 30,205           | 30,097           | 27,785           | 14,085           | <b>267,905</b>     |
| <b>Total</b>              | <b>\$3,048,764</b> | <b>\$206,305</b> | <b>\$3,255,069</b> | <b>\$550,398</b> | <b>\$492,211</b> | <b>\$354,894</b> | <b>\$359,086</b> | <b>\$228,110</b> | <b>\$5,239,768</b> |

## Debt Management Policy

Section 17-207 of the Local Government Article of the Annotated Code of Maryland requires each local government unit to adopt by resolution, motion or ordinance a local debt policy consistent with the Maryland Constitution, State law and the Howard County Charter. On October 5, 2009, the County adopted an updated debt management policy that establishes the processes employed in the management of its short- and long-term 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. The County added long-term variable rate debt as an approved type of debt that can be issued. By establishing a debt policy, the County has recognized its binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that its credit quality is protected.

In addition, the County adopted Build America Bonds ("BABs") – Direct Pay Procedures in March 2010 and Tax-Exempt Issuance Procedures in February 2012. The procedures ensure that the County does not expend bond proceeds for non-eligible costs or projects and establish document retention, semi-annual filing and on-going compliance guidelines.

## Debt Capacity

Pursuant to Article VI of the County Charter and State law, the aggregate amount of bonds and other indebtedness of the County outstanding at any one time may not exceed 4.8 percent of the full market value of real property and personal property located within the County. In computing this percentage under the County Charter and State law, the following are excluded: (1) tax anticipation notes or other debts having a maturity not in excess of 12 months, (2) bonds or other debts issued or guaranteed by the County payable primarily or exclusively from taxes levied on or in, or other revenues of, special taxing areas or districts and (3) bonds and other debts issued for self-liquidating and other projects payable primarily or exclusively from the proceeds of assessments or charges for special benefits or services. Metropolitan District debt, which is payable primarily from water and sewer charges, does not constitute general obligation debt for the purpose of computing such percentage, and there are no other debt limitations applicable to Metropolitan District debt. For the purpose of determining whether refunding bonds issued under such statute are within the legal debt

limitation of the County, the amount of bonds refunded is subtracted from, and the amount of refunding bonds issued is added to, the aggregate of the County's outstanding bonds.

Shown below is a calculation of the County's legal debt capacity as of December 31, 2019, based on the County's estimated assessable base as of December 31, 2019.

| <b>Legal Debt Capacity (\$000)</b>                                |                  |
|---|------------------|
| Assessable Base at 12/31/2019                                     | \$54,545,427,659 |
| Assessable base limit on general obligation debt                  | \$2,618,180,528  |
| Total outstanding debt to be applied against County Charter limit | \$1,042,479,325  |
| Additional legal debt capacity                                    | \$1,575,701,202  |

## **Description of Debt**

### **Public Improvement Debt**

The County issues public improvement debt to defray the costs of general County capital projects, including storm drainage, fire service, police, road construction, bridge, library, recreation and parks, school, community college, sidewalk and curb, intersection and signal improvement, and community renewal capital projects. Such debt is a general obligation of the County, and the County's full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such debt when due and payable. Debt service on public improvement debt is payable primarily from general tax revenues; however, building excise taxes, school surcharge, broadband fees, environmental service fees, fire and transfer taxes are also used to pay debt service for certain types of capital projects.

### **Short-Term Construction Financing Program**

The County issues tax-exempt bond anticipation notes (BANs) in order to provide interim financing for a portion of the cost of its ongoing capital projects. The notes are currently in the form of a line of credit and repaid with proceeds of the County's long-term bonds. The County typically issues its long-term bonds once a year in an amount corresponding to the amount expended for capital projects since its last bond sale and uses such bond proceeds to redeem outstanding notes and reimburse the capital projects fund. The outstanding amount of such notes as of December 31, 2019 was \$171.9 million. The County intends to refund all of the outstanding BANs with this bond issue.

### **Landfill Closure and Post-Closure Care Cost**

State and federal laws and regulations require the County to place a final cap on closed landfill cells and to perform certain maintenance and monitoring functions at cells for 30 years after closure. The County recognizes a portion of these estimated closure and post-closure care costs in each operating budget, based on cell capacity used.

The County ceased using the Alpha Ridge landfill as its primary waste disposal site in 1997, and now exports waste to a regional landfill in Virginia. The closure cap for a 70-acre cell at Alpha Ridge was completed and paid for in 2001. The County does not expect to use the remaining capacity in the foreseeable future.

Closure costs for the existing cell and post-closure care cost for the closed and existing cells at the Alpha Ridge landfill will approximate \$29.4 million. Actual costs may differ due to inflation or future design changes. As of June 30, 2019, the County has recognized \$23.43 million of these costs. The County intends to fund the remaining costs from bond proceeds and its annual Environmental Services Fund budget.



## **Metropolitan District**

The County issues Metropolitan District debt to finance the costs of the County's water and sewer capital projects as well as its share of Baltimore City water and sewer capital projects. Such debt is a general obligation of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such debt when due and payable. Debt service on Metropolitan District debt is payable from water and sewer revenues and other revenues.

## **Maryland Water Quality Financing Administration**

Under the Maryland Water Quality Financing Administration's revolving loan program, the State has four outstanding loans to the County at interest rates that are below market. The loans are tax-exempt obligations that were primarily used to finance the expansion of the Little Patuxent Wastewater Treatment Plant and one financed the Holiday Hills sewer project. As with Metropolitan District debt, such debt is payable from water and sewer revenues and other revenues, but the full faith and credit of the County is also pledged to the payment thereof.

## **Agricultural Land Preservation Program**

Through its agricultural land preservation program, the County finances the acquisition of development rights to a particular parcel of agricultural property by entering into an installment-purchase agreement with the property owner. Historically, under the terms of the installment-purchase agreement, the County paid the property owner semiannual interest payments for up to 30 years, and minimal portions of the installment-purchase price biennially until maturity. The rest of the purchase price for the development rights is paid at the end of the term with a balloon payment. Upon execution of an installment-purchase agreement, the County purchased stripped-coupon United States Treasury obligations in amounts sufficient to equal the balloon payment at the maturity of the installment purchase.

Under the current program, the County pays either five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest. The County acquires the development rights to the land in perpetuity. The County is using the 25 percent portion of the local transfer tax that is dedicated to agricultural land preservation and the County's share of the State transfer tax on agricultural land to fund this program.

## **Golf Course**

In 1995, the County issued its Special Facility Revenue Bonds, 1995 Series A (the "Series 1995 Bonds") to finance construction of a public golf course and related facilities. The Series 1995 Bonds were refinanced with the issuance by the County of its Golf Course Refunding Revenue Bonds, 2003 Series A (the "Series 2003 Bonds"). In May 2012, the Series 2003 Bonds were redeemed by the County with issuance and sale of its Taxable Golf Course Refunding Revenue Note (Timbers at Troy Golf Course), Series 2012 (the "Series 2012 Note"), which was privately negotiated with a financial institution. Payment of the Series 2012 Note is secured by a pledge by the County of gross revenues generated by the golf course facility and a debt service reserve fund. If a deficiency exists in the debt service reserve fund, the County is obligated to restore the amount in such debt service reserve fund to the debt service reserve requirement of \$560,000 within 90 days, until the note has been paid in full. The County has never had to replenish the debt service reserve fund due to any deficiency. The Series 2012 Note and the obligations payable thereunder do not constitute a pledge of the County's full faith and credit or taxing power. The County's covenant to replenish the debt service reserve fund and to maintain the facility in first class operating condition is a general contractual obligation of the County. In fiscal years 2011, 2012, 2014, 2017, 2018 and 2019, the County General Fund subsidized a portion of the golf course maintenance expenses.

## **Capital Leases**

The County maintains leasing agreements with Banc of America Public Finance, KeyBank, SunTrust Bank, TD Asset Management Funds, and Zions Bank for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations total \$35,443,286, and the net present value of these minimum lease payments as of June 30, 2019 is \$31,603,394.

## Overlapping Debt

There are no incorporated towns, villages, municipalities or other subdivisions within the County boundaries having separate taxing authority. Thus there is no overlapping municipal debt in the County. However, the Columbia Association does have authority to issue debt which is funded via a fee. (See “Demography and Economy, Columbia” herein.)

## Tax Increment Financing

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 6.148%. The proceeds were used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73 acres as a Tax Increment Financing (TIF) 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 payments awarded by the State. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is \$33,396,850. 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 2019, \$18,359 was held by an escrow agent for fiscal year 2020 debt service. Pledged revenues of \$1,066,225 were recognized in fiscal year 2019. The outstanding debt of \$16,875,000 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 704-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.

On October 19, 2017, the County issued its \$48,225,000 of Howard County, Maryland Special Obligation Bonds (Downtown Columbia Project), Series 2017 A. The total amount of pledged revenue is \$85,283,692. A reserve fund in the amount of \$3,921,283 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2047. Additionally, as of fiscal year end, \$124,434 is being held by an escrow agent for fiscal year 2020 debt service. Pledged revenues of \$4,137,520, were recognized in fiscal year 2019. The outstanding debt of \$48,225,000 is included in the primary government’s long-term debt on the Statement of Net Position.

The development project consists of the redevelopment of a portion of the downtown area in the unincorporated master-planned community of Columbia, Maryland, one of the first master-planned communities in the United States. Downtown Columbia consists of an approximately 391-acre downtown area in Columbia designated by the County Council and the County Executive of the County for development in the Downtown Columbia Plan, on February 3, 2010. Recognizing that additional housing in Downtown Columbia is fundamental to the economic future of Columbia, the Downtown Columbia Plan recommends the development of an aggregate total of up to 6,244 additional residential units of which, 656 to 2,296 units have been allocated to the Initial Stage of the Downtown Columbia Plan. The Downtown Columbia Plan also recommends the development of an aggregate total of 1.25 million square feet of retail (of which 300,000 to 676,446 square feet have been allocated to the Initial Stage of the Downtown Columbia Plan), 4.3 million square feet of office (of which amount 1,000,000 to 1,513,991 square feet have been allocated to the Initial Stage of the Downtown Columbia Plan), and 640 additional hotel rooms (at least 100 of which have been allocated to the Initial Stage of the Downtown Columbia Plan) to serve the present and future needs of the community, as well as

connected street networks, upgraded major intersections, and structured parking to accommodate future uses and promote a “park-once” approach.

## **Conduit Debt**

From time to time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Multi-family Rental Housing Revenue 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 County’s financial statements.

At fiscal year-end June 30, 2019, there were 21 series of conduit debt outstanding. The aggregate principal amount outstanding for the 12 series issued after July 1, 1996 was \$93,428,065. 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.

The Howard County Housing Commission issued its \$13,655,000 Lease Revenue Bonds (Roger Carter Recreation Center), Series 2011 (the “Series 2011 Bonds”) in December 2011. The Commission used the proceeds of the Bonds to finance a portion of the costs of the design, development, construction, and equipping of a recreation center, an indoor swim center facility, and parking deck and related structures and site improvements (the “2011 Commission Project”) located on Ellicott Mills Drive in Ellicott City in the County. The 2011 Commission Project was constructed on an approximately 4.8-acre parcel of land owned by the Commission. The Commission and the County entered into a Lease Agreement dated as of December 1, 2011 (the “2011 Lease Agreement”), under which the Commission leased the 2011 Commission Project and the Leased Premises (as defined in the 2011 Lease Agreement) to the County. The 2011 Lease Agreement requires the County to make lease payments, which are calculated to be sufficient to pay when due the principal of and interest on the Series 2011 Bonds. The 2011 Lease Agreement is not a general obligation of the County and does not constitute a pledge of the faith and credit or the taxing powers of the County.

## **Public Private Partnership (P3) Agreement**

On October 16, 2018, the County executed a Project Agreement with Edgemoor-Star America Judicial Partners (ESJP) for the demolition of the Dorsey Building located at 9250 Judicial Way in Ellicott City and the construction and 30-year maintenance of an approximately 240,000 square foot circuit courthouse and a 690-space parking garage. The County is expected to take occupancy and make a \$75 million milestone payment in June 2021. Annual availability payments, consisting of a fixed capital charge of \$6.6 million and a \$3.3 million facility management charge, subject to CPI escalation, will be made FY2022 through FY2057. The facility management charge is subject to unavailability and performance failure deductions.

## Outstanding Long-Term Debt

As of December 31, 2019, the County had outstanding long-term debt presented below.

|   | Dated Date | Issued (\$000)        | Outstanding (\$000) <sup>(1)</sup> | Interest Rates (%) | Final Maturity |
|---|------------|-----------------------|------------------------------------|--------------------|----------------|
| Consolidated Public Improvement, Series A   | 03/16/10   | 49,015                | 4,355                              | 3.00 - 5.00        | 02/15/23       |
| Consolidated Public Improvement BABs, Series C <sup>(2)</sup>                         | 03/16/10   | 39,405                | 39,405                             | 5.00 - 5.55        | 02/15/30       |
| Public Improvement and Refunding, Series B  | 11/17/11   | 182,055               | 83,405                             | 3.00 - 5.00        | 08/15/31       |
| Consolidated Public Improvement, Series A   | 03/20/12   | 37,370                | 1,640                              | 2.00 - 4.00        | 02/15/32       |
| Public Improvement and Refunding, Series A  | 03/19/13   | 97,910                | 3,925                              | 2.38 - 5.00        | 02/15/33       |
| Consolidated Public Improvement Project and Refunding, Series A                       | 04/03/14   | 117,125               | 27,875                             | 3.00-5.00          | 02/15/34       |
| Consolidated Public Improvement Project and Refunding, Series A                       | 04/22/15   | 184,195               | 120,330                            | 3.00-5.00          | 02/15/35       |
| Consolidated Public Improvement Project and Refunding, Series A                       | 03/30/16   | 96,040                | 87,960                             | 3.00-5.00          | 02/15/36       |
| Consolidated Public Improvement Taxable, Series B                                     | 03/30/16   | 1,730                 | 1,730                              | 2.00               | 02/15/21       |
| Consolidated Public Improvement, Series A   | 04/25/17   | 133,925               | 124,375                            | 3.00 - 5.00        | 02/15/37       |
| Consolidated Public Improvement Refunding, Series B                                   | 04/25/17   | 140,385               | 140,375                            | 5.00               | 02/15/37       |
| Consolidated Public Improvement Refunding, Series D                                   | 12/21/17   | 184,440               | 183,405                            | 3.00 - 5.00        | 02/15/34       |
| Consolidated Public Improvement Refunding, Series A                                   | 04/04/18   | 140,980               | 129,890                            | 3.00 - 5.00        | 02/15/38       |
| Consolidated Public Improvement Taxable, Series B                                     | 04/04/18   | 1,025                 | 1,025                              | 3.00               | 02/15/38       |
| Consolidated Public Improvement Project and Refunding, Series A                       | 05/29/19   | 133,630               | 128,960                            | 2.75 - 5.00        | 08/15/38       |
| <b>Total Long-Term Public Improvement Debt</b>  |            |                       | <b>\$1,078,655</b>                 |                    |                |
| Maryland Water Quality Financing Administration                                       | 10/18/00   | 34,000 <sup>(3)</sup> | 6,182                              | 2.40               | 02/01/22       |
| Maryland Water Quality Financing Administration                                       | 01/29/02   | 22,000 <sup>(3)</sup> | 5,671                              | 2.00               | 02/01/24       |
| Maryland Water Quality Financing Administration                                       | 10/01/08   | 1,089                 | 593                                | 2.30               | 02/01/29       |
| Maryland Water Quality Financing Administration                                       | 11/19/09   | 3,500                 | 2,127                              | 1.00               | 02/01/31       |
| Metropolitan District Project and Refunding, Series B                                 | 11/17/11   | 36,245                | 12,915                             | 3.00 - 5.00        | 08/15/41       |
| Metropolitan District, Series A   | 03/20/12   | 19,970                | 660                                | 3.00 - 4.00        | 02/15/37       |
| Metropolitan District Project and Refunding, Series A                                 | 03/19/13   | 39,155                | 15,390                             | 3.00 - 4.00        | 02/15/38       |
| Metropolitan District Project and Refunding, Series A                                 | 04/03/14   | 22,055                | 8,450                              | 2.00 - 4.00        | 02/15/44       |
| Metropolitan District Project and Refunding, Series A                                 | 04/22/15   | 31,015                | 22,990                             | 2.00 - 5.00        | 02/15/45       |
| Metropolitan District Project and Refunding, Series A                                 | 03/30/16   | 26,190                | 24,840                             | 3.00-5.00          | 02/15/46       |
| Metropolitan District Project and Refunding, Series C                                 | 04/25/17   | 81,515                | 79,970                             | 3.00 - 5.00        | 02/15/47       |
| Metropolitan District Refunding, Series E   | 12/21/17   | 56,075                | 54,960                             | 3.00 - 5.00        | 02/15/44       |
| Metropolitan District Project and Refunding, Series C                                 | 04/04/18   | 38,150                | 37,250                             | 2.50 - 5.00        | 02/15/48       |
| Metropolitan District Project and Refunding, Series B                                 | 05/29/19   | 66,605                | 64,950                             | 3.00 - 5.00        | 08/15/48       |
| <b>Total Water and Sewer Enterprise Fund Debt<sup>(4)</sup></b>                       |            |                       | <b>\$336,948</b>                   |                    |                |
| Agricultural Land Preservation Program <sup>(5)</sup>                                 | 1989-2017  | 112,359               | 39,500                             | 2.19 - 8.60        | 02/15/35       |
| Golf Course Refunding Revenue <sup>(6)</sup>  | 05/30/12   | 5,400                 | 1,965                              | 2.475              | 08/15/22       |
| Special Obligation (Annapolis Junction TIF)   | 03/11/14   | 17,000                | 16,875                             | 4.80 - 6.10        | 02/15/44       |
| Special Obligation (Downtown Columbia TIF)  | 10/19/17   | 48,225                | 48,225                             | 4.00 - 4.50        | 02/15/47       |
| <b>Total Special Revenue Funds, Other Enterprise Fund and Special Obligation Debt</b> |            |                       | <b>\$106,565</b>                   |                    |                |

(1) The outstanding amounts do not include bonds to be redeemed with the proceeds of refunding bonds previously issued by the County; such bonds to be redeemed are not considered as outstanding debt of the County for debt limitation purposes.

(2) The gross interest rate and debt service are shown, the County expects to receive a Federal Subsidy of \$5,956,637.

(3) This amount is the maximum that the County is authorized to draw down from the Maryland Water Quality Financing Administration.

(4) The payment of the principal of and interest on this debt is to be made first from certain charges the County is authorized to levy within the Metropolitan District, but the full faith and credit of the County are also unconditionally pledged to such payment.

(5) This amount does not include a portion of these obligations in the aggregate principal amount of \$45,133,000, which will be paid in fiscal years 2020-2028 with proceeds of U.S. Treasury obligations purchased by the County.

(6) These bonds do 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.

## Schedules of Long-Term Debt Principal and Interest Payments

The following table presents the principal and interest payments for the County's long-term public improvement debt as of December 31, 2019. Debt service on the Public Improvement Bonds is shown in Appendix D.

### Debt Service on Long-Term Consolidated Public Improvement Debt (\$000)

| Fiscal Year   | Principal <sup>(1)</sup> | Interest         | BAB Subsidy <sup>(2)</sup> | Total              |
|---------------|--------------------------|------------------|----------------------------|--------------------|
| 2020          | \$ 36,630                | \$ 24,067        | \$ (726)                   | \$ 59,971          |
| 2021          | 69,825                   | 45,628           | (726)                      | 114,727            |
| 2022          | 74,010                   | 42,324           | (726)                      | 115,608            |
| 2023          | 78,465                   | 38,745           | (726)                      | 116,484            |
| 2024          | 78,795                   | 34,917           | (726)                      | 112,987            |
| 2025          | 77,550                   | 31,026           | (637)                      | 107,939            |
| 2026          | 74,690                   | 27,431           | (545)                      | 101,576            |
| 2027          | 72,150                   | 23,955           | (446)                      | 95,659             |
| 2028          | 69,175                   | 20,514           | (344)                      | 89,345             |
| 2029          | 65,455                   | 17,181           | (235)                      | 82,401             |
| 2030          | 62,950                   | 14,203           | (121)                      | 77,032             |
| 2031          | 59,205                   | 11,387           | -                          | 70,592             |
| 2032          | 53,480                   | 8,726            | -                          | 62,206             |
| 2033          | 47,220                   | 6,873            | -                          | 54,093             |
| 2034          | 42,350                   | 5,125            | -                          | 47,475             |
| 2035          | 36,185                   | 3,723            | -                          | 39,908             |
| 2036          | 30,260                   | 2,574            | -                          | 32,834             |
| 2037          | 25,820                   | 1,552            | -                          | 27,372             |
| 2038          | 16,870                   | 654              | -                          | 17,524             |
| 2039          | 7,570                    | 114              |                            | 7,684              |
| <b>Totals</b> | <b>\$1,078,655</b>       | <b>\$360,718</b> | <b>(\$5,957)</b>           | <b>\$1,433,417</b> |

(1) Includes mandatory sinking fund redemption payments on term bonds.

(2) BABs subsidy is subject to a reduction of 6.2% due to sequestration as described below.

The Internal Revenue Service released guidance stating that due to federal budget sequestration, federal direct credit subsidies for ARRA bonds are subject to reduction beginning October 1, 2019 and extending until September 30, 2020. The amount of the reduction is 6.2% of the February 15, 2020 and August 15, 2020 interest payments, or approximately \$22,501 each.

The following table presents the principal and interest payments for the County's self-liquidating long-term debt, as of December 31, 2019. Debt service on the Metropolitan District Bonds is shown in Appendix D.

**Debt Service on Self-Liquidating Long-Term Debt (\$000)**

| <b>Water and Sewer Enterprise Fund<br/>(Metropolitan District and Water Quality<br/>Financing Administration) <sup>(1)</sup></b> |                                 |                  |                  | <b>Agricultural Land<br/>Preservation Program <sup>(2)</sup></b> |                 |                  | <b>Special Recreation Facility<br/>(Golf Course)<br/>Enterprise Fund</b> |                 |                |
|--|---------------------------------|------------------|------------------|--|-----------------|------------------|--|-----------------|----------------|
| <b>Fiscal</b>  |                                 |                  |                  |  |                 |                  |  |                 |                |
| <b>Year</b>  | <b>Principal <sup>(3)</sup></b> | <b>Interest</b>  | <b>Total</b>     | <b>Principal</b>   | <b>Interest</b> | <b>Total</b>     | <b>Principal</b>   | <b>Interest</b> | <b>Total</b>   |
| 2020   | \$ 12,342                       | \$ 6,215         | \$ 18,558        | \$ 8,209   | \$ 2,211        | \$ 10,420        | \$ 258   | \$ 23           | \$ 281         |
| 2021   | 14,498                          | 12,295           | 26,793           | 17,839   | 3,454           | 21,292           | 522  | 36              | 558            |
| 2022   | 14,625                          | 11,709           | 26,334           | 7,108  | 2,346           | 9,454            | 535  | 23              | 558            |
| 2023   | 13,054                          | 11,106           | 24,160           | 3,358  | 2,108           | 5,466            | 650  | 3               | 653            |
| 2024   | 12,437                          | 10,538           | 22,976           | 13,588   | 2,024           | 15,612           | -  | -               | -              |
| 2025   | 12,337                          | 9,968            | 22,305           | 3,358  | 1,155           | 4,513            | -  | -               | -              |
| 2026   | 12,780                          | 9,376            | 22,156           | 3,919  | 1,054           | 4,972            | -  | -               | -              |
| 2027   | 13,179                          | 8,763            | 21,941           | 8,583  | 771             | 9,354            | -  | -               | -              |
| 2028   | 12,907                          | 8,151            | 21,058           | 5,496  | 509             | 6,005            | -  | -               | -              |
| 2029   | 13,482                          | 7,549            | 21,031           | 3,338  | 286             | 3,624            | -  | -               | -              |
| 2030   | 12,055                          | 7,007            | 19,062           | 2,924  | 205             | 3,129            | -  | -               | -              |
| 2031   | 12,436                          | 6,525            | 18,960           | 2,924  | 132             | 3,055            | -  | -               | -              |
| 2032   | 12,505                          | 6,031            | 18,536           | 997  | 79              | 1,075            | -  | -               | -              |
| 2033   | 12,730                          | 5,520            | 18,250           | 730  | 59              | 789              | -  | -               | -              |
| 2034   | 12,815                          | 5,088            | 17,903           | 730  | 43              | 773              | -  | -               | -              |
| 2035   | 13,075                          | 4,661            | 17,736           | 621  | 28              | 649              | -  | -               | -              |
| 2036   | 13,350                          | 4,233            | 17,583           | 380  | 16              | 396              | -  | -               | -              |
| 2037   | 13,790                          | 3,793            | 17,583           | 380  | 8               | 387              | -  | -               | -              |
| 2038   | 12,475                          | 3,340            | 15,815           | 155  | 2               | 156              | -  | -               | -              |
| 2039   | 10,920                          | 2,926            | 13,846           | -  | -               | -                | -  | -               | -              |
| 2040   | 11,275                          | 2,570            | 13,845           | -  | -               | -                | -  | -               | -              |
| 2041   | 11,655                          | 2,197            | 13,852           | -  | -               | -                | -  | -               | -              |
| 2042   | 9,250                           | 1,812            | 11,062           | -  | -               | -                | -  | -               | -              |
| 2043   | 8,445                           | 1,517            | 9,962            | -  | -               | -                | -  | -               | -              |
| 2044   | 8,725                           | 1,240            | 9,965            | -  | -               | -                | -  | -               | -              |
| 2045   | 8,285                           | 953              | 9,238            | -  | -               | -                | -  | -               | -              |
| 2046   | 7,095                           | 679              | 7,774            | -  | -               | -                | -  | -               | -              |
| 2047   | 6,180                           | 435              | 6,615            | -  | -               | -                | -  | -               | -              |
| 2048   | 5,110                           | 222              | 5,332            | -  | -               | -                | -  | -               | -              |
| 2049   | 3,135                           | 47               | 3,182            | -  | -               | -                | -  | -               | -              |
|  | <b>\$336,948</b>                | <b>\$156,464</b> | <b>\$493,412</b> | <b>\$84,633</b>  | <b>\$16,489</b> | <b>\$101,122</b> | <b>\$1,965</b>   | <b>\$85</b>     | <b>\$2,050</b> |

(1) Excludes administrative fees of five percent of total debt service over the total loan period for the Water Quality Financing Administration debt.  
(2) This amount includes obligations in the aggregate principal amount of \$45,133,000 which will be paid in fiscal years 2020 - 2028 with proceeds of U.S. Treasury obligations purchased by the County.  
(3) Includes mandatory sinking fund redemption payments on term bonds rounded to the nearest dollar.

The following table presents the principal and interest payments for the County's special obligation long-term debt, as of December 31, 2019.

| Debt Service on Special Obligation Long-Term Debt |  |              |              |   |              |              |              |
|---|--|--------------|--------------|---|--------------|--------------|--------------|
| Fiscal  | Special Obligation<br>(Annapolis Junction TIF) |              |              | Special Obligation<br>(Downtown Columbia TIF) |              |              |              |
|   | Year   | Principal    | Interest     | Total   | Principal    | Interest     | Total        |
|   | 2020   | \$ 90,000    | \$ 503,283   | \$ 593,283                                    | -            | \$1,051,109  | \$1,051,109  |
|   | 2021   | 115,000      | 1,002,245    | 1,117,245                                     | \$ 200,000   | 2,102,219    | 2,302,219    |
|   | 2022   | 145,000      | 996,725      | 1,141,725                                     | 100,000      | 2,094,219    | 2,194,219    |
|   | 2023   | 175,000      | 989,765      | 1,164,765                                     | 100,000      | 2,090,219    | 2,190,219    |
|   | 2024   | 205,000      | 981,365      | 1,186,365                                     | 485,000      | 2,086,219    | 2,571,219    |
|   | 2025   | 240,000      | 971,525      | 1,211,525                                     | 465,000      | 2,066,819    | 2,531,819    |
|   | 2026   | 275,000      | 957,605      | 1,232,605                                     | 875,000      | 2,048,219    | 2,923,219    |
|   | 2027   | 315,000      | 941,655      | 1,256,655                                     | 1,100,000    | 2,013,219    | 3,113,219    |
|   | 2028   | 360,000      | 923,385      | 1,283,385                                     | 1,175,000    | 1,969,219    | 3,144,219    |
|   | 2029   | 405,000      | 902,505      | 1,307,505                                     | 1,250,000    | 1,922,219    | 3,172,219    |
|   | 2030   | 455,000      | 879,015      | 1,334,015                                     | 1,325,000    | 1,870,656    | 3,195,656    |
|   | 2031   | 510,000      | 852,625      | 1,362,625                                     | 1,400,000    | 1,816,000    | 3,216,000    |
|   | 2032   | 565,000      | 823,045      | 1,388,045                                     | 1,475,000    | 1,758,250    | 3,233,250    |
|   | 2033   | 625,000      | 790,275      | 1,415,275                                     | 1,575,000    | 1,697,406    | 3,272,406    |
|   | 2034   | 690,000      | 754,025      | 1,444,025                                     | 1,650,000    | 1,632,438    | 3,282,438    |
|   | 2035   | 760,000      | 714,005      | 1,474,005                                     | 1,750,000    | 1,564,375    | 3,314,375    |
|   | 2036   | 835,000      | 667,645      | 1,502,645                                     | 1,850,000    | 1,487,813    | 3,337,813    |
|   | 2037   | 915,000      | 616,710      | 1,531,710                                     | 1,925,000    | 1,406,875    | 3,331,875    |
|   | 2038   | 1,005,000    | 560,895      | 1,565,895                                     | 2,050,000    | 1,322,656    | 3,372,656    |
|   | 2039   | 1,095,000    | 499,590      | 1,594,590                                     | 2,725,000    | 1,232,969    | 3,957,969    |
|   | 2040   | 1,195,000    | 432,795      | 1,627,795                                     | 2,900,000    | 1,113,750    | 4,013,750    |
|   | 2041   | 1,300,000    | 359,900      | 1,659,900                                     | 3,125,000    | 983,250      | 4,108,250    |
|   | 2042   | 1,410,000    | 280,600      | 1,690,600                                     | 3,350,000    | 842,625      | 4,192,625    |
|   | 2043   | 1,530,000    | 194,590      | 1,724,590                                     | 3,600,000    | 691,875      | 4,291,875    |
|   | 2044   | 1,660,000    | 101,260      | 1,761,260                                     | 3,850,000    | 529,875      | 4,379,875    |
|   | 2045   | -            | -            | -   | 4,125,000    | 356,625      | 4,481,625    |
|   | 2046   | -            | -            | -   | 3,650,000    | 171,000      | 3,821,000    |
|   | 2047   | -            | -            | -   | 150,000      | 6,750        | 156,750      |
|   |  | \$16,875,000 | \$17,697,033 | \$34,572,033                                  | \$48,225,000 | \$39,928,865 | \$88,153,865 |

## Rapidity of Long-Term Debt Principal Repayment

The following table analyzes how much of the County's long-term public improvement debt outstanding as of December 31, 2019 is scheduled to be repaid over 20 years. This excludes \$123.1 million in short-term construction financing currently outstanding.

| <b>Rapidity of Consolidated Public Improvement Debt Principal Repayment</b> |                           |                             |   |                           |                             |
|---|---------------------------|-----------------------------|---|---------------------------|-----------------------------|
| <b>Before Issuance<br/>of 2020 Bonds</b>                                    |                           |                             | <b>After Issuance<br/>of 2020 Bonds</b> |                           |                             |
| <b>On or before<br/>Fiscal Year</b>   | <b>Amount<br/>(\$000)</b> | <b>% of<br/>Outstanding</b> | <b>On or before<br/>Fiscal Year</b>     | <b>Amount<br/>(\$000)</b> | <b>% of<br/>Outstanding</b> |
| 2024  | 337,725                   | 31.31%                      | 2024                                    | 320,085                   | 27.41%                      |
| 2029  | 696,745                   | 64.59%                      | 2029                                    | 705,625                   | 60.43%                      |
| 2034  | 961,950                   | 89.18%                      | 2034                                    | 1,002,695                 | 85.87%                      |
| 2039  | 1,078,655                 | 100.00%                     | 2039                                    | 1,167,715                 | 100.00%                     |

The following table analyzes how much of the County's long-term water and sewer enterprise fund debt outstanding as of December 31, 2019 is scheduled to be repaid over a maximum of 30 years. This excludes \$48.8 million in short-term construction financing currently outstanding.

| <b>Rapidity of Metropolitan District Debt Principal Repayment</b> |                           |                             |   |                           |                             |
|---|---------------------------|-----------------------------|---|---------------------------|-----------------------------|
| <b>Before Issuance<br/>of 2020 Bonds</b>                          |                           |                             | <b>After Issuance<br/>of 2020 Bonds</b> |                           |                             |
| <b>On or before<br/>Fiscal Year</b>                               | <b>Amount<br/>(\$000)</b> | <b>% of<br/>Outstanding</b> | <b>On or before<br/>Fiscal Year</b>     | <b>Amount<br/>(\$000)</b> | <b>% of<br/>Outstanding</b> |
| 2024  | 66,957                    | 19.87%                      | 2024                                    | 49,775                    | 13.61%                      |
| 2029  | 131,642                   | 39.07%                      | 2029                                    | 119,335                   | 32.62%                      |
| 2034  | 194,183                   | 57.63%                      | 2034                                    | 188,970                   | 51.66%                      |
| 2039  | 257,793                   | 76.51%                      | 2039                                    | 261,380                   | 71.45%                      |
| 2044  | 307,143                   | 91.15%                      | 2044                                    | 321,030                   | 87.76%                      |
| 2049  | 336,948                   | 100.00%                     | 2049                                    | 365,825                   | 100.00%                     |



## Long-Term Debt Ratios

The following table presents the County's net long-term public improvement debt per capita and ratios of net long-term public improvement debt to assessed value and to per capita personal income at the end of the last five fiscal years.

**Long-Term Consolidated Public Improvement Debt Ratios**

| Fiscal Year<br>Ended June 30 | Net<br>Long-Term<br>Debt (\$000) | Estimated<br>Population (\$000) <sup>(1)</sup> | Assessed<br>Value (\$000) | Per<br>Capita | Net Long-Term Debt           |  |
|------------------------------|----------------------------------|--|---------------------------|---------------|------------------------------|--|
|                              |                                  |  |                           |               | As % of<br>Assessed<br>Value | As % of<br>Personal<br>Income <sup>(2)</sup> |
| 2019                         | \$1,107,025                      | 326  | \$53,412,616              | 3,393         | 2.1                          | 4.77   |
| 2018                         | 1,064,880                        | 321  | 51,518,005                | 3,316         | 2.1                          | 4.66   |
| 2017                         | 1,012,915                        | 317  | 49,626,809                | 3,193         | 2.0                          | 4.49   |
| 2016                         | 959,245                          | 317  | 47,641,613                | 3,030         | 2.0                          | 4.26   |
| 2015                         | 945,305                          | 305  | 45,731,165                | 3,095         | 2.1                          | 4.45   |

(1) Source: Howard County Department of Planning and Zoning.  
(2) Source: Howard County Budget Office

The following table presents the County's debt service expenditures for long-term public improvement debt as a percentage of current revenues. The County policy is to limit debt service to 10% or less of current revenues in the General, Environmental Services and Fire Tax Funds.

**Long-Term Debt Service as Percentage of Current Revenues**

| Fiscal Year<br>Ended June 30 | Public<br>Improvement<br>Debt<br>Principal (\$000) | Public<br>Improvement<br>Debt<br>Interest (\$000) | Public<br>Improvement<br>Debt<br>Service (\$000) | Current<br>Revenues<br>(\$000) | Debt Service<br>as % of<br>Current<br>Revenues |
|------------------------------|--|---|--|--------------------------------|--|
| 2020 Budget                  | \$69,870   | \$47,365  | \$117,235  | \$1,321,231                    | 8.87   |
| 2019                         | 63,010   | 46,709  | 109,719  | 1,231,900                      | 8.91   |
| 2018                         | 60,901   | 39,057  | 99,957   | 1,187,664                      | 8.42   |
| 2017                         | 65,452   | 40,821  | 106,273  | 1,161,948                      | 9.15   |
| 2016                         | 65,702   | 39,911  | 105,612  | 1,168,111                      | 9.04   |
| 2015                         | 58,735   | 40,157  | 98,892   | 1,118,247                      | 8.84   |

## Future Financing Plans

The County's debt policy is circumscribed by the legal debt margin for general obligation indebtedness established in the County Charter. In addition, the County's budget policy is reviewed annually by a committee of financially experienced residents that recommends the amount of debt that the County can afford. As of June 30, 2019, the County had authorized, unissued General County Bonds of \$446,618,476, Metropolitan District Bonds of \$222,646,214 and Tax Increment Finance Bonds at fiscal year-end of \$71,775,000. These amounts include bonds authorized to redeem the \$171.9 million in outstanding short-term construction financing debt. It is the County's intent to use such unissued bonds to fund future capital projects. The County currently expects to authorize \$70 to \$90 million of public improvement bonds annually for new capital projects identified in the annual Capital Budget and annually issue approximately \$40 to \$65 million of Metropolitan District. Where direct benefits from capital improvements can be identified to specific users, the County intends to finance such improvements from user charges.

# Government and Infrastructure

## General

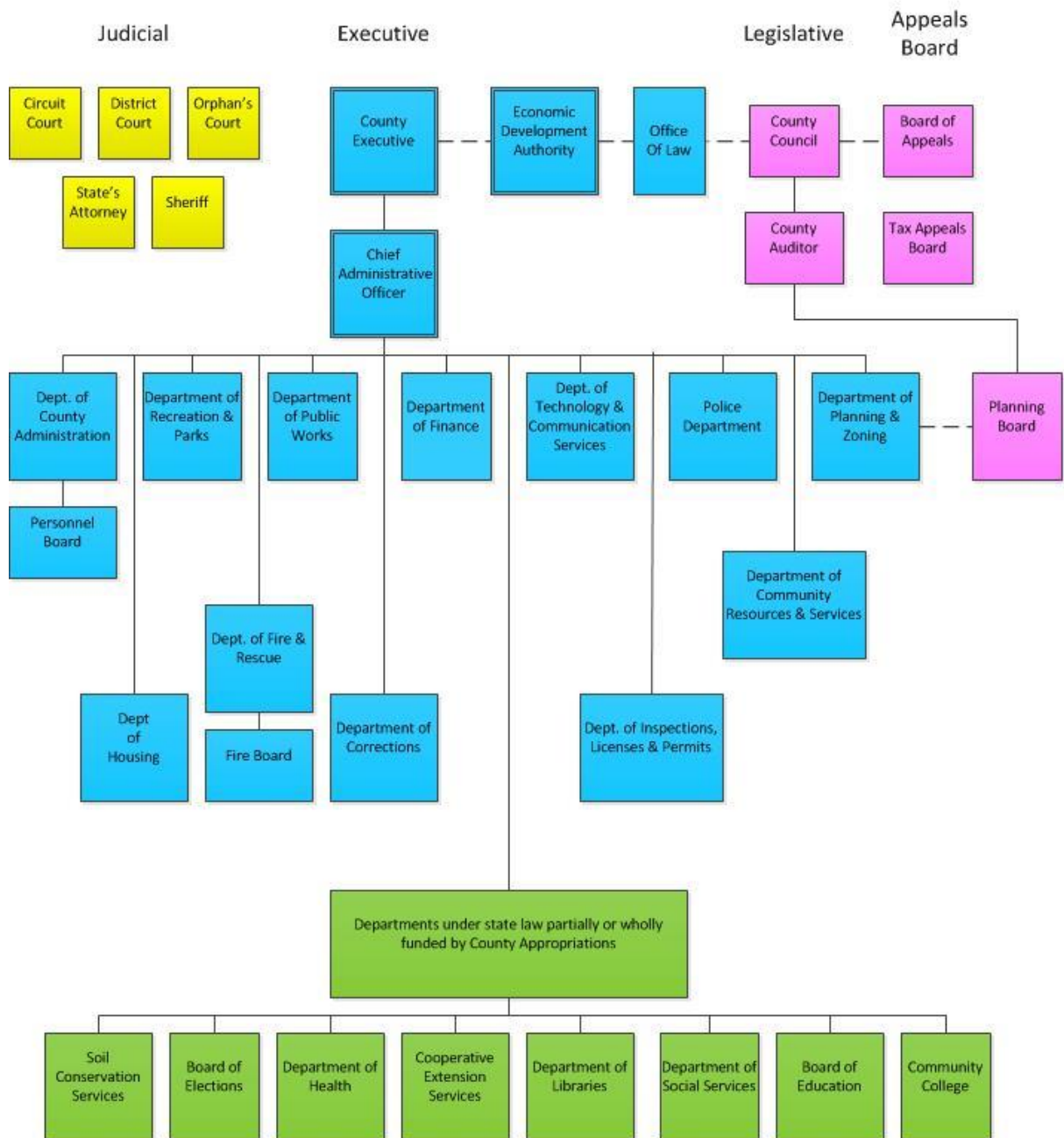
Under the County Charter adopted in 1968, the County's executive functions are vested in the elected County Executive, who is the chief executive officer of the County and is responsible for the proper and efficient administration of the affairs of the County. The Council, which consists of five members elected by district, is the County's legislative body. The County Executive is limited to two consecutive four-year terms, and Council members are limited to three consecutive four-year terms.

Each Council member has one vote, and a simple majority vote is sufficient to pass ordinary legislation. Emergency bills require the vote of two-thirds of the members of the Council as do Council actions to override a veto by the County Executive. A majority of the members of the Council constitute a quorum for the transaction of business, except that for emergency sessions two-thirds of the members of the Council are required. Except as otherwise provided in the County Charter, all laws stand enacted upon approval by the County Executive and take effect 60 days after their enactment, unless by affirmative vote of two-thirds of the members of the Council any such law is declared to be effective on a later date or is declared an emergency measure affecting the public health, safety and welfare, in which event it is effective from the date of its enactment. The Council elects a Chairperson and a Vice Chairperson from its membership at its first meeting in December of each year.

The Chief Administrative Officer performs such duties and exercises such general supervision over the offices and departments of the County government as the County Executive may direct and the Charter specifies. The Chief Administrative Officer acts as the chief budget officer, personnel officer, purchasing agent and central services officer of the County. In addition, the Chief Administrative Officer has been designated to perform the duties of the County Executive during the temporary inability of the County Executive to perform by reason of absence from the County or disability. County financial matters are administered through the Department of Finance by the Director of Finance. The Director of Finance is charged with the administration of the financial affairs of the County, which generally include the collection of State and County taxes, special assessments, Metropolitan District charges, fees and other revenues and funds of every kind due to the County; the enforcement of the collection of taxes in the manner provided by law; the custody and safekeeping of all funds and securities belonging to or by law deposited with, distributed to or handled by the County; the disbursement of County funds; the keeping and supervision of all accounts; the control of all expenditures on the basis of budgetary appropriations and allotments; the preparation of bond sales and advising on debt management; and such other functions as may be prescribed by directive of the County Executive or by legislative act of the Council.

The County Solicitor is appointed by the County Executive subject to confirmation by the Council. All other officials of the County government are appointed by, and serve at the pleasure of, the County Executive.

# Howard County Government Organizational Chart



## Executive, Administrative, Legislative and Education Officials

### Executive

The Honorable *Dr. Calvin Ball* was elected November 6, 2018 to serve as Howard County's 10<sup>th</sup> County Executive. He is a Maryland native and Columbia resident, where he and his wife Shani Ball, RN, BSN are proud parents of two daughters who attend Howard County Public Schools. Dr. Ball holds a Bachelor of Arts in Philosophy and Religion from Towson State University, Master of Arts in Legal and Ethical Studies from the University of Baltimore, and Doctor of Education from Morgan State University, where he also taught doctoral level courses in topics including finance and budgeting as well as planning and management. He made history in 2006 when he was elected as the youngest Council Chairperson in Howard County history. As County Executive, Dr. Ball remains dedicated to making our community a better, brighter place for future generations, while respecting taxpayer dollars and exercising sound fiscal management. Dr. Ball, a dedicated educator and certified mediator, continuously works to collaborate with all community stakeholders to create the very best Howard County for all. Dr. Ball has been honored with numerous awards including the Michaeline R. Fedder Award for Public Health Legislator of 2015, the Marilyn J. Praisner Public Service Award, Daily Record's 2014 Very Important Professionals Successful by 40 Award, William Donald Schaefer Helping People Award, Louis Goldstein Award for Democratic Spirit, the Kittleman Award for Legislative Leadership, Community Champion of the Year Award, Jenkins Odoms, Jr., Freedom Fighter Award, Richard C. McCauley Transformative Leader Award, Humanitarian Award, and 2018 Senator James Clark Award.

*Sameer Sidh* was appointed Chief of Staff effective December 3, 2018. In his role as Chief of Staff, Mr. Sidh has broad oversight over the County Executive's land use, infrastructure, legislative and communications functions. Mr. Sidh works closely with internal and external stakeholders to ensure that government operations are consistent with the vision and goals of the County Executive. Mr. Sidh previously served as Chief of Staff at Towson University, where he led planning, coordination, and project management of presidential-initiated efforts, and worked closely with the university's leadership team to "boundary span" across university divisions to ensure alignment of objectives and budget. Mr. Sidh came to Towson University from the Office of the Mayor of Baltimore City, where he served as the Director of the Mayor's Office of Citistat. In his tenure as director, Mr. Sidh drove significant productivity and transparency improvements through increased communications and convening cross-agency and cross-sector workgroups. Prior to serving as the Director of Citistat, Mr. Sidh worked as the Deputy Chief of Staff for the Maryland Department of Transportation where he held a position on the senior executive team of a 9,000-employee department collaborating on policy direction with senior management. He also previously served as both Acting Director and Deputy Director of the StateStat in the Office of the Governor. Mr. Sidh holds a J.D. from the University of Baltimore School of Law, and is a member of the Maryland State Bar. He earned his bachelor's degree in political science from James Madison University.

*Gary W. Kuc* was appointed Howard County Solicitor effective July 1, 2015 and reappointed effective March 4, 2019. Prior to that, Mr. Kuc was a Senior Assistant County Solicitor in the Howard County Office of Law for six years, during which time he advised both branches of County government on a variety subjects, and represented Howard County before federal and State courts and various administrative bodies. Before joining the County's Office of Law, Mr. Kuc was a Senior Assistant Attorney General for the State of Maryland for five years, and handled complex civil litigation in the Civil Division of the Attorney General's Office. Prior to his public service, Mr. Kuc was in private practice, as an associate attorney and then partner at Whiteford, Taylor & Preston, LLP, for seven years, and as an associate attorney at Semmes, Bowen & Semmes for three years. Mr. Kuc also was a law clerk to the Honorable Irma S. Raker, Court of Appeals of Maryland. Mr. Kuc holds a Bachelor of Arts in Political Science, Public Service Emphasis, from the University of California, Santa Barbara, and a Juris Doctor, *Magna Cum Laude*, from the Catholic University of America. He is admitted to practice in the Court of Appeals of Maryland, and is admitted to practice in the U.S. District Court for the District of Maryland, the U.S. Court of Appeals for the Fourth Circuit, and the U.S. Supreme Court.

### Administrative

*Lonnie R. Robbins* was appointed Chief Administrative Officer effective January 3, 2007 after serving as Deputy Chief Administrative Officer since 2004. Mr. Robbins has served as both a Senior Assistant County Solicitor and Assistant County Solicitor in the Howard County Office of Law. He has also worked as the procurement advisor for the Maryland State Board of Public Works, Administrator for Maryland State Department of General Services, and executive aide for the Office of Governor Harry R. Hughes. Mr. Robbins received his B.S. degree in Business and Public Administration from the University of Maryland and a J.D. degree from the University of Baltimore. Mr. Robbins is active in Howard County and Maryland State Bar Associations, Leadership Howard County and First Tee of Howard County. Mr. Robbins was recently appointed by Governor Larry Hogan to the Board of Trustees of the Maryland Automobile Insurance Fund.

*Janet Irvin* was appointed Director of Finance effective January 29, 2018. Ms. Irvin previously served as Chief Financial Officer for the Maryland Environmental Service (MES) since 2013. Additionally, she served as Treasurer for MES's Board of Directors. Ms. Irvin previously served for six years as Deputy Director for the Office of Finance at the Maryland State Highway Administration (SHA) in Baltimore. Prior to serving in state government, she worked in Howard County Government for 14 years, first as a payroll supervisor and accountant, then as Chief of the Bureau of Accounting and Financial Reporting. In addition to more than 25 years of experience in finance and accounting, Ms. Irvin is a Certified Public Finance Officer and has a Bachelor of Science degree in Business Management from the University of Maryland University College. An Ellicott City resident, Ms. Irvin serves as Immediate Past President of the Board of Directors of the Government Finance Officers Association, Maryland Chapter and is a 2009 Graduate of the State Highway Administration Advanced Leadership Program.

*Dr. Holly Sun* became Howard County's Budget Administrator in January 2015. Dr. Sun has two decades of budget management experience at local governments, including revenues, operating budget, capital budget, and performance management. She previously served as Deputy Director of the Office of Management and Budget, Prince George's County and Budget Manager of the Maryland National Capital Park and Planning Commission. She has a PhD in Public Policy and Public Administration from George Washington University, and a Master in Public Policy from Duke University. She served on the Committee on Governmental Budgeting and Fiscal Policy of the Government Finance Officers Association (GFOA) for six years and was a member of the Board of Directors of Maryland GFOA.

## **Legislative**

*Opel Jones* was elected in 2018 to his first term serving District Two. He is a seasoned higher education administrator and lecturer of the mathematical sciences. He is currently a faculty member at American University in Washington, DC. Dedicated to the community, Opel Jones mentors, tutors, and volunteers in his free time through his fraternity, as well as with the Howard County Democratic Party. He is a Life Member of Alpha Phi Alpha Fraternity, Inc., the Columbia Democratic Club, Ellicott City/Western Howard County Democratic Club, Thurgood Marshall Democratic Club, Greater ElkrIDGE Community Association, and the Howard County Chapter of the NAACP. Additionally, he is a former Human Rights Commissioner for Howard County, appointed by then-County Executive, Ken Ulman. Throughout the years, and in addition to teaching mathematics and statistics, Opel Jones has worked as a systems/software engineer, development officer, and a computer scientist, at Lockheed Martin, Hampton University, Bowie State University, and the United States Census Bureau. While a faculty member at Hampton University, he served as Director of the Leadership Institute for several years, teaching leadership studies, developing leaders, all the while teaching mathematics and honors seminars. Opel Jones is a proud graduate of High Point High School in Beltsville, Maryland, where he lettered in four sports (baseball, football, indoor track, and outdoor track), served as President of the National Honor Society, and played in the marching and concert bands. Since then he has earned a bachelor's degree in mathematics from Hampton University, a master's degree in mathematics from Howard University, and is currently a doctoral candidate in mathematics also at Howard University.

*David Yungmann* was elected in 2018 to his first term representing District Five. He grew up in the Valley Mede/Chatham and Mt. Hebron communities after his family moved to Ellicott City in 1972. He attended public schools and is a graduate of Mt. Hebron High School, where he showed leadership at a young age as Drum Major of the award-winning marching unit. After graduating from Mt. Hebron in 1985, David attended Loyola University Maryland where he earned a bachelor's degree in Finance in 1989. David most recently moved to Woodbine in 2000 where he has raised his own family, volunteered in the classroom, coached sports, enjoyed field trips and become a dedicated and successful community leader. He has supported numerous efforts to stop excessive development, especially in the rural west, including the construction of the massive religious and educational campus proposed for the former Woodmont Academy site. He was an early player in the effort to change the leadership of the school system and led a successful Board of Education campaign in 2016. David has represented two schools as a PTACHC Delegate, supported PTA/Booster Club boards, and served on many non-profit boards and committees from economic and employment advocacy to education and land use. David has also been active in the Republican Party for over 30 years, during which he has led the College Republicans, worked on campaigns, raised funds and most recently been voted Howard County's Republican Man of the Year. His professional career began in commercial banking before moving into mergers and acquisitions, corporate and project finance, financial planning and executive management – all within the real estate and healthcare fields. David co-founded several companies providing healthcare products and services. In 2003, he changed careers to start The Yungmann Group, a residential real estate team based in Ellicott City. David's team has earned a Best of Howard County award for the past several years and has continued to be a market leader in and around Howard County. In 2018, David was elected to the Howard County to represent Council District 5. District 5 encompasses the entire western portion of the county, spanning south to Fulton and east into Ellicott City. This is David's first elected public office and his first term will run through 2022.

*Deb Jung* was elected in 2018 to represent District Four. She is currently serving as Howard County Council Chair. She is a 30-year resident of Howard County and lives in Columbia with her husband Ben. Her daughter Alyssa graduated from Howard County public schools and recently completed a double major in Environmental Biology and Public Health from Tulane University. Deb has been an attorney since 1984 and has her own private practice providing legal and strategic advice, training, and consulting to nonprofit organizations throughout Maryland. Previously, she served as a litigation associate at Whiteford Taylor Preston in Baltimore, Maryland; General Counsel to the Close-Up Foundation (a civic education organization for high school students and teachers) in Alexandria, Virginia; and as General Counsel to the Maryland Association of Nonprofit Organizations in Baltimore, Maryland. At the latter two organizations, she reviewed budgets and responded to employment and pension benefits matters. She is a member of the Maryland State Bar Association and Society for Human Resource Management. A longtime community leader, Deb served as: Co-Chair of the Howard County Sesquicentennial Celebration Committee; Co-Chair of the Martin Luther King, Jr. Holiday Commission; and was a five-year member of the Howard County Human Rights Commission. Deb also served as President and was one of the founders of the Executive's Charity for the Arts established to raise money for scholarships for Howard County residents to study in the arts. Deb is a member of the Howard County NAACP, the Howard County Women's Democratic Alliance, and the Sierra Club of Howard County. In addition to her community work, Deb has been very active as a parent in Howard County local schools, having spent many hours assisting with PTA activities and serving two years as the Booster Club President at Wilde Lake High School. She is a member of the HCPSS School Health Council and has helped lead the Start School Later effort in Howard County. Deb was born in Hartford City, Indiana, and was raised in York and Pittsburgh, Pennsylvania, Charlotte, North Carolina, and Severna Park, Maryland. She graduated from Severna Park High School, obtained a B.A. in Political Science from Duke University, and a Juris Doctorate from the University of Maryland School of Law.

*Christiana Rigby's* family moved to Columbia in the 1970's, following the vision of Jim Rouse, and settling into the villages of Owen Brown and Kings Contrivance. After graduating from Hammond High School and UMBC, she started her career as a community organizer, giving communities a voice in government. Christiana returned to start her family in Howard County and she has served our area as a tireless advocate through her roles as Vice Chair of the Kings Contrivance Village Board, a member of the Economic Resource Allocation Committee under Howard County's Board to Promote Self-Sufficiency board member to Howard EcoWorks, and founder of the Howard County Women's Democratic Alliance. Christiana's professional life has been dedicated to public service. She has spent over a decade working in the government and nonprofit sectors with organizations such as the U.S Fish and Wildlife Service, Public Interest Research Group (PIRGs), Alice Ferguson Foundation, and United Way of Central Maryland. Her highest priority is to create and expand opportunities for all residents. She is a strong supporter of our public education system and believes all children should receive a quality education. Christiana will work to ensure safe and inclusive neighborhoods that provide people of all ages, backgrounds, and abilities a welcoming place to call home. Within District 3, she will work with our communities and focus on increasing investment and revitalization in our older neighborhoods. Christiana is deeply committed to continuing to serve our residents and will steward their issues and concerns. In 2018, Christiana was elected to represent District Three on the Howard County Council, which includes the Villages of Owen Brown and Kings Contrivance, as well as communities in North Laurel, Savage, and Jessup. At the Council's first legislative meeting in 2018, Christiana was nominated to serve as the Chair of the County Council, responsible for guiding the body through its first year in office. From 2018 - 2019, she served as the youngest woman Chair of the County Council.

*Liz Walsh* is a Mount Hebron Viking, Class of '89—just in time to be part of Hebron's first-ever girls' lacrosse team. She attended Georgia Tech on scholarship as a National Merit Scholar and graduated with honors in 1993 with a degree in Civil Engineering. After graduation Liz became a project engineer for a national general contractor where she bid and ran construction projects in the field. If all her projects had been like her last one—rebuilding an old-time swinging bridge over the Cedar Creek in Slaughter Beach, Delaware—Liz probably never would have applied to law school. But she did. Liz graduated from Georgetown Law, also with honors, in 2000. For nearly twenty years now, she has been a construction lawyer in practice at large, global law firms. She drafts and negotiates contracts to design, build and manage mega-construction projects and advises her general contractor and project owner clients as to their rights and responsibilities under those contracts and applicable law. She also tries cases, typically in arbitration. Since 2009 Liz has lived in historic Ellicott City. When it came time to raise her own family, she returned to her hometown, where her parents still live in their same house behind the old Enchanted Forest. She found a century-old four-square in the hills above Main Street and lives there now with her two children and their rescue German Shepherd. In 2018, Liz was elected to represent District One, which includes nationally-designated historic districts in Ellicott City and Elkridge, vast acreages of state park and other dedicated forestlands, and miles of streambanks along the Patapsco River and its smaller tributaries.

*Craig Glendenning* was appointed County Auditor effective September 4, 2012. Mr. Glendenning was previously the Assistant County Auditor with the Anne Arundel County Auditor's Office, and prior to that time held positions within the Maryland State Office of Legislative Audits. Mr. Glendenning is a Certified Public Accountant in the State of Maryland, and is a member of the Maryland Government Finance Officers Association, the *American Institute of Certified Public Accountants*, the *Institute of Internal Auditors*, and the *Association of Local Government Auditors*. Mr. Glendenning has more than 25 years of auditing, finance, and budgeting experience in the government sector.

## Education

*Dr. Michael J. Martirano* was named superintendent for the Howard County Public School System (HCPSS) in July 2018 after serving as interim superintendent since May 2017. Dr. Martirano has been an educator for more than 35 years. Prior to joining HCPSS, he most recently served as West Virginia state superintendent of schools, during which the state saw notable success in the areas of early childhood literacy, graduation rates and career technical education. He previously served as superintendent of St. Mary's County Public Schools (Maryland), and has a wide range of educational and administrative experience through his work as a science teacher, principal and visiting professor at Johns Hopkins University. In rejoining the HCPSS, he returned to the system where he previously served as a director of School Administration and to the county where he lived 19 years. In 2017, Dr. Martirano was named a Distinguished West Virginian, the highest award given by the Governor of West Virginia. He also was named a "Chief Making A Difference" and one of 50 people "Shaping the Future of K-12 Education in America" in the 2014 and 2015 Annual Smart List Awards. Other honors include the 2009 Superintendent of the Year in Maryland, Maryland Daily Record Innovator of the Year and Most Admired CEO awards, Howard County NAACP Education Champion award, and the 2011 Jack Epstein Award for contribution to multicultural education in Maryland. He holds a Doctorate of Education degree in school management and instructional leadership from Nova Southeastern University, and two Master of Education degrees and a Bachelor of Science degree from the University of Maryland.

## Responsibilities and Services

### County and Board of Education Employees

The following table presents the number of County (including Library, Community College and Housing Commission) and Board of Education full-time and permanent part-time employees for the last five fiscal years as authorized in the County budget.

**County and Board of Education Employees**

| <b>Fiscal Year</b> | <b>Public Safety</b> | <b>Other County</b> | <b>Board of Education</b> | <b>Total</b> |
|--------------------|----------------------|---------------------|---------------------------|--------------|
| 2019               | 1,381                | 2,741               | 8,297                     | 12,419       |
| 2018               | 1,336                | 2,719               | 8,045                     | 12,100       |
| 2017               | 1,298                | 2,676               | 7,826                     | 11,800       |
| 2016               | 1,285                | 2,629               | 7,710                     | 11,624       |
| 2015               | 1,296                | 2,622               | 7,693                     | 11,611       |

The County has experienced no work stoppages due to labor difficulties and considers its relationship with employees to be satisfactory. The County currently has collective bargaining with the following exclusive representatives and their bargaining units: (1) American Federation of State, County and Municipal Employees ("AFSCME"), which represents correctional officers and correctional dietary officers of the County's Detention Center (Local 3080), a separate local representing blue collar workers of various County departments (Local 3085), Local 3888 representing blue collar supervisors of various County departments, and Local 1810 which represents employees in specific clerical and white collar classifications of various County departments; (2) International Association of Firefighters Local 2000, representing firefighters below the rank of captain; (3) Howard County Police Officers' Association Lodge 21, representing sworn police officers below the rank of sergeant; (4) Howard County Police Supervisors' Association Lodge 143, representing sergeants, and (5) Howard County Public Safety Dispatchers Association, which represents 911 dispatchers. The County has successfully negotiated contracts with unions which will expire on June 30, 2020 (Dispatchers, Local 3080, Local 3085, Local 3888, Local 1810, Lodge 21, Lodge 143, and Local 2000) and are currently in the process of negotiations for fiscal year 2021.

Most Board of Education employees are represented by a bargaining unit. The Howard County Education Association (HCEA), affiliated with the Maryland State Education Association and the National Education Association, represents teachers and other certificated non-supervisory personnel. The Howard County Education Association–Education Support Professionals (HCEA ESP) represents non-certificated, non-supervisory personnel such as clerical, secretarial, instructional, student, food and nutrition service, health, and security assistants, educational interpreters, registered nurses and central office technical staff. The American Federation of State, County and Municipal Employees (AFSCME - Local 1899) represents non-certificated, non-supervisory personnel such as custodial, grounds, maintenance and warehouse staff. The Howard County Administrators Association (HCAA) represents certificated supervisory personnel such as school-based administrators, leadership interns, athletics and activities managers, and instructional facilitators.

## Board of Education of Howard County

The Board of Education is a Component Unit of the County. The educational policies, procedures and programs of the public schools in the County are the responsibility of the Board of Education, a seven-member elected body, working with the County Superintendent of Schools appointed by the Board of Education. The County program is governed by the State Board of Education. Daily functions within the schools are the responsibility of the County Superintendent of Schools and his staff.

The Howard County School System offers a comprehensive education program, kindergarten through grade 12, with pre-kindergarten programs available in some schools. Academic support services and gifted programs are available in all schools and in all grades. Special education services are provided for identified students from birth through age 21.

For the 2019-2020 school year, the Board of Education exercised responsibility for 42 elementary schools, 20 middle schools, 12 high schools, and three education centers that accommodate approximately 59,000 students. The teacher-to-student ratio is presented in the following table.

| Teacher to Student Ratio |                                 |
|--------------------------|---------------------------------|
| Kindergarten             | 1 professional to 22 students   |
| Grades 1-2               | 1 professional to 20 students   |
| Grades 3-5               | 1 professional to 26 students   |
| Middle school            | 1 professional to 21 students   |
| High school              | 1.4 professional to 28 students |

The Strategic Call to Action (SCTA), Learning and Leading with Equity, underlies all Howard County School System initiatives and decisions in alignment with its mission, to ensure academic success and social-emotional well-being for each student in an inclusive and nurturing environment that closes opportunity gaps. The HCPSS vision is that every student and staff member embraces diversity and possesses the skills, knowledge and confidence to positively influence the larger community. The SCTA, mission and vision are supported by four overarching commitments:

- Value: Every HCPSS stakeholder feels happy and rewarded in their roles and takes pride in cultivating the learning community.
- Achieve: An individualized focus supports every person in reaching milestones for success.
- Connect: Students and staff thrive in a safe, nurturing environment that embraces diversity.
- Empower: Schools, families and the community are mutually invested in student achievement and well-being.



## Howard Community College

Howard Community College (“HCC”) is a public community college serving nearly 30,000 credit and noncredit students at its main campus in Columbia, Maryland, and in other locations. Since 1970, HCC has been helping build the workforce of the future by educating the students who will contribute to the businesses and organizations within Howard County.

HCC offers associate degrees and certificates built around academic areas such as arts, humanities, health sciences, engineering, business, and cyber technology. With associate degrees or related coursework, students have the opportunity to transfer to four-year colleges or universities to complete their baccalaureate degrees. Students also attend HCC to sharpen job skills, prepare for a new career, pursue professional training, or explore personal interests. HCC offers flexible scheduling with day, evening, and weekend courses, as well as online, hybrid, and accelerated learning formats.

HCC is governed by a board of trustees appointed by the Governor of Maryland. For fiscal year 2020, the HCC’s unrestricted budget reflects the following sources: 37 percent from tuition and fees, 29 percent from the County, 16 percent from the State, and 18 percent from auxiliary operations and other sources. HCC is a Component Unit of the County. HCC was one of six organizations to receive the 2019 Malcolm Baldrige National Quality Award, the nation’s only Presidential Award for performance excellence, recognizing U.S. organizations and businesses that have shown an increasing drive for innovative solutions to complex challenges, visionary leadership and operational excellence.

## Howard County Library System

An educational institution and allied agency alongside Howard County Public School System and Howard Community College, Howard County Library System (HCLS) delivers high-quality public education for all ages. Designated a national Five Star Library System by Library Journal, HCLS consistently earns the highest five-star ranking attained by fewer than one percent of public libraries in the U.S., and the only library system in Maryland to do so. HCLS’ curriculum comprises three pillars: (1) Self-Directed Education through a collection available in print, audio and electronic formats; specialized online research tools; DIY tools for repairing, creating, and adventuring; and more than 300 framed photos and prints as part of its Art Education Collection, (2) Research Assistance & Instruction for individuals and groups through classes taught by HCLS instructors and, (3) Instructive & Enlightening Experiences through cultural and community center concepts; partnerships such as A+ Partners in Education; and signature events including notable author appearances, Spelling Bee, Battle of the Books, and HiTech, HCLS’ STEM education initiative. A component unit of the County, HCLS is governed by a seven-member Board of Trustees. The HCLS Board forwards nominees to the County Executive, who appoints members to the Board of Trustees subject to approval by the County Council. HCLS’ Operating Budget is funded by the County (88%), HCLS/grants (8%), and the Maryland State Department of Education (4%). Capital projects are funded chiefly by the County, supplemented with grant funding from the Maryland State Library. Students of all ages, means, and backgrounds visited HCLS’ six branches nearly 2 million times in FY19 to borrow 8.5 million items and conduct research. Attendance at HCLS’ classes and events totaled 314,000 and research assistance interactions reached 1.6 million. A recognized leader in the state and nation for excellence in education for all, HCLS’ per capita borrowing stands in the top 10 nationally and continues to lead all other systems in the State.

## Public Safety

The County Department of Police (the “Police Department”), administered by the Chief of Police, is responsible for enforcing State and County laws, rules, and regulations. The Police Department employs 714 persons (which includes 479 sworn officers, 224 civilian employees, 38 school crossing guards) and has a fleet of 571 vehicles utilized by sworn and civilian employees. These vehicles include: two armored rescue vehicles, two tactical support vehicles, command post, bus, eight motorcycles, two traffic support vehicles, four electric motorcycles, three all-terrain vehicles and one electric all-terrain cart. The number of officers per 1,000 residents is approximately 1.5. Additionally, the Police Department has 15 Volunteer Auxiliary Officers, 6 Volunteer Mounted Horse Patrol and 8 Volunteer Chaplains (all non-sworn).

Howard County Department of Fire and Rescue Services (the “Fire Department”) partners highly-trained career and volunteer personnel to provide 24/7 emergency services to citizens, businesses, and visitors in and around Howard County at the direction of a Fire and EMS Chief who is appointed by the County Executive. These services include fire suppression and investigation, emergency medical services (including both basic and advanced life support), technical rescue, and hazardous materials mitigation. The Department operates from 13 stations located throughout the County, seven of which are also home to the County’s six volunteer fire corporations.

In 2019, the Fire Department responded to over 38,216 incidents, approximately 77% of which involved providing emergency medical care. The Fire Department also provides stand-by medical coverage for large concerts, sporting tournaments, and public events. In addition, a wide variety of community risk reduction programs are managed that include a localized fire code, a crowd manager program, commercial and residential fire safety inspection services, a ‘Safety House’ elementary education fire prevention program, and a highly-successful community CPR program which includes curriculum in the public school system. The Fire Department is also designated by County Code as the lead agency for the Office of Emergency Management for Howard County and has responsibility for county-wide emergency planning, preparedness, and response.

The County Department of Corrections, administered by its Director, is responsible for the operation of the Howard County Detention Center, Central Booking Facility and Community Services Program. The Detention Center holds individuals who are detained pending trial as well as those sentenced up to 18 months. The Detention Center has an operating capacity for 398 inmates. Approximately 3,000 inmates are processed annually through the Detention Center. The Central Booking Facility (CBF), opened in 2005, is the location for processing all adult arrests which occur in Howard County. At CBF all arrestees are fingerprinted, photographed, screened for warrants and officially served with charging documents before appearing before a District Court Commissioner for an initial appearance. In 2019, 2,334 individuals were processed at CBF. The Howard County Community Service Program places and supervises individuals with court-ordered community service. Staff place participants at non-profit and government agencies to perform required community service hours. Reports of completion or non-compliance are sent to the sentencing judge. The program supervises approximately 500 individuals per year. The Department is accredited by the Maryland Commission on Correctional Standards.

## **Planning and Zoning**

The Howard County Department of Planning and Zoning (DPZ) is responsible for comprehensively planning for growth, development, and conservation in the County. To accomplish this, DPZ undertakes many diverse activities: comprehensive planning; preparing growth projections; managing growth based on the adequacy of public facilities; enhancing existing communities and redeveloping older commercial-industrial areas; agricultural and historic preservation, environmental planning; development review; and the administration of zoning and subdivision regulations.

The County’s General Plan, PlanHoward 2030, adopted in 2012, focuses on sustainability in terms of our environment, economy and the quality of life in our communities. PlanHoward 2030 retains and builds on the strong growth management system that was adopted following the 1990 General Plan. DPZ will be conducting an update to the General Plan beginning in calendar year 2020, which is anticipated to be a 2-year process.

The rural western 60 percent of the County is zoned to protect agriculture and environmental resources, promote the agricultural economy, and cluster limited residential development. In the urban eastern 40 percent of the County, planning policies encourage higher intensity employment areas, mixed-use redevelopment in Downtown Columbia and the U.S. Route 1 and Route 40 corridors, and increased housing densities. Mixed-use zoning on Route 1 has stimulated nine pioneer developments with over 4,000 housing units, as well as commercial uses. To create an urban center for the County, the Downtown Columbia plan promotes redeveloping parking lots and underutilized land to add 6,244 new residences, 640 new hotel rooms, 1.25 million square feet of retail and 4.3 million square feet of office space. In addition, the County requires moderate income housing in residential zoning districts as a way to address the demand for affordable housing.

Adequate Public Facilities regulations, adopted in 1992, require proposed development to be tested for adequate schools and roads as a condition of plan approval. Milestones, incorporated into the legislation, require properties to move in an orderly and predictable manner through the development process. The County in turn adopts a six-year plan for its infrastructure, particularly schools and roads, to serve this pace of development. Based on PlanHoward 2030 and the County’s Adequate Public Facilities legislation, residential development outside Downtown Columbia is restricted to 1,850 units per year. A cap of 100 units per year limits rural subdivisions and combined with an ambitious agricultural land preservation program, serves to redirect rural growth pressure into the County’s eastern Planned Service Area for Public Water and Sewer. A significant part of Council Bill 1-2018, effective in July 2019, further limits the number of building permits which may be issued based on public school capacity. The County has several community planning and corridor revitalization initiatives underway to maintain the quality of life and property values in older residential neighborhoods, as well as promoting revitalization and redevelopment of older corridors and commercial centers.

As the transition from development occurring on vacant land to redevelopment of older built properties continues at greater levels, the County will be refining policies and developing new strategies for accommodating continuing business and housing growth in ways that sustain and enhance our quality of life, our economy and our natural and built environments. This will be a major focus on the next General Plan.

## **Inspections, Licenses and Permits**

The goal of the Howard County Department of Inspections, Licenses, & Permits (DILP) is “A Quality Product, Fast & Friendly.” A quality product ultimately means safe and healthy buildings and our aim is to achieve this in an efficient, customer-friendly manner.

DILP is responsible for the intake, processing, review and approval, issuance, and inspection of all licensing and permitting work related to the built and rental environment in the County. DILP accomplishes this through the cooperative and coordinated activities of four divisions within DILP: Operations; Licenses & Permits; Plan Review; and Inspections & Enforcement. This activity is done to assure public safety through the adoption and enforcement of the Howard County Building Code. This “code” includes the adoption of the International Building Code (IBC), the International Residential Code (IRC), the Life Safety Code (NFPA 101), the National Fire Prevention Code (NFPA 1), the National Electrical Code (NFPA 70), the Maryland Accessibility Code, and related Plumbing, Mechanical, Fuel Gas, and HVAC codes, as well as the Property Maintenance Code for Rental Housing (the International Property Maintenance Code).

By adopting up-to-date codes and standards, new buildings in the County will have better resilience and sustainability. Also, hazards are mitigated before the hazard ever occurs since structures built to modern building code standards are better equipped and constructed to withstand the effects of natural and man-made disasters. Code-compliant structures are less likely to catch fire or be prematurely affected by decay, rot or the effects of nature and general wear and tear; they are also more energy efficient and environmentally friendly. In addition, should the effects of nature come to the County: fire; flood; high-wind; etc., these structures are more likely to withstand these effects with less damage than non-code-compliant structures.

DILP is also responsible for the County Coordinating Function for Damage Assessment (CCF-3) of the Howard County Comprehensive Emergency Response and Recovery Plan (CERRP). Following a disaster (e.g. fire, flood, tornado, etc.) DILP is responsible for assessing the level, nature and extend of the damage to individual structures; known to the Federal and Maryland Emergency Management Agencies (FEMA and MEMA) as “individual assistance,” or “IA.” Additionally, DILP coordinates the damage assessments from public buildings and infrastructures, known as “public assistance,” or “PA.” This work is required to first determine the extent of an event, as well as to begin the process of hazard mitigation and planning for the recovery and rebuilding process.

## **Recreation and Parks**

The County Department of Recreation and Parks (DRP), administered by its Director, is responsible for the organization and conduct of recreational programs and the development and operation of parks and other recreational facilities in the County. County parks and programs are estimated to serve over two million visitors each year. In 2017 the County’s Land Preservation Parks and Recreation Plan was completed and adopted by the County Council and the County Executive. The plan surveys current and expected needs for park facilities and recreation programs, outlines goals and offers strategies for implementation. Land acquisition for recreation areas and natural resource preservation is a critical element of the Plan. Land is purchased using federal, state and local dollars. DRP currently manages over 9,600 acres of park land and open space, three community centers, an indoor pool, two community buildings, one nature center, one athletic complex and an 18-hole golf course, and 26 active historic sites. DRP is one of only 165 Recreation and Parks agencies accredited through the National Recreation and Parks Association’s Commission for Accreditation of Park and Recreation Agencies. Financial information regarding the golf course is shown under “Financial Information, Special Recreation Facility Enterprise Fund” herein.

## **Housing and Community Development**

The Department of Housing and Community Development (“DHCD”) strives to create strong, sustainable communities by fostering public and private partnerships to provide affordable housing resources for residents of all income levels. Through its use of the Community Renewal Program Fund, DHCD can support initiatives such as the Moderate-Income Housing Unit (MIHU) Rental and Homeownership Program, the Settlement Downpayment Loan Program (SDLP), County Rehabilitation Loan Program (RRR) and homebuyer education to provide affordable housing opportunities for low and moderate income families who live or work in Howard County. DHCD also administers funding for several federal and state programs, including Community Development Block Group (CDBG), Home Investment Partnership Program (HOME) and Community Legacy, to provide loans and grants for special needs housing programs, rental assistance, rehabilitation loans and community facilities and programs.

## **Community Resources and Services**

As the human service arm of County Government, the Department of Community Resources and Services (“DCRS”), consists of the Office of ADA Coordination, Office on Aging and Independence, Office of Children and Families, Office of Local Children’s Board, Office of Consumer Protection, Office of Community Partnerships and the Office of Veterans and Military Families. DCRS serves as the lead agency for the County’s Continuum of Care for homeless services; manages the Community Service Partnership program, which provides county funding to non-profit human service agencies; and administers federal, state and private source grants that support services to individuals and families in the community, including older adults, youth and homeless persons. DCRS also serves as the lead agency for mass care and shelter, and manages donations in the events of disaster. In collaboration with local private and public agencies, DCRS plays an integral role in strengthening the effectiveness and efficiency of the County’s overall human service delivery system. Staff support is provided to the Board to Promote Self-Sufficiency, Commission on Aging and Independence, Commission on Disability Issues, Commission for Women, Consumer Affairs Advisory Board, Local Children’s Board, Transition Council, Human Trafficking Coordinating Council and the Veterans Commission.

## **Public Works**

The County Department of Public Works (“DPW”), administered by its Director through five bureaus, is responsible for the programming, design, construction, operation and maintenance of public works facilities in accordance with the County’s General Plan. DPW also provides for the administration, enforcement and inspection of site development construction activities.

The Bureau of Engineering is responsible for the design, inspection and construction of public works projects. The Bureau of Engineering also prepares engineering water and sewer plans and develops and implements the water and sewer program in the County capital budget. The Bureau of Engineering also acts as the County’s agent in all functions related to the construction of roads, bridges, water, sewer, storm drainage, traffic control and underground private utilities in the public right of way. The Bureau of Engineering has been designated the responsibility of ensuring that Public Works’ projects are constructed according to standards established by the County. These projects include both developer and capital type facilities such as storm drains, water systems, sewer facilities, roadways and public parks. The Bureau of Engineering manages all Underground Utility Permits and is the enforcement authority under the Grading Permits for erosion and sediment control.

The Bureau of Facilities is responsible for maintaining the daily operations of all County-owned facilities which fall under the direction of the Director of Public Works. This responsibility includes building service and maintenance, technical expertise in the development of new facilities, control of energy use and costs, control of building service contracts, i.e. custodial services and corresponding costs to the County, and providing security guards and systems where necessary.

The Bureau of Highways is responsible for maintenance and repair of all County-owned roadways, bridges, drainage facilities, and other public roadway infrastructure. The Bureau of Highways’ responsibilities also include tree care, snow removal, traffic signals operation and street signs.

The Bureau of Utilities is responsible for the operation, maintenance and construction of the County’s water and sewer system within the Metropolitan District and Shared Sewerage Disposal Facilities. The Bureau of Utilities is operated as a public utility and is financially a self-supporting operation. Financial information regarding the system is shown under “Financial Information, Water and Sewer Enterprise Fund” herein.

The Bureau of Environmental Services is responsible for an integrated solid waste management system and watershed management efforts in accordance with local, state, and federal laws. The integrated solid waste management system includes curbside trash and recycling collection; the County’s Alpha Ridge Solid Waste Management Center including the landfill, transfer station, residential drop-off center, and recycling center; and the contracts associated with the collections, processing, and disposal of the solid waste and recyclables. The watershed management program includes inspection and oversight of maintenance of existing stormwater management facilities, floodplain studies, an illicit discharge elimination program, stream restorations, and retrofitting stormwater management facilities. All programs include education and outreach. Financial information regarding the system is shown under “Financial Information, Special Recreation Facility Enterprise Fund” herein.

## Water and Sewer System

The Metropolitan District is located in the eastern part of the County and encompasses over one third of the County’s area. It functions as a single sanitary district for both water and sewer purposes. The County provides water and sewer services to 98.9 percent of the County residents located in areas of heavy residential and commercial population within the Metropolitan District. Little public water or sewer service is provided to County residents residing outside the Metropolitan District.

The County neither owns nor operates any water supply treatment facilities. Instead, it has entered into agreements with the City of Baltimore and the Washington Suburban Sanitary Commission for the purchase of water. The County purchases 85 percent of its potable water from Baltimore City and 10 percent from the Washington Suburban Sanitary Commission. Commitments from the County’s water suppliers total over 41.5 million gallons per day (mgd) average daily flow and 55.5 mgd maximum daily flow. Improvements to the distribution system and storage facilities are under construction or included in the capital program in order to increase the service area within the Metropolitan District. The County signed a 40-year agreement with the City of Baltimore in 2017 guaranteeing water supply to the County. While the County’s water system is being expanded to meet future demands, the County Department of Public Works closely monitors its water capacity.

The County is located in and served by two major watersheds: the Patapsco River watershed and the Patuxent River watershed. The sewer system is designed so that sewage from the northeastern part of the Metropolitan District flows into the Patapsco River watershed through four connections that lead to the Patapsco Treatment Plant in Baltimore City. Sewage from the southwestern part of the Metropolitan District flows into the Patuxent River watershed to the Little Patuxent Water Reclamation Plant (the “Plant”). The Plant is located east of the community of Savage in the County, and provides tertiary treatment. A \$100+ million expansion/upgrade to the Plant was completed in 2012 to meet the State’s requirements for Enhanced Nutrient Removal (ENR). The Plant is currently undergoing another \$100+ million upgrade to its Biosolids Management Facilities with an estimated construction completion by June 2020. The following table summarizes the overall sewage treatment capacity for the County:

*County Sewage Treatment Capacity*

| <b>Watershed</b> | <b>Current Flow (mgd)</b> | <b>Current Treatment Capacity (mgd)</b> | <b>Projected Treatment Capacity (mgd)</b> |
|------------------|---------------------------|---|---|
| Patuxent         | 21.0                      | 29.0                                    | 29.0                                      |
| Patapsco         | 8.8                       | 11.6                                    | 12.4                                      |

The County’s rate of development requires effective management of the allocation of water and sewer capacity. The County policy allocates service on a “first-come, first-served” basis. This policy commits capacity only to parcels ready to be developed, allowing more orderly development with known allocation priorities and recovery of costs in a more orderly and timely manner. All County sewage treatment facilities meet current State Department of the Environment standards, and State approval is being obtained for the sewage treatment facility expansion.

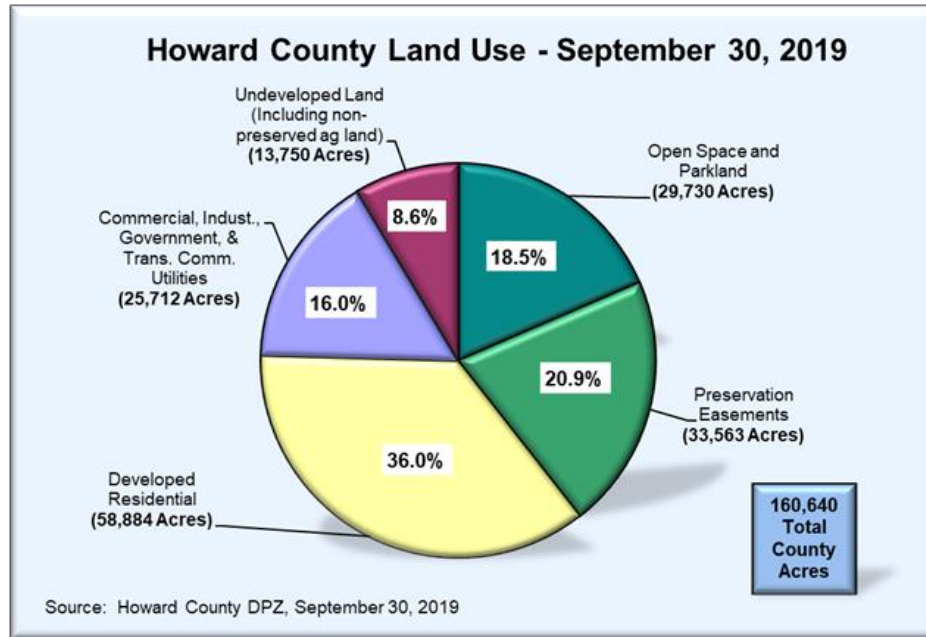
## **Technology and Communication Services**

The vision of the Department of Technology and Communication Services (“DTCS”) is to connect County residents and the County workforce on a secure and stable environment. DTCS has implemented a robust security program allowing for remote work and enhanced capabilities for County government. DTCS provides security of our data using NIST guidelines and HIPAA, CJIS, FERPA and PCI compliance. DTCS is responsible for maintaining and updating all technology services within the county, including: maintaining of the network, patching of all servers and endpoints. DTCS maintains and supports multiple applications within the County and has a cloud presence as well. DTCS maintains a remote DR site which allows for quick delivery and backup for critical applications if needed. In addition, DTCS also supports the County’s phone system, maps, and cable administration for the public.

# Demography and Economy

## Size and Land Use

The County is 251 square miles in area, making it the second smallest in the State. The chart below presents the composition of land use in the County as of September 30, 2019.



## Population

The County experienced rapid population growth beginning in the late 1960s with the development of the master-planned community of Columbia. The rate of growth has slowed over the last decade with the maturation of Columbia. The County's population density has increased from 247 persons per square mile in 1970 to 1,300 persons per square mile in 2019. The following table presents data on the population of the County and the State in the years 1970, 1980, 1990, 2000, 2010, and 2019.

| Population |               |                                |                   |                      |
|------------|---------------|--------------------------------|-------------------|----------------------|
|            | Howard County | County Density Per Square Mile | State of Maryland | County as % of State |
| 2019       | 326,286       | 1,300                          | 6,042,718         | 5.4                  |
| 2010       | 287,085       | 1,144                          | 5,773,552         | 5.0                  |
| 2000       | 247,842       | 987                            | 5,296,486         | 4.7                  |
| 1990       | 187,328       | 746                            | 4,781,468         | 3.9                  |
| 1980       | 118,570       | 472                            | 4,216,446         | 2.8                  |
| 1970       | 61,910        | 247                            | 3,923,897         | 1.6                  |

Source: Maryland State Data Center, Department of Planning

A large part of the County's recent growth has been the result of domestic and international migration. The following table presents population growth by component of change for selected larger counties and the State from 2010 to 2018. Compared to the counties listed and the State, the County has had the greatest percentage increase in population.

#### Net Migration

| Place of Residence     | 2010 to 2018     |                    |                         |         | Total Population |           |                |
|------------------------|------------------|--------------------|-------------------------|---------|------------------|-----------|----------------|
|                        | Natural Increase | Domestic Migration | International Migration | Total   | 2010             | 2018      | Percent Change |
| Howard County          | 15,558           | 9,298              | 11,255                  | 36,111  | 287,085          | 323,196   | 12.6%          |
| Anne Arundel County    | 22,771           | 7,814              | 7,790                   | 38,375  | 537,656          | 576,031   | 7.1%           |
| Baltimore County       | 14,316           | (14,312)           | 23,398                  | 23,402  | 805,029          | 828,431   | 2.9%           |
| Montgomery County      | 59,163           | (49,603)           | 71,230                  | 80,790  | 971,777          | 1,052,567 | 8.3%           |
| Prince George's County | 52,618           | (50,740)           | 44,010                  | 45,888  | 863,420          | 909,308   | 5.3%           |
| State of Maryland      | 213,403          | (136,582)          | 192,345                 | 269,166 | 5,773,552        | 6,042,718 | 4.7%           |

Source: U.S. Department of Commerce, Bureau of Census, Population Division

The following table presents data on the age and sex composition of the County's population for the years 2010 and 2018.

#### Age and Sex Distribution

| 2010      |         |        |         |        | 2018      |         |        |         |        |
|-----------|---------|--------|---------|--------|-----------|---------|--------|---------|--------|
| Age Group | Male    | %      | Female  | %      | Age Group | Male    | %      | Female  | %      |
| Under 5   | 8,892   | 6.5%   | 8,554   | 6.0%   | Under 5   | 9,720   | 6.3%   | 9,179   | 5.7%   |
| 5-19      | 32,284  | 23.6%  | 30,225  | 21.2%  | 5-19      | 33,788  | 21.9%  | 31,886  | 19.8%  |
| 19-44     | 44,869  | 32.8%  | 47,761  | 33.5%  | 19-44     | 49,525  | 32.1%  | 51,694  | 32.1%  |
| 45-64     | 39,123  | 28.6%  | 41,060  | 28.8%  | 45-64     | 43,046  | 27.9%  | 45,736  | 28.4%  |
| Over 65   | 11,628  | 8.5%   | 14,970  | 10.5%  | Over 65   | 18,206  | 11.8%  | 22,546  | 14.0%  |
| Total*    | 136,795 | 100.0% | 142,571 | 100.0% | Total*    | 154,285 | 100.0% | 161,042 | 100.0% |

\*May not total 100 due to rounding

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2014 - 2018

## Education

The County's residents are among the best educated in the region. The following table presents the percentage of residents who are high school graduates or higher and college graduates or higher.

#### Level of Educational Attainment

| County                           | % High School Graduate or Higher | % College Graduate or Higher |
|----------------------------------|----------------------------------|------------------------------|
| Howard County, Maryland          | 96.2                             | 61.2                         |
| Anne Arundel County, Maryland    | 93.4                             | 43.3                         |
| Baltimore County, Maryland       | 93.0                             | 40.6                         |
| Montgomery County, Maryland      | 92.1                             | 58.0                         |
| Prince George's County, Maryland | 86.8                             | 34.4                         |
| State of Maryland                | 91.3                             | 42.1                         |
| United States                    | 90.3                             | 35.1                         |

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2014 - 2018



The County consistently spends more per pupil on its students than school systems in most other parts of the State. The following table presents the budgeted expenses per pupil in the public schools in selected counties and the State for the indicated school years.

| <b>Budgeted Expenses Per Pupil</b> |                      |                            |                         |                          |                               |                          |
|------------------------------------|----------------------|----------------------------|-------------------------|--------------------------|-------------------------------|--------------------------|
| <b>School Year</b>                 | <b>Howard County</b> | <b>Anne Arundel County</b> | <b>Baltimore County</b> | <b>Montgomery County</b> | <b>Prince George's County</b> | <b>State of Maryland</b> |
| 2017-2018                          | \$14,474             | \$12,892                   | \$13,116                | \$14,867                 | \$14,014                      | \$13,541                 |
| 2016-2017                          | 14,178               | 12,448                     | 13,037                  | 14,581                   | 13,920                        | 13,503                   |
| 2015-2016                          | 14,316               | 12,210                     | 12,535                  | 14,017                   | 13,614                        | 13,126                   |
| 2014-2015                          | 14,345               | 12,198                     | 12,405                  | 13,994                   | 13,350                        | 13,036                   |
| 2013-2014                          | 14,025               | 12,178                     | 12,323                  | 14,012                   | 12,880                        | 12,893                   |

Source: Maryland Department of Education, Fact Book

## Income

The County's median household income is the highest in Maryland and third highest of all counties in the nation. The following table presents the median household income for selected counties in the State in 2018.

| <b>Median Household Income</b> |           |
|--------------------------------|-----------|
| Howard County                  | \$117,730 |
| Anne Arundel County            | 97,810    |
| Baltimore County               | 74,127    |
| Montgomery County              | 106,287   |
| Prince George's County         | 81,969    |

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2014 - 2018

The following table presents the top 15 affluent counties in the nation by their national ranking for median household income.

| <b>National Rankings by Median Household Income</b> |                                |                                |
|---|--------------------------------|--------------------------------|
| <b>Rank</b>   | <b>County, State</b>           | <b>Median Household Income</b> |
| 1   | Loudoun County, Virginia       | \$136,268                      |
| 2   | Fairfax County, Virginia       | 121,133                        |
| 3   | Howard County, Maryland        | 117,730                        |
| 4   | Arlington County, Virginia     | 117,374                        |
| 5   | Santa Clara County, California | 116,178                        |
| 6   | Douglas County, Colorado       | 115,314                        |
| 7   | Los Alamos County, New Mexico  | 115,248                        |
| 8   | San Mateo County, California   | 113,776                        |
| 9   | Hunterdon County, New Jersey   | 112,535                        |
| 10  | Somerset County, New Jersey    | 111,772                        |
| 11  | Morris County, New Jersey      | 111,316                        |
| 12  | Nassau County, New York        | 111,240                        |
| 13  | Marin County, California       | 110,217                        |
| 14  | Williamson County, Tennessee   | 109,026                        |
| 15  | Stafford County, Virginia      | 106,773                        |

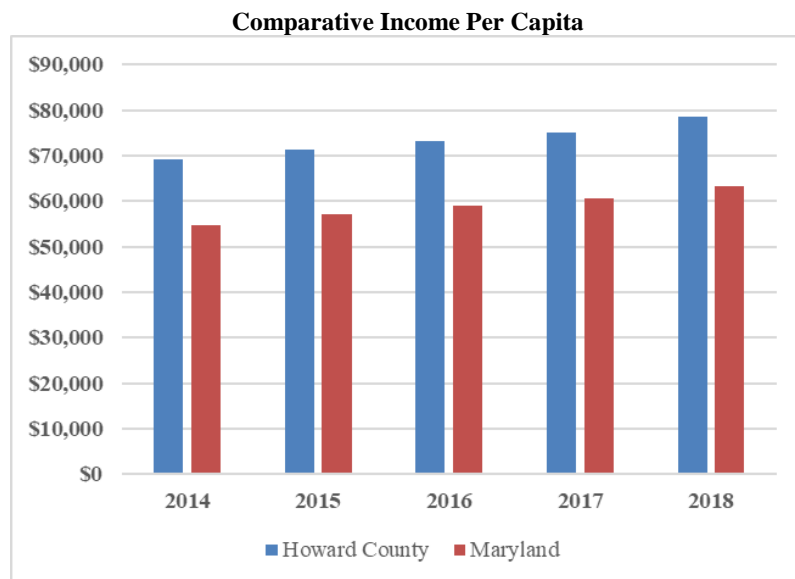
Source: U.S. Census Bureau, 2018 American Community Survey 2014 - 2018

A comparison of County and Maryland personal income for the past five years available is presented in the following table.

| <b>Personal Income</b> |                                    |                           |                                    |                           |                          |
|------------------------|------------------------------------|---------------------------|------------------------------------|---------------------------|--------------------------|
|                        | <b>Howard County</b>               | <b>Change</b>             | <b>Maryland</b>                    | <b>Change</b>             | <b>Howard</b>            |
| <b>Year</b>            | <b>Personal Income (\$000,000)</b> | <b>from Previous Year</b> | <b>Personal Income (\$000,000)</b> | <b>from Previous Year</b> | <b>County Proportion</b> |
| 2018                   | 24,652                             | 4.7%                      | 373,702                            | 3.9%                      | 6.6%                     |
| 2017                   | 23,543                             | 3.8%                      | 359,513                            | 3.2%                      | 6.5%                     |
| 2016                   | 22,684                             | 4.4%                      | 348,262                            | 4.3%                      | 6.5%                     |
| 2015                   | 21,730                             | 4.3%                      | 333,955                            | 4.7%                      | 6.5%                     |
| 2014                   | 20,829                             | 0.9%                      | 319,082                            | 1.7%                      | 6.5%                     |

Source: The Jacob France Institute, University of Baltimore.

The chart below presents the per capita income for the County and the State from 2014 through 2018.



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Poverty is less of a problem in the County than in other counties in the Baltimore-Washington metropolitan region. The following table presents the percentage of the population living below the poverty level for selected jurisdictions in 2018.

| <b>Population Below Poverty Level</b> |                                       |
|---------------------------------------|---------------------------------------|
| <b>County</b>                         | <b>Percentage Below Poverty Level</b> |
| Howard County                         | 5.4%                                  |
| Anne Arundel County                   | 6.0%                                  |
| Baltimore County                      | 9.2%                                  |
| Montgomery County                     | 6.9%                                  |
| Prince George's County                | 8.9%                                  |
| State of Maryland                     | 9.4%                                  |
| United States                         | 14.1%                                 |

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2014 - 2018

## Housing

The County's housing stock predominately consists of owner-occupied single-family houses. The following table presents the distribution of housing in the County by type of structure as of 2018.

| Distribution of Housing by Type |         |         |
|---------------------------------|---------|---------|
| Type of Structure               | Number  | Percent |
| Single-Family                   | 87,051  | 72.6%   |
| Multi-Family                    | 33,771  | 28.0%   |
| Total                           | 120,822 | 100.6%  |

Source: U.S. Census Bureau, 2018 American Community Survey 1-Year Estimates

The following table presents the average and median sales price of housing in selected counties and the State as of December 2019. The average number of days on the market was 34, lower than the State average of 37.

| Sales Price of Housing |               |              |
|------------------------|---------------|--------------|
| County                 | Average Price | Median Price |
| Howard County          | \$415,000     | \$422,500    |
| Anne Arundel County    | 355,000       | 370,000      |
| Baltimore County       | 250,000       | 243,000      |
| Montgomery County      | 450,016       | 449,747      |
| Prince George's County | 310,000       | 314,950      |
| Maryland               | 365,000       | 368,000      |

Source: Bright MLS, 2019.

The following table presents the distribution of housing by year of construction in selected counties in the State through 2018.

| County                 | Age of Housing       |              |              |              |               |
|------------------------|----------------------|--------------|--------------|--------------|---------------|
|                        | Year Structure Built |              |              |              |               |
|                        | 1939 or earlier      | 1940 to 1979 | 1980 to 1989 | 1990 to 1999 | 2000 or later |
| Howard County          | 2.0                  | 30.1         | 24.2         | 21.5         | 22.2          |
| Anne Arundel County    | 4.7                  | 43.1         | 16.4         | 17.2         | 18.6          |
| Baltimore County       | 8.4                  | 52.6         | 14.5         | 13.8         | 10.7          |
| Montgomery County      | 4.8                  | 47.3         | 20.5         | 12.4         | 15.0          |
| Prince George's County | 4.5                  | 53.1         | 13.7         | 14.6         | 14.1          |

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2014-2018

The following table presents data regarding the size of housing in selected counties in the State in 2018.

| County                 | Size of Housing            |                     | Median Number of Rooms |
|------------------------|----------------------------|---------------------|------------------------|
|                        | Percentage of Housing with |                     |                        |
|                        | Four to Seven Rooms        | Eight or More Rooms |                        |
| Howard County          | 47.7%                      | 43.4%               | 6.9                    |
| Anne Arundel County    | 57.0%                      | 36.1%               | 6.6                    |
| Baltimore County       | 62.2%                      | 28.5%               | 6.1                    |
| Montgomery County      | 48.7%                      | 37.2%               | 6.4                    |
| Prince George's County | 55.9%                      | 32.1%               | 6.1                    |

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2014 - 2018

The following table presents new construction and renovation activity throughout the County from 2015 through 2019, as illustrated by the number of building permits issued and their estimated cost.

| <b>Building Permits</b> |                       |  |                       |  |                       |  |
|-------------------------|-----------------------|--|-----------------------|--|-----------------------|--|
| <b>Calendar Year</b>    | <b>Commercial</b>     |  | <b>Residential</b>    |  | <b>Non-Taxable</b>    |  |
|                         | <b>Permits Issued</b> | <b>Estimated Construction Cost (\$000)</b> | <b>Permits Issued</b> | <b>Estimated Construction Cost (\$000)</b> | <b>Permits Issued</b> | <b>Estimated Construction Cost (\$000)</b> |
|                         |                       |  |                       |  |                       |  |
| 2019                    | 606                   | \$818,182                                  | 2,994                 | \$239,780                                  | 15                    | \$137,008                                  |
| 2018                    | 663                   | 578,170                                    | 2,948                 | 454,853                                    | 14                    | 9,909                                      |
| 2017                    | 767                   | 375,282                                    | 3,054                 | 294,172                                    | 39                    | 66,882                                     |
| 2016                    | 748                   | 240,854                                    | 3,820                 | 523,634                                    | 16                    | 66,562                                     |
| 2015                    | 1,394                 | 294,549                                    | 5,943                 | 384,212                                    | 50                    | 44,466                                     |

Source: Howard County Department of Inspections, Licenses and Permits

## Economy

### Jobs in the County

In the past four decades the County has changed from a farming community into a community of urban, suburban and rural components. This is due, in part, to the County's close proximity to the cities of Washington, D.C. and Baltimore, as well as to the County's active promotion of economic development. The following table presents full- and part-time jobs located in the County and the State, regardless of the worker's place of residence. The first segment of the Services category, Trade, Transportation, and Utilities, includes utilities, wholesale and retail, couriers and transit. The fourth, Professional and Business, includes professional and technical services, management and administrative services and waste management and remediation services.

| <b>Jobs in County and State</b> |                      |                |                          |                  |
|---------------------------------|----------------------|----------------|--------------------------|------------------|
| <b>Employment Categories</b>    | <b>Howard County</b> |                | <b>State of Maryland</b> |                  |
|                                 | <b>2019</b>          | <b>2015</b>    | <b>2019</b>              | <b>2015</b>      |
| Construction                    | 11,488               | 10,300         | 166,003                  | 153,542          |
| Manufacturing                   | 8,693                | 7,586          | 111,870                  | 103,920          |
| Natural Resources and Mining    | 349                  | 326            | 7,681                    | 6,773            |
| Services                        |                      |                |                          |                  |
| Trade, Transp. and Utils.       | 33,743               | 34,019         | 458,786                  | 455,269          |
| Information                     | 3,583                | 3,359          | 35,118                   | 38,686           |
| Financial Activities            | 9,633                | 9,490          | 135,306                  | 138,969          |
| Professional and Business       | 48,063               | 43,776         | 464,829                  | 430,824          |
| Education and Health            | 20,273               | 18,633         | 449,547                  | 417,905          |
| Leisure and Hospitality         | 17,357               | 15,501         | 291,931                  | 275,594          |
| Other                           | 4,539                | 4,572          | 95,501                   | 91,594           |
| Government                      | 17,404               | 17,532         | 500,101                  | 496,785          |
| Other                           | -                    | -              | 17                       | -                |
| Total                           | <u>175,125</u>       | <u>165,094</u> | <u>2,716,690</u>         | <u>2,609,861</u> |

Source: Maryland Department of Labor, Licensing and Regulation

## Workers Living in the County

The following table presents employment statistics, by employee's place of residence, for the County and the State in December of the last five years.

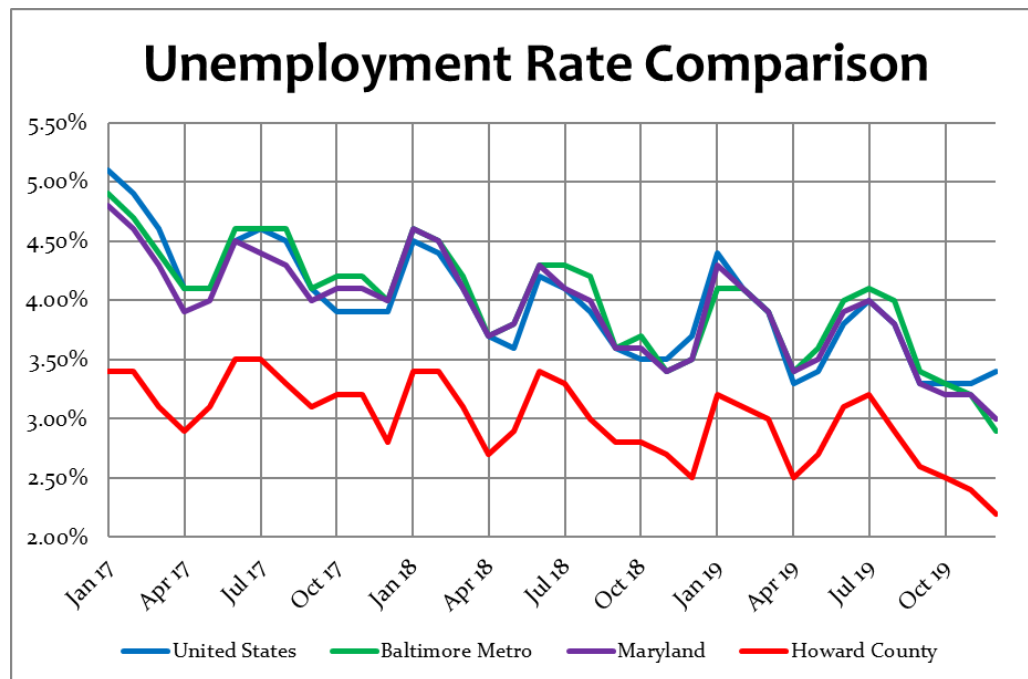
**Employment by Residence**

| Year | Howard County |             | State of Maryland |             |
|------|---------------|-------------|-------------------|-------------|
|      | Employment    | Labor Force | Employment        | Labor Force |
| 2019 | 186,843       | 191,006     | 3,174,515         | 3,288,322   |
| 2018 | 179,320       | 183,963     | 3,075,662         | 3,194,248   |
| 2017 | 176,715       | 181,689     | 3,091,074         | 3,221,685   |
| 2016 | 173,944       | 178,854     | 3,049,523         | 3,182,680   |
| 2015 | 169,332       | 175,095     | 3,019,686         | 3,165,323   |

Source: Maryland Department of Labor, Licensing and Regulation

## Unemployment

The chart below compares the unemployment rates in the County of the last three years with the rates in the Baltimore metropolitan region, Maryland and the United States.



Source: Bureau of Labor Statistics (BLS)

## Local Firms and Employers

Listed below are the County's ten largest private employers in 2019.

**Ten Largest Private employers**

| Employer                                 | Products or Activities                     | Employment |
|--|--|------------|
| Johns Hopkins Applied Physics Laboratory | Research & Development Systems Engineering | 6,400      |
| Howard County General Hospital           | Medical Services                           | 1,765      |
| Verizon                                  | Telecommunications                         | 1,700      |
| Howard County Community College          | Higher Education                           | 1,410      |
| Lorien Health Systems                    | Nursing Care                               | 1,190      |
| The Columbia Association                 | Nonprofit Civic Organization               | 1,180      |
| Coastal Sunbelt Produce                  | Produce Processing                         | 1,050      |
| Nestle Dreyer's Ice Cream                | Frozen Desserts                            | 890        |
| Wells Fargo                              | Financial Services                         | 805        |
| Sysco Food Services                      | Food Products Distribution                 | 800        |

Source: Maryland Department of Commerce, 2019.

Listed below are representative examples of other major private employers located in the County and the employment size in 2019. This list is presented for the purposes of demonstrating the diversity of employment opportunities in the County and is not intended to be a ranking of employers or an exhaustive list of all major private employers in the County.

**Other Major Private Employers**

| Employer                      | Products or Activities    | Employment |
|-------------------------------|---------------------------|------------|
| Enterprise Community Partners | Community Development     | 505        |
| Humanim                       | Services for the Disabled | 460        |
| Leidos                        | Engineering Services      | 450        |
| Maxim Healthcare Services     | Medical Staffing/Wellness | 675        |
| Oracle                        | HQ/Software Development   | 650        |
| Tenable Network Security      | Cybersecurity             | 415        |
| W.R. Grace & Co.              | Chemical R&D              | 500        |

Source: Maryland Department of Commerce, 2019

## Economic Development

The County is a major commercial center for the Washington-Baltimore region, with over 1,900 properties offering 76.5 million square feet of space to over 9,225 businesses. Several of the largest office and business parks in the Washington-Baltimore region are located in the County, including Columbia Gateway with 756 acres, Gateway Commerce Center with 164 acres, Maryland Wholesale Food Center with 400 acres and Rivers Corporate Park with 350 acres. The County is also home to Emerson Corporate Commons with 570 acres and Maple Lawn with 506 acres, both mixed-use developments with over 3 million square feet of office space. Downtown Columbia is experiencing substantial reinvestment by the County and Howard Hughes Corporation adding 4.3 million square feet of office space.

The following table presents statistics for the industrial and commercial space available in the metropolitan area of the County through the fourth quarter of 2019.

| <b>Industrial and Commercial Space</b> |                                    |   |   |                         |  |
|--|------------------------------------|---|---|-------------------------|--|
| <b>Type of Space</b>                   | <b>Number<br/>of<br/>Buildings</b> | <b>Total<br/>Square<br/>Footage (000)</b> | <b>Total Available<br/>Square<br/>Footage (000)</b> | <b>Vacancy<br/>Rate</b> | <b>2019 Sq. Ft.<br/>Absorption<br/>(000)</b> |
| Flexible                               | 224                                | 11,721                                    | 524   | 4.5%                    | 305  |
| Industrial                             | 416                                | 33,648                                    | 1,729   | 5.1%                    | 1,872  |
| Office                                 | 550                                | 19,654                                    | 1,744   | 8.9%                    | 121  |
| Retail                                 | 770                                | 12,536                                    | 350   | 2.8%                    | 643  |
| <b>Total</b>                           | <b>1,960</b>                       | <b>77,559</b>                             | <b>4,347</b>  | <b>5.6%</b>             | <b>2,941</b>                                 |

Source: CoStar Realty Inc.

## Retail Sales

The fourth-largest shopping center in the region, the Mall in Columbia, is located in the County. At 1.4 million square feet, the Mall in Columbia features 215 stores, as well as both fast-casual and sit-down dining options. The property also includes four major department stores and a 14-screen movie theater. Ten village centers throughout Columbia feature over 1.0 million square feet of retail space. Other shopping centers in the County in excess of 100,000 square feet are Columbia Crossing, Long Gate Shopping Center, Chatham Station Shopping Center, Dobbin Center, Normandy Shopping Center, Savage Mill, Enchanted Forest Shopping Center, Snowden Square, Gateway Overlook I and Gateway Overlook II. These centers offer over 4 million additional square feet of leasable space. Downtown Columbia reinvestment is bringing an additional 1.2 million square feet of experiential retail to the area.

## Columbia

Howard Research and Development Corporation (“HRD”) began the development of Columbia with initial land purchases in 1962. Today, Columbia is an unincorporated city built on 14,000 acres in the east-central portion of the County. Columbia has 103,663 residents, 5,500 businesses and 84,000 local jobs located in over 23 million square feet of commercial office, industrial and research and development buildings. Ten village centers, each providing a variety of day-to-day shopping needs and community and professional facilities and services, are now in operation. In addition, the Mall in Columbia, Columbia Crossing, Dobbin Center and Snowden Square provide 3.5 million square feet of retail stores, shops and restaurants. The redevelopment of the Wilde Lake Village Center is complete. Planning for the Long Reach Village Center and a \$70 million redevelopment of the Hickory Ridge Village Center is in progress. HRD is continuing a \$2.2 billion 20 year re-development of downtown Columbia surrounding the Mall in Columbia that will include up to 6,200 residential units, 1.25 million square feet of retail space, 4.3 million square feet of office space and a hotel.

If Columbia were to become a municipality, the Maryland Constitution provides that the County’s assessable base would not be affected. Services provided by the Columbia Association for Columbia residents, which include primarily provision of recreational facilities and maintenance of open space areas, are separate and distinct from the services provided by the County and are paid for through separate assessments made annually by the Columbia Association against residential and commercial property located in Columbia and facility user fees.

As of December 31, 2019, the Columbia Association had long-term debt of \$21.0 million in aggregate principal amount. As additional facilities are constructed, the amount of debt of the Columbia Association may increase. The interest on the Columbia Association’s debt is not tax-exempt. Payments on such property assessments are not deductible for federal income tax purposes, and liens for such property assessments are subordinate to liens for State and County real property taxes.

# Legal and Miscellaneous

## Approval of Legal Proceedings

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of McKennon Shelton & Henn LLP, Bond Counsel. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of opinions substantially in the forms included in Appendix B of this Official Statement. In addition, certain other legal matters will be passed upon for the Underwriters by its counsel, McGuireWoods LLP.

## Tax Matters

The following is only a general summary of certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”), as enacted and in effect on the date hereof and does not purport to be complete; holders of the Bonds should consult their own tax advisors as to the effects, if any, of the Code (and any proposed or subsequently enacted amendments to the Code) in their particular circumstances.

### Maryland Income Taxation

In the opinion of Bond Counsel, (i) under existing statutes, regulations and decisions, the Tax-Exempt Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange shall be exempt from taxation of any kind by the State, any of its political subdivisions, or any other public entity; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Tax-Exempt Bonds or the interest thereon; and (ii) under existing law, interest on the Taxable Bonds and profit realized from their sale or exchange will be exempt from State income taxation; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Taxable Bonds or the interest thereon. Under existing law, interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Purchasers of the Bonds should consult their own tax advisors with respect to the taxable status of the Bonds in jurisdictions other than the State.

### Tax-Exempt Bonds

#### *Federal Income Taxation*

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein and under existing statutes, regulations, and decisions, interest on the Tax-Exempt Bonds will be excludable from gross income for federal income tax purposes.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Tax-Exempt Bonds, including restrictions that must be complied with throughout the term of the Tax-Exempt Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Tax-Exempt Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Tax-Exempt Bonds; and (iii) other requirements applicable to the use of the proceeds of the Tax-Exempt Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Tax-Exempt Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Tax-Exempt Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is not included in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. In addition, interest income on the Tax-Exempt Bonds will be includable in the



applicable tax base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

In rendering its opinion, Bond Counsel will rely, without independent investigation on the representations of certain officials of the County made on behalf of the County in its Tax and Section 148 Certificate with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Tax-Exempt Bonds.

### ***Additional Federal Tax Considerations***

There are other federal income tax consequences of ownership of obligations such as the Tax-Exempt Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 25% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Tax-Exempt Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; (v) net gain realized upon the sale or other disposition of the Tax-Exempt Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income imposed on certain high income individuals and specific trusts or estates; and (vi) receipt of certain investment income, including interest on the Tax-Exempt Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code.

### ***Tax Accounting Treatment of Tax-Exempt Discount Bonds***

Certain maturities of the Tax-Exempt Bonds may be issued at an initial public offering price which is less than the amount payable on such Tax-Exempt Bonds at maturity (the "Tax-Exempt Discount Bonds"). The difference between the initial offering price at which a substantial amount of the Tax-Exempt Discount Bonds of each maturity was sold, and the principal amount of such Tax-Exempt Discount Bonds payable at maturity constitutes original issue discount. In the case of any holder of Tax-Exempt Discount Bonds, the amount of such original issue discount that is treated as having accrued with respect to such Tax-Exempt Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity).

For federal income tax purposes (a) any holder of a Tax-Exempt Discount Bond will recognize gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (i) the amount received upon such disposition and (ii) the sum of (1) the holder's original cost basis in such Tax-Exempt Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Tax-Exempt Discount Bond, and (b) the amount of the basis adjustment described in clause (a)(ii)(2) will not be included in the gross income of the holder.

Original issue discount on Tax-Exempt Discount Bonds will be attributed to permissible compounding periods during the life of any Tax-Exempt Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Tax-Exempt Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Tax-Exempt Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount that is treated as having accrued in respect of a Tax-Exempt Discount Bond for any particular compounding period is equal to the excess of (a) the product of (i) the yield for such Tax-Exempt Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (ii) the amount that would be the tax basis of such Tax-Exempt Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (b) the amount actually payable as interest on such Tax-Exempt Discount Bond during such period. For purposes of the preceding sentence the tax basis of a Tax-Exempt Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Tax-Exempt Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Tax-Exempt Discount Bond is sold or otherwise disposed of between compounding dates, then interest

which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Tax-Exempt Discount Bonds should note that, under the tax regulations, the yield and maturity of a Tax-Exempt Discount Bond is determined without regard to commercially reasonable sinking fund payments, and any original issue discount remaining unaccrued at the time that a Tax-Exempt Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain.

Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable on the occurrence of certain contingencies. The prices or yields furnished by the successful bidder for the Tax-Exempt Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purpose of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Tax-Exempt Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Tax-Exempt Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Tax-Exempt Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Tax-Exempt Discount Bonds under the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Tax-Exempt Discount Bonds should consult their tax advisors.

### ***Purchase, Sale and Retirement of Tax-Exempt Bonds***

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Tax-Exempt Bond will be its cost.

Upon the disposition of a Tax-Exempt Bond (including sale, early redemption, purchase or payment at maturity), for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Tax-Exempt Bond, determined by adding to the original cost basis in such Tax-Exempt Bond the amount of original issue discount that is treated as having accrued as described above under "*Tax Accounting Treatment of Tax-Exempt Discount Bonds*." Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Tax-Exempt Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

### ***Market Discount***

If a holder acquires a Tax-Exempt Bond after its original issuance at a discount below its principal amount (or in the case of a Tax-Exempt Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such Tax-Exempt Bond was first issued), the holder will be deemed to have acquired the Tax-Exempt Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Tax-Exempt Bond with market discount subsequently realizes a gain upon the disposition of the Tax-Exempt Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Tax-Exempt Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Tax-Exempt Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Tax-Exempt Bond's stated redemption price at maturity over the holder's cost of acquiring the Tax-Exempt Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Tax-Exempt Bond and its maturity date. In the case of a Tax-Exempt Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Tax-Exempt Bond's revised issue price over the holder's cost of acquiring the Tax-Exempt Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Tax-Exempt Bond and its stated maturity date. For

this purpose, a “revised issue price” is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Tax-Exempt Bond during the period between its original issue date and the date of acquisition by the holder.

### ***Amortizable Bond Premium***

A Tax-Exempt Bond will be considered to have been acquired at a premium if, and to the extent that, immediately after the acquisition of such Tax-Exempt Bond, the holder's tax basis in the Tax-Exempt Bond exceeds the amount payable at maturity (or, in the case of a Tax-Exempt Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Tax-Exempt Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Tax-Exempt Bonds. The holder will be required to reduce his tax basis in the Tax-Exempt Bond for purposes of determining gain or loss upon disposition of the Tax-Exempt Bond by the amount of amortizable bond premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Tax-Exempt Bonds.

### ***U.S. Federal Backup Withholding and Information Reporting***

In general, information reporting requirements apply with respect to payments to certain non-corporate United States holders of interest and original issue discount on, and payments to such holder of the proceeds of the sale, exchange, redemption, retirement or other disposition of a Tax-Exempt Bond. If a United States holder of a Tax-Exempt Bond (other than a corporation or other specified exempt entity) fails to satisfy applicable information reporting requirements imposed by the Code, payments to such holder will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax equal to 24% of the payments. In general, the information reporting requirements (where applicable) are satisfied if the holder completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification.” Backup withholding should not occur if a holder purchases a Tax-Exempt Bond through a brokerage account with respect to which a Form W-9 has been provided, as generally can be expected. Any amounts withheld pursuant to backup withholding would be subject to recovery by the holder through proper refund or credit.

## **Taxable Bonds**

### ***General***

Many factors may impact the application of federal income tax laws pertaining to the Taxable Bonds and the receipt of interest on Taxable Bonds, including the status of the beneficial owner of the Taxable Bonds as a United States holder or non-United States holder under the Code, whether Taxable Bonds are held as capital assets or in some other context and whether the status of the beneficial owner or the financial context in which it is operating represents a special tax situation, such as an S corporation, insurance company, tax-exempt organization, financial institution, regulated investment company, real estate investment trust or broker-dealer or trader in securities. Persons considering the purchase of the Taxable Bonds should consult their tax advisors concerning the application of federal income tax laws to their particular situations.

The following is a summary of certain federal income tax consequences of the ownership of Taxable Bonds held as capital assets by United States holders. The discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions as of the date of this Official Statement. Those provisions may be changed, in some cases retroactively, so as to result in federal income tax consequences different from those discussed below.

As used herein, “United States holder” means a beneficial owner of a Taxable Bond who or that, for United States federal income tax purposes, is (i) a citizen or resident of the United States, (ii) an entity taxable as a corporation created or organized in or under the laws of the United States or any political subdivision of the United States, (iii) an estate, the income of which is subject to federal income taxation regardless of its source or (iv) a trust, if it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or if it has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership, or other entity classified as a partnership for federal income tax purposes, holds Taxable Bonds, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership holding Taxable Bonds should consult its tax advisor.

### ***Payment of Interest***

Interest on a Taxable Bond will be taxable to a United States holder as ordinary income at the times accrued or paid in accordance with the United States holder's method of accounting for federal income tax purposes.

### ***Tax Accounting Treatment of Taxable Discount Bonds***

Certain maturities of the Taxable Bonds may be issued at an initial public offering price that is less than the stated redemption price at maturity of such Taxable Bonds (the "Taxable Discount Bonds"). If the stated redemption price at maturity of Taxable Discount Bonds of a particular maturity exceeds the first price at which a substantial amount of such Bonds was sold for money (excluding sales to bond houses, brokers or similar persons acting as underwriters, placement agents or wholesalers) by more than a *de minimis* amount, the Taxable Discount Bonds will be treated as having original issue discount. A holder of Taxable Discount Bonds (whether a cash or accrual method taxpayer) is required to include in gross income as interest the amount of such original issue discount which is treated as having accrued during a taxable year with respect to such Bonds, in advance of the receipt of some or all of the related cash payments. Accrued original issue discount is added to the original cost basis of the holder in determining, for federal income tax purpose, gain or loss upon disposition (including sale, early redemption or repayment at maturity).

Original issue discount on Taxable Discount Bonds will be attributed to permissible compounding periods during the life of any Taxable Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Taxable Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Taxable Discount Bonds and must begin or end on the date of such payments. The amount of original issue discount allocable to any compounding period is equal to the excess, if any, of (a) the Taxable Discount Bond's adjusted issue price at the beginning of the compounding period multiplied by its yield to maturity, determined on the basis of compounding at the close of each compounding period and properly adjusted for the length of the compounding period, over (b) the aggregate of all qualified stated interest allocable to the compounding period. Original issue discount allocable to a final compounding period is the difference between the amount payable at maturity, other than a payment of qualified stated interest, and the adjusted issue price at the beginning of the final compounding period. Special rules apply for calculating original issue discount for an initial short compounding period. The "adjusted issue price" of a Taxable Discount Bond at the beginning of any compounding period is equal to its issue price increased by the accrued original issue discount for each prior compounding period (determined without regard to the amortization of any acquisition or bond premium, as described below) and reduced by any payments made on the Taxable Discount Bond (other than qualified stated interest) on or before the first day of the compounding period. Under these rules, a holder of a Taxable Discount Bond will have to include in income increasingly greater amounts of original issue discount in successive compounding periods. The amount of original issue discount accrued on Taxable Discount Bonds held of record by persons other than corporations and other exempt holders will be reported to the Internal Revenue Service. If a Taxable Discount Bond is sold or otherwise disposed of between compounding dates, then interest that would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property, other than debt instruments of the issuer, if the interest to be paid is payable at least once per year, is payable over the entire term of the Taxable Discount Bond and is payable at a single fixed rate or, subject to certain conditions, based on one or more interest indices.

Holders of Taxable Discount Bonds should note that, under applicable regulations, the yield and maturity of a Taxable Discount Bond is determined without regard to commercially reasonable sinking fund payments and any original issue discount remaining unaccrued at the time that a Taxable Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The prices or yields furnished by the successful bidder for the Taxable Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Taxable Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Taxable Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on

Taxable Discount Bonds. In addition, prospective foreign corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Bonds under the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Taxable Discount Bonds should consult their tax advisors.

### ***Purchase, Sale and Retirement of Taxable Bonds***

Except as noted below in the case of market discount, the sale or other disposition of a Taxable Bond will normally result in capital gain or loss. A United States holder's initial tax basis in a Taxable Bond will be its cost. Upon the disposition of a Taxable Bond (including sale, early redemption, purchase or payment maturity), for federal income tax purposes, a United States holder will recognize capital gain or loss upon the disposition of such security in an amount equal to the difference between (a) the amount received upon such disposition (less an amount equal to any accrued qualified stated interest, which will be treated as a payment of interest) and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of any original issue discount and any market discount previously included in such holder's income, and by subtracting any amortized premium and any cash payments on the Taxable Bond other than qualified stated interest, as more fully described above under "Tax Accounting Treatment of Taxable Discount Bonds." Such gain or loss will be long-term capital gain or loss if at the time of the sale, redemption or retirement, the Taxable Bond has been held for more than one year. Under present law, both long and short-term capital gains of corporations are taxed at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

If a United States holder acquires a Taxable Bond after its original issuance at a cost which is less than its stated redemption price at maturity (or, in the case of a Taxable Bond having original issue discount, its revised issue price) by more than a certain *de minimis* amount, such holder will be deemed to have acquired the Taxable Bond at "market discount." The amount of market discount treated as having accrued will be determined either on a ratable basis, or, if the holder so elects, on a constant interest method. Upon any subsequent disposition (including a gift, redemption or payment at maturity) of such Taxable Bond (other than in connection with certain nonrecognition transactions), the lesser of any gain on such disposition (or appreciation, in the case of a gift) or the portion of the market discount that accrued while the Taxable Bond was held by such holder will be treated as ordinary income at the time of the disposition. In lieu of including accrued market discount in income at the time of disposition, a holder may elect to include market discount in income currently. Unless a holder so elects, a holder may be required to defer deductions for a portion of such holder's interest expense with respect to any indebtedness incurred or maintained to purchase or carry such Bond until the holder disposes of the Taxable Bond. The election to include market discount in income currently, once made, is irrevocable and applies to all market discount obligations acquired on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

### ***Acquisition Premium***

A subsequent United States holder of a Taxable Bond is generally subject to rules for accruing original issue discount described above. However, if such holder's purchase price for a Taxable Bond exceeds the adjusted issue price (the sum of the issue price of the Taxable Bond and the aggregate amount of the original issue discount includable in the gross income of all holders for periods before the acquisition of the Taxable Bond by such holder, and reduced by any payments previously made on the Taxable Bond other than payments of qualified stated interest), the excess (referred to as "acquisition premium") is offset ratably against the amount of original issue discount otherwise includable in such holder's taxable income (*i.e.*, such holder may reduce the daily portion of original issue discount by a fraction, the numerator of which is the excess of such holder's purchase price for the Taxable Bond over the adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Taxable Bond after the purchase date other than qualified stated interest over the Taxable Bond's adjusted price).

### ***Amortizable Bond Premium***

If a United States holder's basis in a Taxable Bond exceeds the sum of all amounts payable on the Taxable Bond after the date on which the holder acquires it other than qualified stated interest, such excess will constitute amortizable bond premium with respect to the Taxable Bond and, in the case of a Taxable Discount Bond, such holder will not have to account for original issue discount with respect to such Bond. The holder of a Taxable Bond having amortizable bond premium generally may elect to amortize the premium over the remaining term of the Taxable Bond on a constant yield method as an offset to interest when includable in income under its regular accounting method. In the case of instruments

that provide for alternative payment schedules, bond premium amortization is calculated by assuming that (a) the holder will exercise or not exercise options in a manner that maximizes its yield and (b) the issuer will exercise or not exercise options in a manner that minimizes the holder's yield (except that the issuer will be assumed to exercise call options in a manner that maximizes the holder's yield). In addition, bond premium amortization is calculated without regard to commercially reasonable sinking fund payments. If the holder does not elect to amortize bond premium, that premium will decrease the gain or increase the loss that would otherwise be recognized on disposition of the Taxable Bond. An election to amortize premium on a constant yield method will also apply to all debt obligations held or subsequently acquired by the holder on or after the first day of the first taxable year to which the election applies. The holder may not revoke the election without the consent of the Internal Revenue Service. Holders of Taxable Bonds having amortizable bond premium should consult with their own tax advisors before making this election.

#### ***Election to Use Original Discount Method with Respect to a Taxable Bond***

The holder of a Taxable Bond may elect to treat all interest on the Taxable Bond as original issue discount and calculate the amount includable in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. The holder must make this election for the taxable year in which the Taxable Bond is acquired and may not revoke the election without the consent of the Internal Revenue Service. Holders of Taxable Bonds should consult with their own tax advisors about this election.

#### ***Medicare Tax***

Interest income from the Taxable Bonds (including accrued original issue discount and market discount) and net gain realized on the sale or other disposition of property such as the Taxable Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income imposed on certain high income individuals and specified trusts and estates.

#### ***U.S. Federal Backup Withholding and Information Reporting***

In general, information reporting requirements apply with respect to payments to certain non-corporate United States holders of interest and original issue discount on, and payments to such holder of the proceeds of the sale, exchange, redemption, retirement or other disposition of a Taxable Bond. If a United States holder of a Taxable Bond (other than a corporation or other specified exempt entity) fails to satisfy applicable information reporting requirements imposed by the Code, payments to such holder will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax equal to 24% of the payments. In general, the information reporting requirements (where applicable) are satisfied if the holder completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification." Backup withholding should not occur if a holder purchases a Taxable Bond through a brokerage account with respect to which a Form W-9 has been provided, as generally can be expected. Any amounts withheld pursuant to backup withholding would be subject to recovery by the holder through proper refund or credit.

#### ***Foreign Investors***

Subject to the discussion in the following paragraph, payments with respect to the Taxable Bonds to a non-United States holder that has no connection with the United States other than holding its Taxable Bonds generally will be exempt from United States income tax and will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements. Non-United States holders should consult their tax advisors regarding the possible United States income tax implications of their ownership and disposition of the Taxable Bonds.

Sections 1471 through 1474 of the Code and related federal income tax guidance, collectively referred to as FATCA, generally impose United States federal withholding tax at a rate of 30% on certain types of payments to certain foreign entities, unless various information reporting and diligence requirements are satisfied. This tax generally would apply in the case of Taxable Bonds held through foreign financial institutions that do not satisfy such requirements. Generally, the 30% United States federal withholding tax under FATCA will apply to United States-source interest (such as interest and original issue discount on the Taxable Bonds) and, under current guidance, would apply to certain "passthru" payments no earlier than the date that is two years after publication of final regulations defining the term "foreign passthru payments." Non-United States holders should consult their tax advisors regarding the possible implications of FATCA on their ownership and disposition of the Taxable Bonds.

## **Legislative Developments**

Legislative proposals proposed after issuance and delivery of the Bonds could adversely affect the market value of the Bonds. Further, if enacted into law, any such legislation could cause the interest on the Bonds to be subject, directly or indirectly, to federal or state income taxation and could otherwise alter or amend one or more of the provisions of federal or state tax law described above or their consequences, as applicable. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of any legislative proposals, as to which Bond Counsel expresses no opinion.

## **Ratings**

Fitch Ratings, Moody's Investors Service and S&P Global Ratings have given the Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of any rating may be obtained from the appropriate rating agency. The County furnished to each rating agency the information contained in a preliminary Official Statement and other materials and information. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. Each rating may be changed at any time and no assurance can be given that it will not be revised downward or withdrawn by the applicable rating agency if, in the judgment of such rating agency, circumstances should warrant such action. Any such downward revision or withdrawal of any rating could have an adverse effect on the market price of the Bonds.

## **Litigation**

The County is a party to numerous legal proceedings of the type that normally occur in governmental operations. The pending legal proceedings are not, in the opinion of the County Solicitor, likely to have a material adverse impact on the County's financial condition. In addition, the County is currently reviewing and adjusting a number of claims through its self-insurance program. In the opinion of the County Solicitor, none of these pending matters is likely to have a material adverse impact on the County's financial condition, nor should there be any substantial recovery against the County in amounts in excess of reserved funds.

## **Independent Auditors**

The basic financial statements of Howard County, Maryland for the year ended June 30, 2019 in Appendix A have been audited by CliftonLarsonAllen LLP, independent certified public accountants, and have been included in reliance upon the qualification of the firm to issue the report. The independent accountants were not requested to review or update such financial statements or their report in connection with the issuance of the Bonds. CliftonLarsonAllen LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this Official Statement.

## **Financial Advisor**

Davenport & Company LLC of Towson, Maryland, has acted as financial advisor to the County in connection with the issuance of the Bonds. Davenport & Company LLC is not obligated to undertake, and has neither undertaken an independent verification of, or assumed responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

## **Underwriting**

The Bonds are being purchased by Citigroup Global Markets Inc. ("Citigroup"), Barclays Capital Inc., M&T Securities, Inc. and Siebert Williams Shank & Co., LLC (collectively, the "Underwriters"). Citigroup, on behalf of itself and the other Underwriters, has agreed to purchase the Tax-Exempt Bonds at a purchase price of \$196,819,318.19, representing the principal amount of the Tax-Exempt Bonds plus an original issue premium in the amount of \$28,750,574.00 and less an Underwriters' discount in the amount of \$291,255.81. Furthermore, the Underwriters have agreed to purchase the Taxable Bonds at a purchase price of \$86,982,076.61, representing the principal amount of the Taxable Bonds less an Underwriters' discount in the amount of \$127,923.39. The obligation of the Underwriters to purchase the Bonds is subject to certain conditions set forth in the Bond Purchase Agreements between the County and the Underwriters (the "Bond Purchase Agreements") but the Bond Purchase Agreements provide that the Underwriters will purchase all of the Bonds if any are purchased. The Underwriters may offer and sell the Bonds to certain dealers (including dealers

depositing Bonds into investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower than the offering prices of the Bonds.

Citigroup Global Markets Inc. has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

The yields or prices shown on the inside cover of this Official Statement are based on information supplied to the County by the Underwriters respecting the resale prices (not including concessions) of the Bonds established on the date hereof. Any other information concerning the terms of reoffering of the Bonds, if any, including yields or prices, should be obtained from the Underwriters and not from the County.

## **Certain Relationships**

M&T Securities, Inc., one of the Underwriters of the Bonds, is a subsidiary of Manufacturers and Traders Trust Company, the Escrow Agent and the Bond Registrar for the Bonds.

McKennon Shelton & Henn LLP, Bond Counsel to the County in connection with the issuance of the Bonds, has served from time to time as outside counsel to certain of the Underwriters and Manufacturers and Traders Trust Company in unrelated matters.

McGuireWoods LLP, counsel to the Underwriters, serves from time to time as counsel to the County on other unrelated matters.

## **Verification of Mathematical Computations**

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor on behalf of the County relating to (a) computation of forecasted receipts of principal and interest on the Government Obligations and cash held uninvested in the Escrow Deposit Fund and the forecasted payments of principal, redemption premium (if any) and interest on the Refunded Bonds, and (b) computation of the yields on the Bonds and such Government Obligations was examined by Bingham Arbitrage Rebate Services, Inc. ("Bingham"). Such computations were based solely upon assumptions and information supplied by the Financial Advisor on behalf of the County. Bingham has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and accordingly, has not expressed an opinion on the date used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

## **Certificate of County Officials**

Simultaneously with or before delivery of and payment for the Bonds, the County will furnish to the purchasers of the Bonds a certificate of the County Executive, the Chief Administrative Officer and the Director of Finance that will state that, to the best of their knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of material fact and does not omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in this Official Statement (and any amendment or supplement hereto).



## Miscellaneous

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of any of the Bonds.

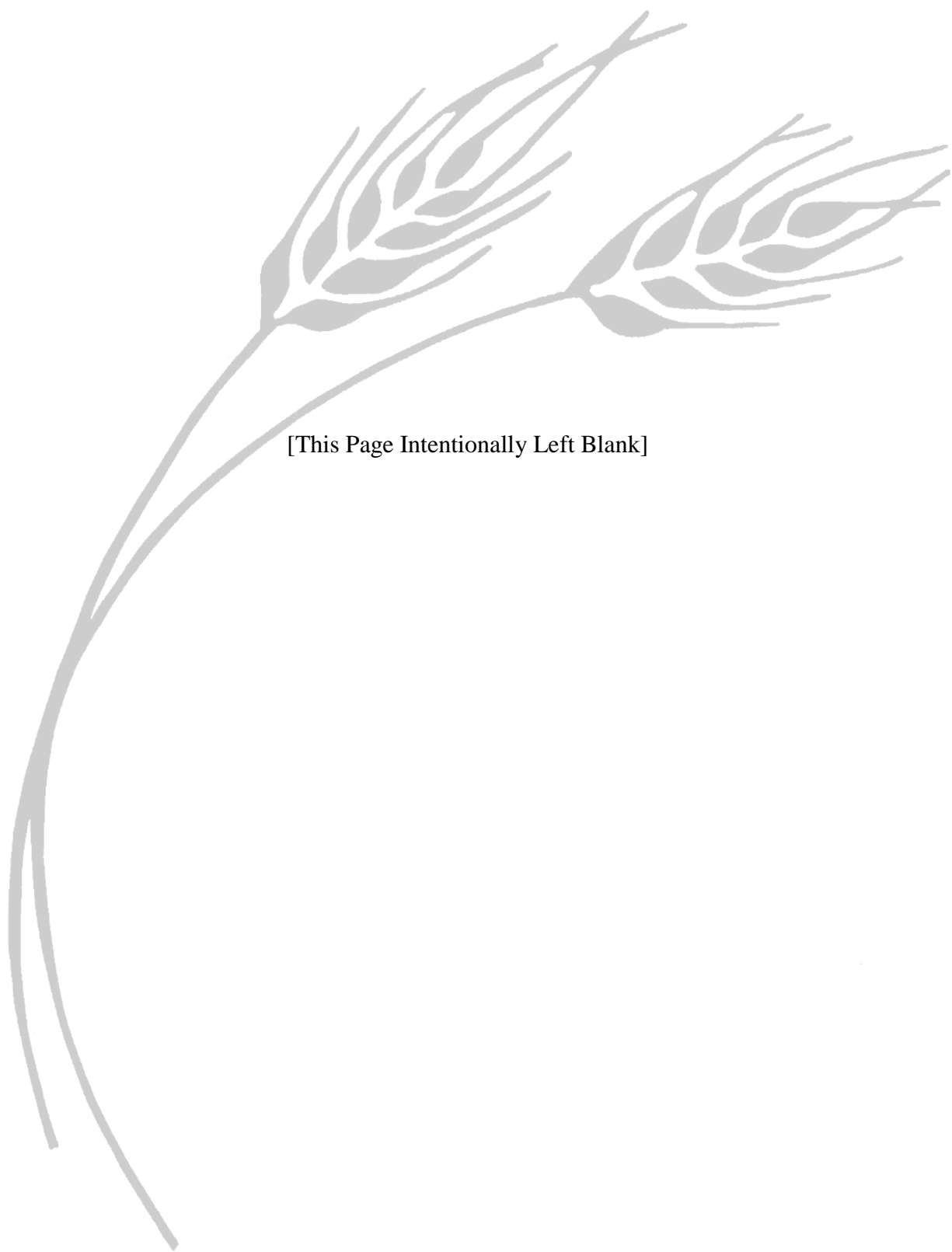
The execution and delivery of this Official Statement have been approved by Howard County, Maryland.

HOWARD COUNTY, MARYLAND

By: /S/ Calvin Ball  
CALVIN BALL  
County Executive

and

By: /S/ Janet R. Irvin  
JANET R. IRVIN  
Director of Finance



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# **Audited Financial Statements of the County for the fiscal year ended June 30, 2019**



**HOWARD COUNTY, MARYLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2019**



## Howard County, Maryland

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

### Certain Appointed Officials

Lonnie R. Robbins  
*Chief Administrative Officer*  
Janet R. Irvin  
*Director of Finance*  
James M. Irvin  
*Director of Public Works*  
Gary W. Kuc  
*County Solicitor*  
Holly Sun  
*Budget Administrator*  
Craig Glendenning  
*County Auditor*

### Financial Advisor

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8600 LaSalle Road, Suite 324  
Towson, MD 21286  
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Fax (866) 932-6660  
[www.investdavenport.com](http://www.investdavenport.com)

### Bond Counsel

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Telephone (410) 843-3500  
Fax (410) 843-3501  
[www.mshllp.com](http://www.mshllp.com)

### Independent Auditor

CliftonLarsonAllen LLP  
1966 Greenspring Drive, Suite 300  
Timonium, MD 21093  
Telephone (410) 453-0900  
Fax (410) 453-0914  
[www.claconnect.com](http://www.claconnect.com)

### County Executive

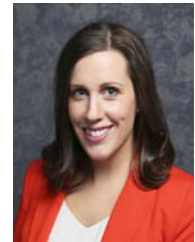
Calvin Ball



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### County Council

Christiana Mercer Rigby  
*Chair and Councilwoman  
District 3*



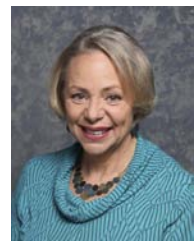
Opel Jones  
*Vice Chair and  
Councilman  
District 2*



Liz Walsh  
*Councilwoman  
District 1*



Deb Jung  
*Councilwoman  
District 4*



David Yungmann  
*Councilman  
District 5*



# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2019**



**Prepared by the Department of Finance**

**Howard County, Maryland**



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The organizational chart is divided into four main columns: Judicial, Executive, Legislative, and Appeals Board.

- Judicial:** Includes Circuit Court, District Court, Orphan's Court, State's Attorney, and Sheriff.
- Executive:**
  - County Executive (top position)
  - Economic Development Authority (connected to County Executive)
  - Office of Law (connected to County Executive)
  - County Council (connected to County Executive)
  - County Auditor (connected to County Council)
  - Chief Administrative Officer (connected to County Executive)
  - Departments under state law partially or wholly funded by County Appropriations (connected to Chief Administrative Officer):
    - Dept. of County Administration (connected to Personnel Board)
    - Dept. of Recreation & Parks (connected to Dept. of Housing)
    - Dept. of Public Works (connected to Dept. of Fire & Rescue, which is connected to Fire Board)
    - Dept. of Finance (connected to Dept. of Corrections)
    - Dept. of Technology & Communication Services (connected to Dept. of Inspections, Licenses & Permits)
    - Police Department (connected to Dept. of Community Resources & Services)
    - Dept. of Planning & Zoning (connected to Planning Board)
- Legislative:** Includes County Council and County Auditor.
- Appeals Board:** Includes Board of Appeals and Tax Appeals Board.



## HOWARD COUNTY DEPARTMENT OF FINANCE

3430 Court House Drive

■ Ellicott City, Maryland 21043 ■

410-313-2195

Janet R. Irvin, Director

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November 22, 2019

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, 2019, 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.

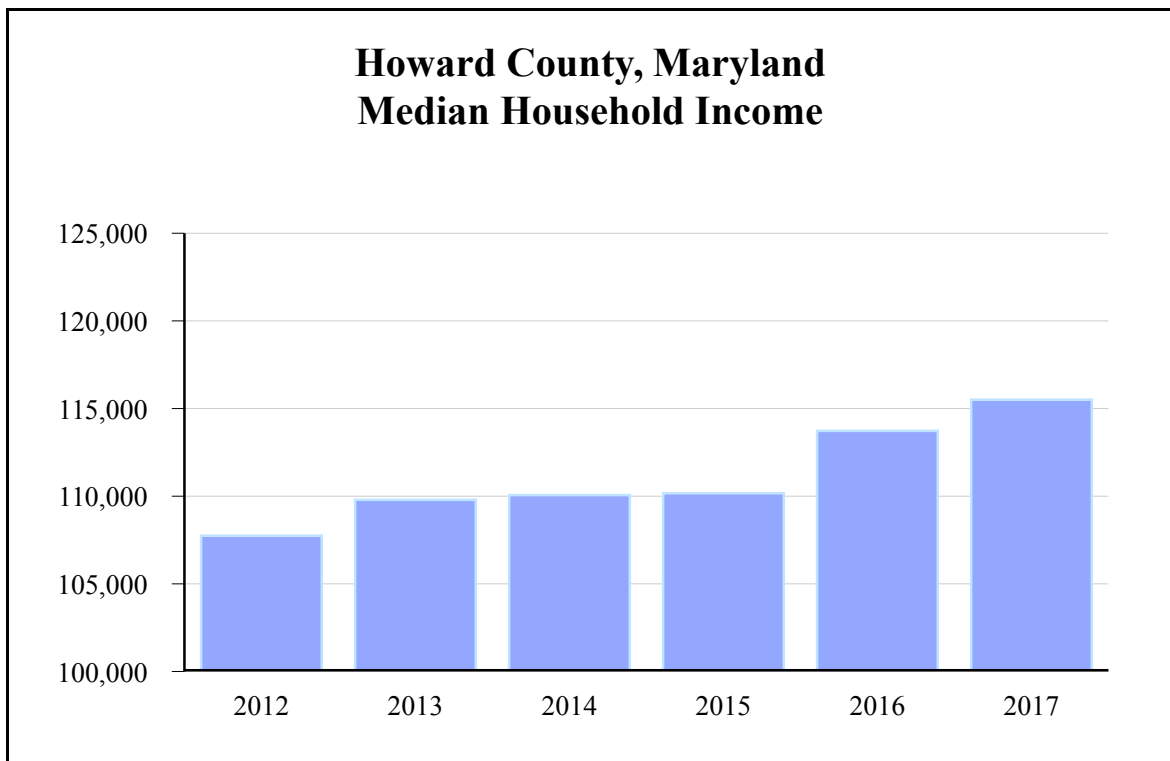
CliftonLarsonAllen LLP, licensed certified public accountants, performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2019. The Independent Auditor's Report is presented as the first element of the Financial Section 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 323,293 residents based on 2018 estimates by the Howard County Department of Planning & Zoning. 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 five straight years. Columbia/Ellicott City was named by Money Magazine as the #1 best place 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 in 2017, 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 (5-year estimates)

## COMPONENT UNITS

The County government provides all the local government services as there are no incorporated cities or towns in Howard County. Services provided by the County include police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks. In addition to general government activities, the governing body has financial accountability for the Howard County Public School System, Howard Community College, the Howard County Library System, and the Howard County Housing Commission. Therefore, the activities of these entities are included in this annual report. Additional information on all four of these legally separate entities can

be found in Note 1A in the Notes to Basic Financial Statements. The financial activities of the Howard County Economic Development Authority, which is also a component unit of the County, are excluded due to immateriality. The Volunteer Fire Districts do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

## **BUDGET**

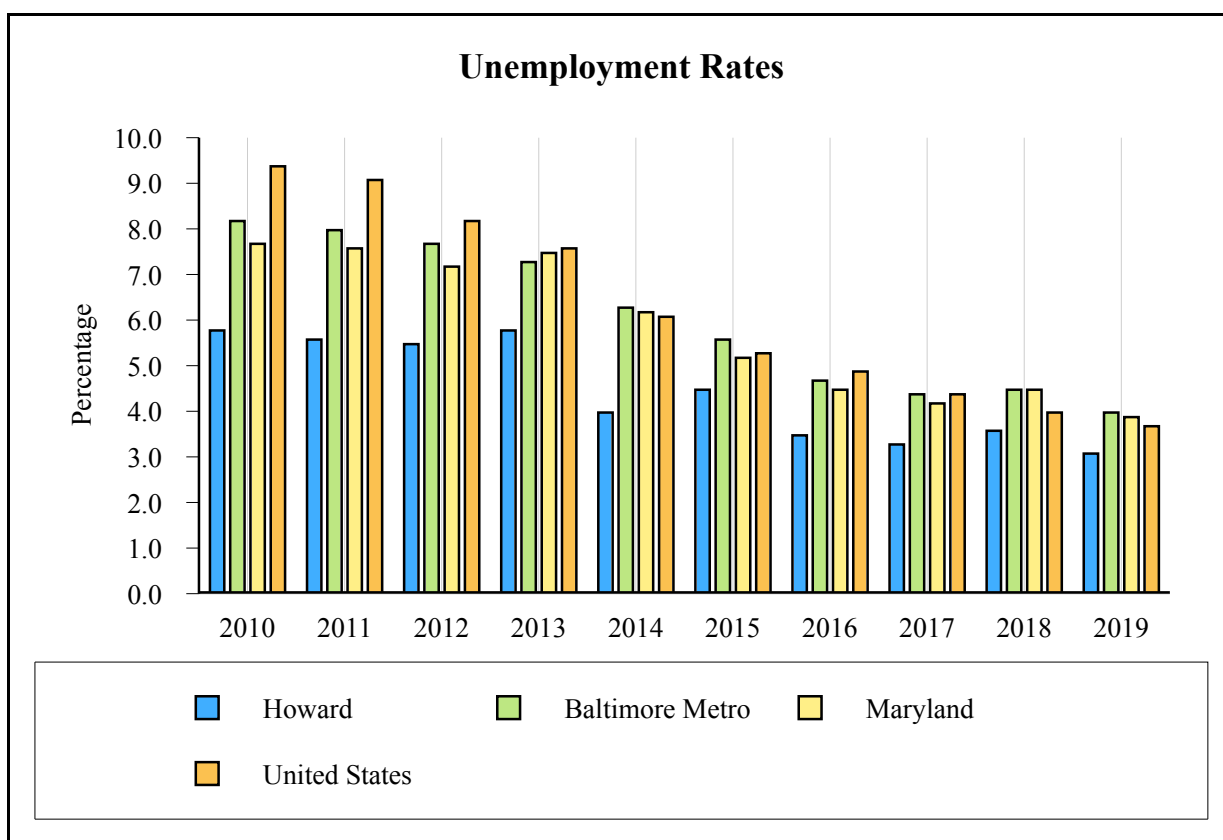
The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five-year spending projections), the capital budget and capital program, and the budget 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 December. After a public process that involves two public hearings and a thorough review of departmental requests, the County Executive submits proposed capital and operating budgets to the County Council by April 1 and 21, respectively. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure recommended by the Executive for current or capital purposes unless expressly provided for in State law or to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the Public School's budget. The County Council may restore funds back to the level requested by the School Board. After its review, the County Council finalizes the entire budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The Annual Budget must be adopted by the County Council by the first day of the last month of the current fiscal year. Expenditure authority for the operating budget is at the fund and department level in major categories, including personnel costs, various operating expenses and capital cost. Appropriations in the capital budget are determined at the project level on an annual basis.

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

## ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. Employment is expected to remain stable and the unemployment rate is expected to remain below the state (3.9%) and national (3.7%) levels as evidenced by the June 2019 rate of 3.1%.



Source: Maryland Department of Labor, Licensing and Regulation

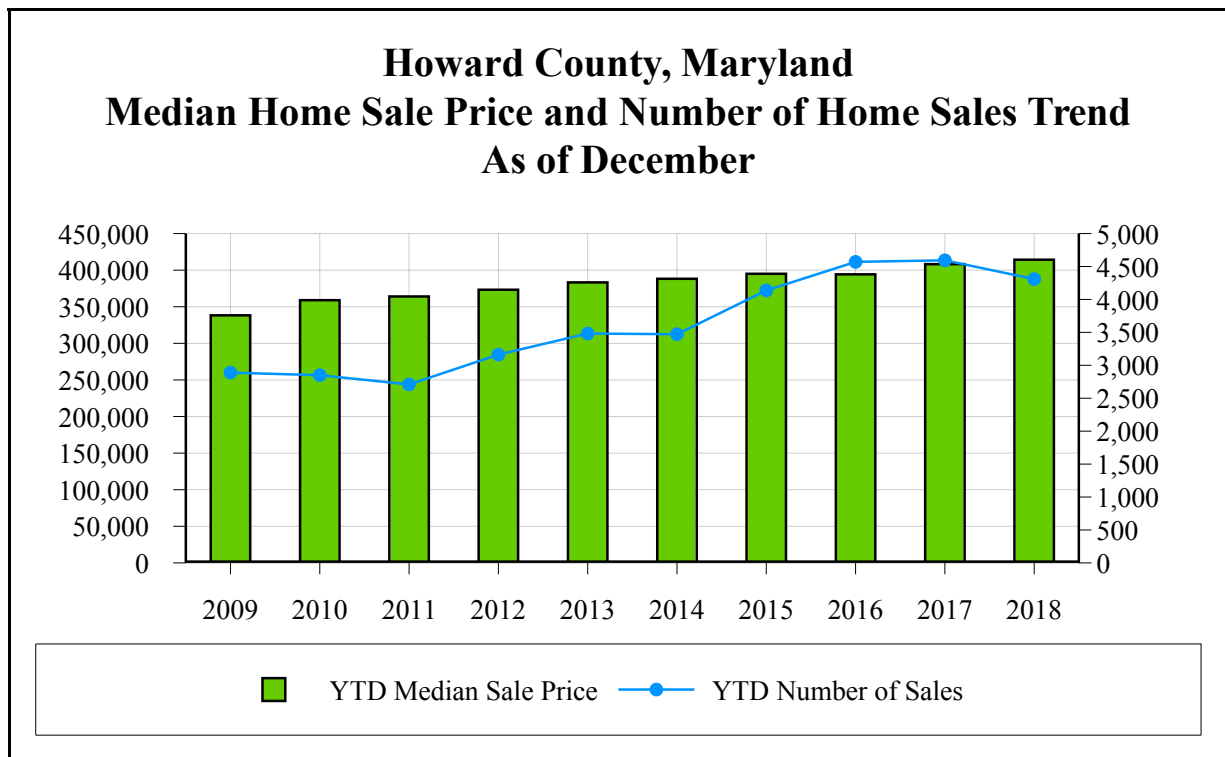
## LOCAL ECONOMY

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 10,161 businesses in Howard County employ 170,949 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 88% 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.

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 2019 is 5.1%. FY 2019 property tax revenues increased 3.8% above the previous fiscal year. In its FY 2020 budget, Howard County projects a modest increase in property tax revenues. One-third of property in the County is assessed each year, with increases in assessed values phased in over 3 years. This triennial assessment of property, the phasing in of assessment increases, and the County's 5% Homestead Property Tax Credit rate help to stabilize the tax base and tax revenues.

Local income tax is the County's other main revenue source. Income tax collection increased by 6.4% when compared to the actual for FY 2018, partially due to increased capital gains. The FY 2020 projection for income tax collections represents a 2.5% increase from what was budgeted in FY 2019.

Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate. FY 2019 revenue from recordation tax decreased 6.9% from the previous fiscal year. The FY 2020 budget projects a 6.6% decrease in recordation tax collections compared to FY 2019. The declining recordation tax is attributed to fewer refinancings. The average days on market increased to 62 days.



Source: Metropolitan Regional Information Systems Inc.

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2019. Looking forward, overall economic performance is expected to improve slightly in FY 2020. The adopted budget projects the FY 2020 gross assessable base of Howard County will increase by 3.9% from FY 2019. Due to decreasing Homestead Tax Credits, the net taxable

assessment will increase by approximately 5.2%. 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 13% of homeowner occupied properties in Howard County received this credit in FY 2019.

## **MAJOR INITIATIVES**

The County will continue the strong fiscal management policies which have led to AAA rating from all three major credit rating agencies. Consultants presented findings of The Fiscal Impact of New Development in Howard County, Maryland Under Two Scenarios in July 2019. The analysis compared the projected short-term and long-term fiscal impact of growth and development in the County both before and after the passage of Council Bill 1-2018, which amended the Adequate Public Facilities Ordinance. Under both scenarios, the revenues generated by the residential and non-residential development are estimated to exceed the cost to provide County services. Construction continues on the Howard County Circuit Courthouse, which will be the 1st on the East Coast to be delivered using a Public Private Partnership (P3) model. Upon expected occupancy in June 2021, the County will pay Edgemoor-StarAmerica Judicial Partners (ESJP) \$78 million. The County will then make monthly payments to ESJP to operate and maintain the Courthouse for the next 30 years to the high standards established by the County. Howard County will focus on the following priority areas in the future: Ready and successful students; Safe and engaged communities; Clean and sustainable environment; Thriving and healthy residents; Reliable and accessible infrastructure; Strong and prosperous businesses and Innovative and efficient government.

## **LONG TERM FINANCIAL PLANNING**

### **Rainy Day Fund**

County voters approved an amendment to the County Charter to establish a budget stabilization account, also known as a Rainy Day Fund, to provide a financial safety net for the County effective December 3, 1992. The amendment requires all surplus funds in the County be placed in this fund until it reaches 7% of the prior year's audited expenditures. The funds may be used if an emergency exists pursuant to the County Charter, or if the County Executive determines that actual revenues will be substantially below the revenues budgeted and reasonable expenditure reduction will not offset the anticipated loss. See Note 1Q in the Notes to Basic Financial Statements for a discussion of the status of the Rainy Day Fund. The Rainy Day Fund's balance is currently at the target level.

### **Capital Projects and Debt Administration**

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

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing

bond documents, and marketing bonds to investors. Bonds issued by the County mature over a term that does not exceed the economic life of the improvements that they finance.

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

### **Spending Affordability Advisory Committee**

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

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

## **FINANCIAL POLICIES**

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

### **Debt Management Policy**

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

### **Investment Policy**

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. Investment activities are governed by State laws. Accordingly, the County invests in: certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Federal agency obligations; Treasury and other government mutual funds; and the State of Maryland investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy. The investment policy was updated and adopted by the County



Council on February 4, 2019. The Association of Public Treasurers of the United States and Canada presented the County with the Association's Investment Policy Certificate of Excellence Award in June 2019.

The investment policies for the two Howard County retirement plans establish asset allocation targets, investment manager selection, and investment performance guidelines.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 43<sup>rd</sup> 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, 2018. This was the 25<sup>th</sup> consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

A very special thank you to the Department of Finance, for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,



Janet R. Irvin, CPFO  
Director of Finance



## OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA  
County Auditor

November 26, 2019

### CERTIFICATE OF THE COUNTY AUDITOR

Honorable Members of the County Council

Christiana Mercer Rigby, Chairperson  
Opel Jones, Vice Chairperson  
Deb Jung  
Liz Walsh  
David Yungmann

The Honorable Calvin Ball  
County Executive

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

The independent certified public accounting firm of CliftonLarsonAllen LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212 of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2019. 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



### **MLK celebration**

In 2019, Howard County's Martin Luther King, Jr. Holiday Commission honored the civil rights leader's dream with a keynote address from the first county executive of color, an awards presentation to community leaders, and countywide volunteer opportunities during a Day of Service.



Government Finance Officers Association

**Certificate of  
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**Howard County  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



## **Financial Section**

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





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, 2019, 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, Howard County Public Schools, and Howard County Public Library, which represent 86 percent, 97 percent, and 96 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate 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 County'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 County'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



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

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, which for the Board of Education provides an unmodified opinion for the governmental and business-type activities, 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, 2019, and the respective changes in financial position and, 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 pages 102-109 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, budgetary comparison schedules 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.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2019 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland  
November 22, 2019



## **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, 2019. 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 \$612.0 million. That amount is net of a \$850.9 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 \$474.5 million and for college projects is \$117.0 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 \$1.19 billion. Additionally, the unrestricted deficit is caused by the net pension liability of \$152.7 million and net OPEB liability of \$376.3 million.
- The \$41.4 million increase in the government's total net position is primarily due to an increase of \$57.5 million in total general revenues.
- The County's property tax revenues increased this year by \$24.0 million, or 3.8%, due to rising property values.
- Approximately 46.4% of the total governmental fund balance, \$134.5 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 \$128.3 million, or 11.6% of total General Fund expenditures.
- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$289.7 million, a decrease of about \$25.7 million in comparison with the prior year. Specifically, the fund balance of the General Fund decreased by \$1.6 million primarily due to increases of \$28.8 million and \$12.0 million in the County's funding of educational and debt service expenditures, respectively, offset by an increase in revenue of \$37.6 million.
- The reserve for the budget stabilization account balance is \$74.0 million, an increase of \$2.6 million million or 6.7% of fiscal year 2019 General Fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2017 expenditures). We have reached that target and assigned \$3.7 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 \$78.3 million, (4.5% during the current fiscal year). The major factors in this increase were the issuance of \$133.6 million Consolidated Public Improvement (CPI) Project Bonds, \$66.6 million in Metropolitan (Metro) District Project Bonds and \$2.2 million of capital leases. The County refunded \$23.6 million in CPI bonds and \$6.1 million in Metro bonds

and retired \$63.0 million, \$11.5 million and \$3.4 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$497,000 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 statement presenting information that includes all County assets and deferred outflows of resources and County liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The 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 capital improvements. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection services, broadband services, and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

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

The government-wide financial statements are located on pages 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 the latter section of this report.

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

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

The County maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, agricultural land preservation, and general capital projects funds, all of which are major funds. Data from the other thirteen 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 non-major funds of the County. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements are located on pages 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 41-99.

**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 102-109 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 114 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 162-166. Schedules providing additional long-term debt detail start on page 169. The Statistical Section begins on page 175.

## **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 \$612.0 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, 2019, debt outstanding for education projects is \$474.5 million and for college projects is \$117.0 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 \$997.5 million reflects the imbalance of liabilities without corresponding assets as well as the governmental activities' portion of the County's Net OPEB liability of \$353.2 million and net pension liability of \$150.7 million.

An additional portion of the County's net position (\$164.1 million or 26.8%) represents resources subject to external restrictions on their usage.

### Summary of Net Position

|  | Governmental activities |                 | Business-type activities |             | Total         |               |
|--|-------------------------|-----------------|--------------------------|-------------|---------------|---------------|
|  | 2019                    | 2018            | 2019                     | 2018        | 2019          | 2018          |
| Current and other assets               | \$ 574,494,784          | 570,256,100     | 261,977,435              | 254,410,191 | 836,472,219   | 824,666,291   |
| Capital assets                         | 1,519,048,191           | 1,471,809,169   | 805,427,740              | 732,651,692 | 2,324,475,931 | 2,204,460,861 |
| Total assets                           | 2,093,542,975           | 2,042,065,269   | 1,067,405,175            | 987,061,883 | 3,160,948,150 | 3,029,127,152 |
| Deferred outflows of resources         | 129,499,985             | 133,975,754     | 11,034,327               | 7,950,943   | 140,534,312   | 141,926,697   |
| Total assets and deferred outflows     | 2,223,042,960           | 2,176,041,023   | 1,078,439,502            | 995,012,826 | 3,301,482,462 | 3,171,053,849 |
| Long-term liabilities outstanding      | 2,041,573,904           | 1,970,434,368   | 401,129,274              | 347,366,753 | 2,442,703,178 | 2,317,801,121 |
| Other liabilities                      | 117,523,265             | 133,064,667     | 47,555,964               | 48,446,726  | 165,079,229   | 181,511,393   |
| Total liabilities                      | 2,159,097,169           | 2,103,499,035   | 448,685,238              | 395,813,479 | 2,607,782,407 | 2,499,312,514 |
| Deferred inflows of resources          | 77,223,192              | 96,775,805      | 4,516,165                | 4,424,258   | 81,739,357    | 101,200,063   |
| Total liabilities and deferred inflows | 2,236,320,361           | 2,200,274,840   | 453,201,403              | 400,237,737 | 2,689,521,764 | 2,600,512,577 |
| Net position                           |                         |                 |                          |             |               |               |
| Invested in capital assets             | 841,929,843             | 826,399,982     | 456,887,408              | 419,010,628 | 1,298,817,251 | 1,245,410,610 |
| Restricted                             | 142,249,607             | 153,326,501     | 21,823,966               | 24,709,724  | 164,073,573   | 178,036,225   |
| Unrestricted                           | (997,456,851)           | (1,003,960,300) | 146,526,725              | 151,054,737 | (850,930,126) | (852,905,563) |
| Total net position                     | \$ (13,277,401)         | (24,233,817)    | 625,238,099              | 594,775,089 | 611,960,698   | 570,541,272   |

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

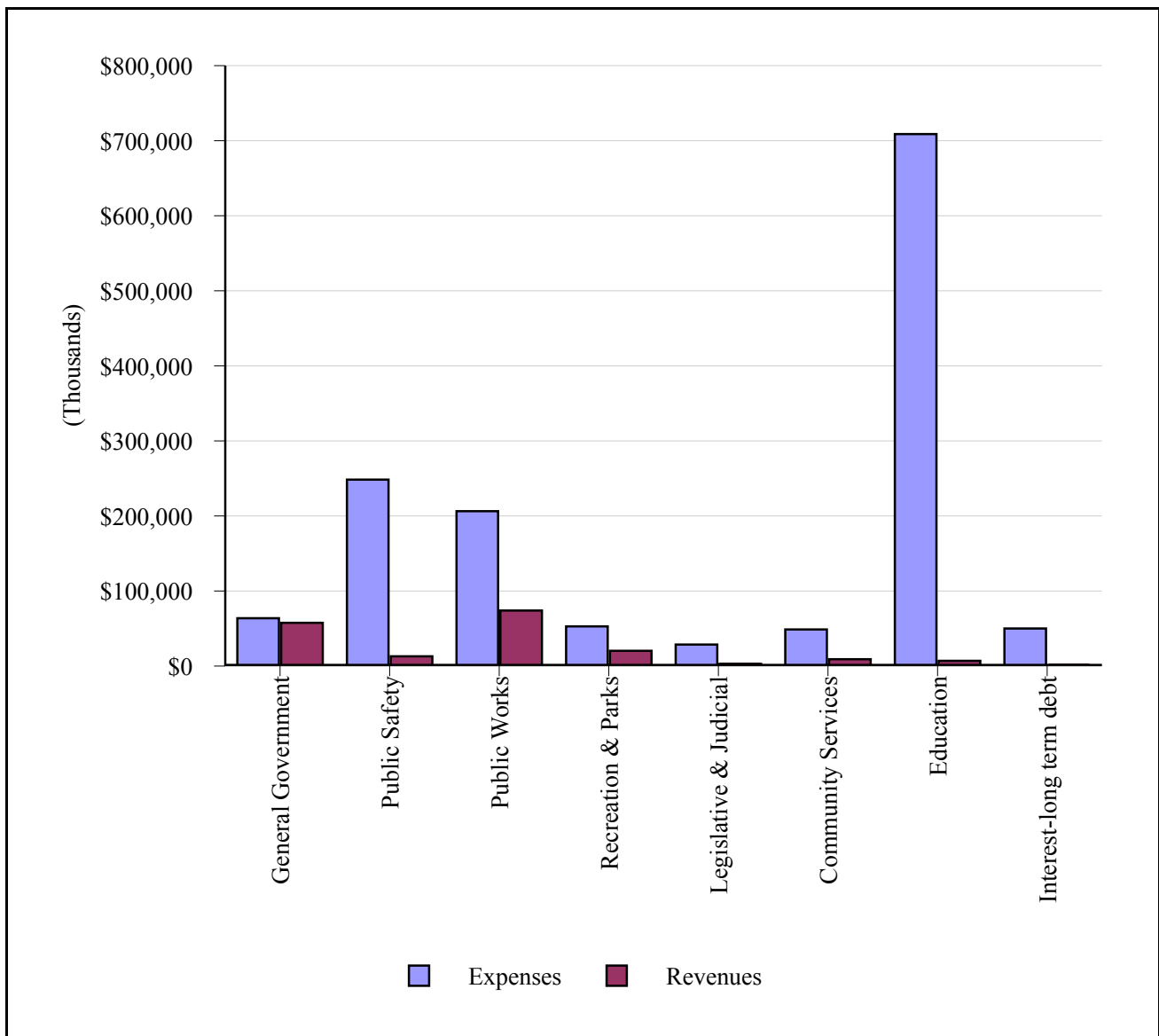
|   | Governmental activities |               | Business-type activities |              | Total         |               |
|---|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
|   | 2019                    | 2018          | 2019                     | 2018         | 2019          | 2018          |
| Revenues                                  |                         |               |                          |              |               |               |
| Program revenues                          |                         |               |                          |              |               |               |
| Charges for services                      | \$ 132,468,245          | 129,677,448   | 76,378,400               | 78,354,625   | 208,846,645   | 208,032,073   |
| Operating grants and contributions        | 40,559,501              | 43,351,124    | 35,349,018               | 33,958,088   | 75,908,519    | 77,309,212    |
| Capital grants and contributions          | 18,377,194              | 24,455,008    | 43,164,177               | 11,976,929   | 61,541,371    | 36,431,937    |
| General revenues                          |                         |               |                          |              |               |               |
| Property taxes                            | 654,794,565             | 630,762,037   | —                        | —            | 654,794,565   | 630,762,037   |
| Local income taxes                        | 496,679,385             | 466,935,173   | —                        | —            | 496,679,385   | 466,935,173   |
| Other taxes                               | 69,739,135              | 77,122,059    | —                        | —            | 69,739,135    | 77,122,059    |
| Other                                     | 17,772,744              | 9,289,565     | 5,204,513                | 2,488,271    | 22,977,257    | 11,777,836    |
| Total revenues                            | 1,430,390,769           | 1,381,592,414 | 160,096,108              | 126,777,913  | 1,590,486,877 | 1,508,370,327 |
| Expenses                                  |                         |               |                          |              |               |               |
| General government                        | 65,241,233              | 58,020,097    | —                        | —            | 65,241,233    | 58,020,097    |
| Public safety                             | 249,887,935             | 217,378,984   | —                        | —            | 249,887,935   | 217,378,984   |
| Public works                              | 207,843,230             | 194,980,993   | —                        | —            | 207,843,230   | 194,980,993   |
| Recreation and parks                      | 54,344,080              | 25,923,502    | —                        | —            | 54,344,080    | 25,923,502    |
| Legislative and judicial                  | 30,139,996              | 27,484,681    | —                        | —            | 30,139,996    | 27,484,681    |
| Community services                        | 50,250,870              | 47,215,901    | —                        | —            | 50,250,870    | 47,215,901    |
| State highways                            | 9,286,446               | 4,934,098     | —                        | —            | 9,286,446     | 4,934,098     |
| Education                                 | 710,311,491             | 701,633,749   | —                        | —            | 710,311,491   | 701,633,749   |
| Interest on long-term debt                | 51,541,615              | 61,452,013    | —                        | —            | 51,541,615    | 61,452,013    |
| Water & Sewer                             | —                       | —             | 113,056,969              | 105,229,515  | 113,056,969   | 105,229,515   |
| Other                                     | —                       | —             | 7,163,586                | 6,585,542    | 7,163,586     | 6,585,542     |
| Total expenses                            | 1,428,846,896           | 1,339,024,018 | 120,220,555              | 111,815,057  | 1,549,067,451 | 1,450,839,075 |
| Increase (decrease) in net position       | 1,543,873               | 42,568,396    | 39,875,553               | 14,962,856   | 41,419,426    | 57,531,252    |
| Transfers                                 | 9,412,543               | 9,151,633     | (9,412,543)              | (9,151,633)  | —             | —             |
| Total Increase (decrease) in net position | 10,956,416              | 51,720,029    | 30,463,010               | 5,811,223    | 41,419,426    | 57,531,252    |
| Net position beginning                    | (24,233,817)            | (198,072,383) | 594,775,089              | 599,911,965  | 570,541,272   | 401,839,582   |
| Adjustment to restate net position        | —                       | 122,118,537   | —                        | (10,948,099) | —             | 111,170,438   |
| Net position ending                       | \$ (13,277,401)         | (24,233,817)  | 625,238,099              | 594,775,089  | 611,960,698   | 570,541,272   |

\*FY18 amounts have been restated for GASB 75

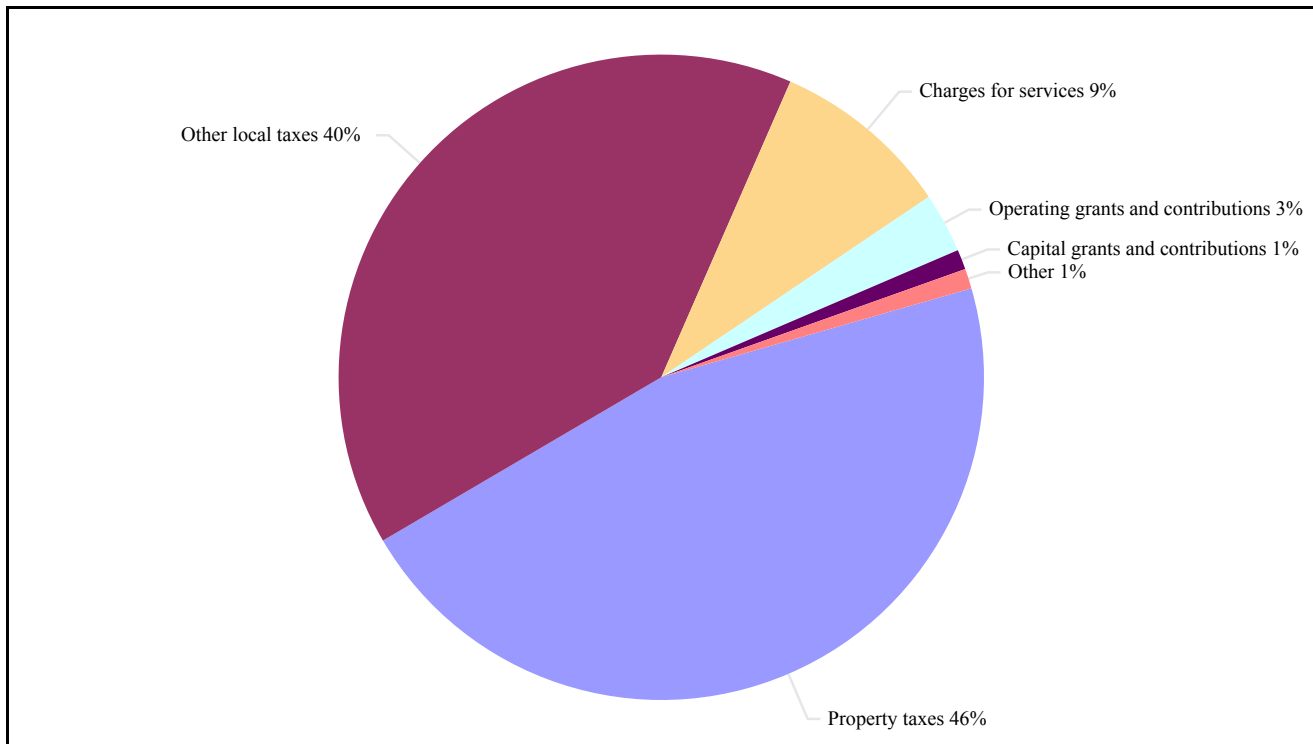
**Governmental activities.** Governmental activities increased the County's net position by \$11.0 million. Key elements of this increase are as follows:

- Property tax revenues increased by \$24.0 million due to rising property values.
- Income tax revenues increased by \$29.7 million due to the continued recovery of the job market.
- Recordation tax revenues decreased by \$1.6 million due to a decrease in property transfers and refinancings.
- Net OPEB liability increased by \$31.7 million and net pension liability decreased by \$2.8 million.
- Education expenses increased by \$8.7 million; \$1.3 million for the Public School System, \$5.5 million for the Community College, and \$1.8 million for the Library.

## Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities

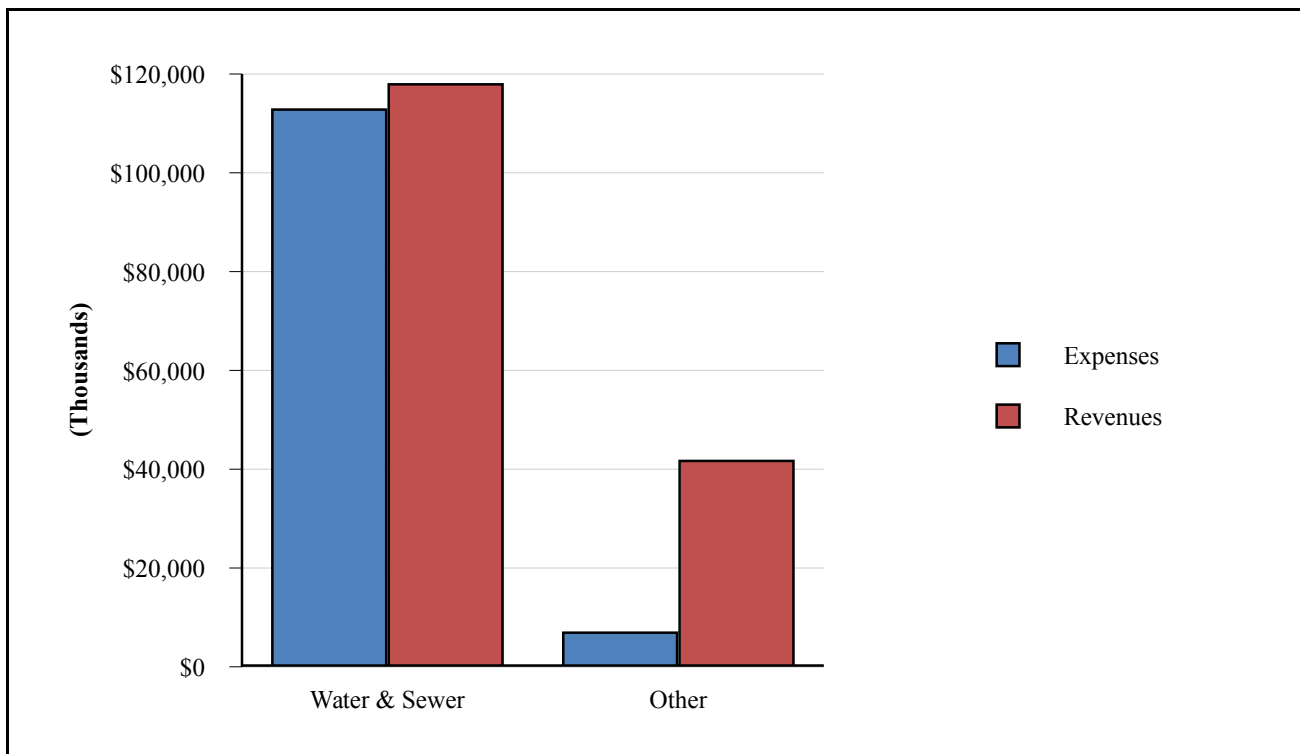


**Business-type activities.** Business-type activities increased the County's net position by \$30.5 million. The components of this increase are as follows:

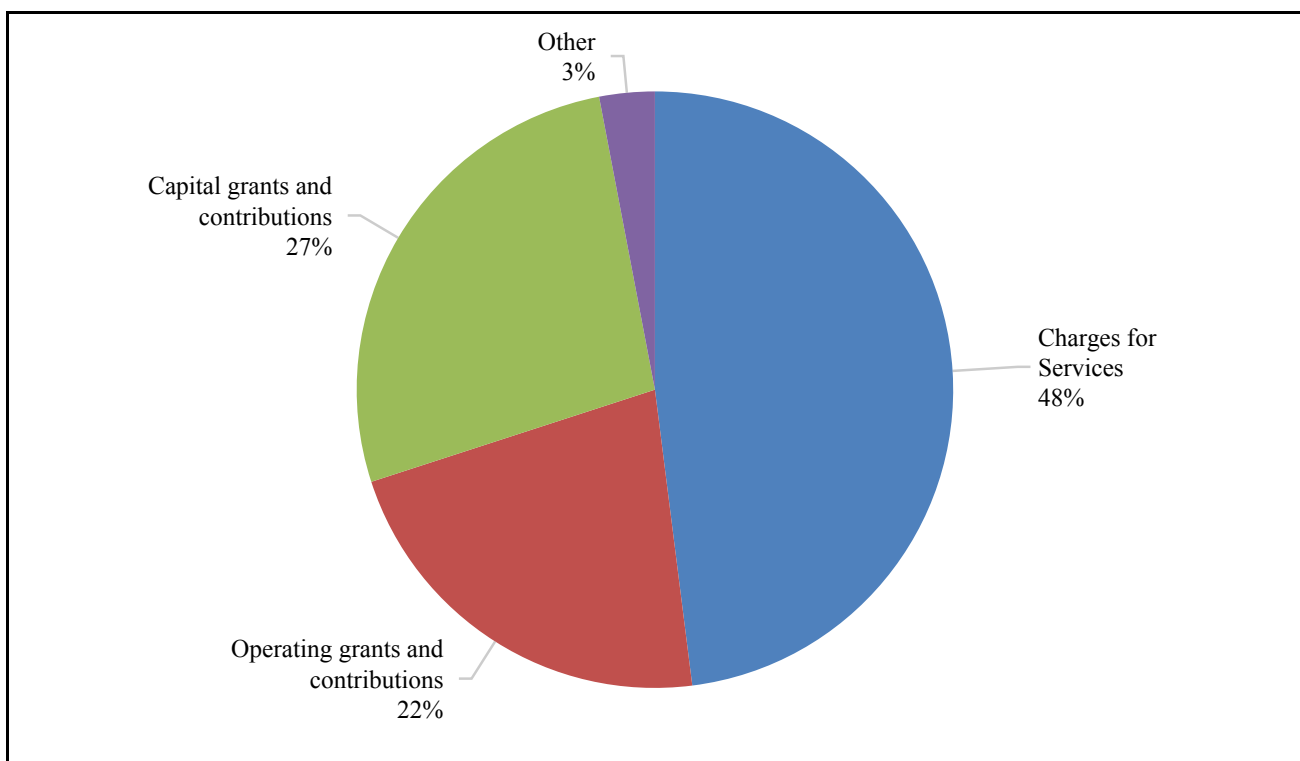
- Charges for services decreased by \$2.0 million due to a decrease in water and sewer consumption.
- Operating grants and contributions, which totaled \$35.3 million, represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used primarily to fund debt service payments and pay-as-you-go funding on capital projects.
- \$43.2 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 increased by \$31.2 million from fiscal year 2018.

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 \$289.7 million, a decrease of \$25.7 million in comparison with the prior year. Of this fund balance, \$12.9 million is nonspendable, \$142.2 million is restricted by enabling legislation, \$128.4 million is committed by the County, at the highest level of authority, \$98.4 million is assigned by management, and \$92.3 million is a 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 was \$140.6 million, \$1.6 million or 1.2% less than the prior year primarily due to an increase of the County's funding of educational and debt service expenditures.

The \$58.9 million total fund balance of the Agricultural Land Preservation Fund is a \$0.1 million increase from the prior year. The increase is the result of a decrease in debt service expenditures.

The general capital projects fund is used to track the construction of general county buildings, as well as schools, libraries, and other buildings for the community college. The fund balance is a \$33.4 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 \$561.1 million. Net position of the Water and Sewer Proprietary Fund increased \$3.8 million due to the receipt of ad valorem fees and capital contributions.

## **General Fund Budgetary Highlights**

The County spent \$8.1 million less than the budget as the County departments exercised caution with spending. The County experienced a favorable variance of \$2.3 million budget versus actual due to lower than anticipated expenditures within General Government. Public Safety showed a favorable variance of budget versus actual expenditures of \$2.5 million.

## 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, 2019 is \$2.3 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 5.4% (a 3.2% increase for governmental activities and a 9.9% increase for business-type activities).

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

- \$17.2 Million for construction of US 29 Water Main
- \$8.3 Million for various stream/pond renovations including Maple Dell Farm Stream and Red Cravat Pond
- \$7.6 Million for completion of Composting Facility Phase 2A
- \$5.3 Million for completion of Montevideo Rd Improvements Phase 1A
- \$4.3 Million for completion of Crescent Neighborhood Road Segment 1A
- \$4.2 Million for construction of Broken Land Parkway 30" Transmission Main
- \$2.4 Million for completion of Old Stockbridge Rd Culvert Replacement
- \$2.4 Million for completion of Mendenhall Interior Renovations Phase 2
- \$2.0 Million for construction of Little Patuxent Water Reclamation Plant Effluent Pumping Station

### Capital Assets (net of depreciation)

|                            | Governmental activities |               | Business-type activities |             | Total         |               |
|----------------------------|-------------------------|---------------|--------------------------|-------------|---------------|---------------|
|                            | 2019                    | 2018          | 2019                     | 2018        | 2019          | 2018          |
| Land and land improvements | \$ 602,390,872          | 594,852,144   | 12,202,828               | 11,753,538  | 614,593,700   | 606,605,682   |
| Construction in progress   | 101,613,027             | 70,541,932    | 127,333,464              | 95,136,036  | 228,946,491   | 165,677,968   |
| Buildings and improvements | 443,851,768             | 430,869,137   | 181,453,447              | 186,164,811 | 625,305,215   | 617,033,948   |
| Machinery and equipment    | 76,914,875              | 73,597,335    | 10,243,651               | 10,246,747  | 87,158,526    | 83,844,082    |
| Infrastructure             | 294,277,649             | 301,948,621   | 474,194,350              | 429,350,560 | 768,471,999   | 731,299,181   |
| Total capital assets       | \$ 1,519,048,191        | 1,471,809,169 | 805,427,740              | 732,651,692 | 2,324,475,931 | 2,204,460,861 |

Additional information on the County's capital assets are located in Note 6 on pages 62-63 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total long-term debt outstanding of \$1.8 billion. Of this amount, \$1.7 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         |               |
|--|-------------------------|---------------|--------------------------|-------------|---------------|---------------|
|  | 2019                    | 2018          | 2019                     | 2018        | 2019          | 2018          |
| General obligation bonds               | \$ 1,246,382,174        | 1,203,277,708 | 351,004,168              | 304,153,642 | 1,597,386,342 | 1,507,431,350 |
| State water quality loan               | —                       | —             | 14,572,847               | 17,956,260  | 14,572,847    | 17,956,260    |
| Tax increment financing bonds          | 65,100,000              | 65,165,000    | —                        | —           | 65,100,000    | 65,165,000    |
| Agricultural land preservation program | 93,483,238              | 97,715,767    | —                        | —           | 93,483,238    | 97,715,767    |
| Special facility revenue bonds         | —                       | —             | 2,217,000                | 2,714,000   | 2,217,000     | 2,714,000     |
| Other                                  | 31,603,394              | 35,011,551    | 874,412                  | 922,923     | 32,477,806    | 35,934,474    |
| Total outstanding debt                 | \$ 1,436,568,806        | 1,401,170,026 | 368,668,427              | 325,746,825 | 1,805,237,233 | 1,726,916,851 |

The County's total long-term debt increased by \$78.3 million, (4.5% during the current fiscal year). The major factors in this increase were the issuance of \$133.6 million Consolidated Public Improvement (CPI) Project Bonds, and \$66.6 million in Metropolitan (Metro) District Project Bonds. The County refunded \$23.6 million in CPI bonds and \$6.1 million in Metro bonds and retired \$63.0 million, \$11.5 million and \$3.4 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$497,000 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 \$2.6 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 64 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 2019 unemployment rate for the County was 3.1%. This compares favorably to the state's unemployment rate of 3.9% and the national rate of 3.7% for the same period.
- The occupancy rate for commercial space as of June 2019 was 94.9% which is the same as a year ago. Howard County had an increase of 1,084,843 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 2020 fiscal year.

The fiscal year 2020 general fund budget is \$22.6 million or 2% more than the fiscal year 2019 budget. This increase is primarily the result of an \$8.9 million increase in funding of education, a \$4.1 million increase for public safety, and a \$3.1 million increase for public works.

The County's property tax and income tax rates remained the same for fiscal year 2020. There were also no changes to the Building Excise Tax (used to fund road expansion), Water and Sewer charges, recycling fees or the water and sewer ad valorem. The annual refuse fee was increased by \$100 per year for residential property and the Fire and Rescue tax increased by 6 cents per \$100 assessed value.

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

The County is anticipating a modest surplus in fiscal year 2020 based on year-to-date performance. All other major revenue sources are on budget for fiscal year 2020.

### **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  
jairvin@howardcountymd.gov.

Complete financial reports are also available on our website: [www.howardcountymd.gov](http://www.howardcountymd.gov).





### **50<sup>th</sup> Anniversary of the County Charter**

In January of 2019, Former County Executives Ken Ulman, James Robey and Ed Cochran joined with County Executive Calvin Ball to mark the 50<sup>th</sup> anniversary of Charter Government and shared their reflections and advice.

## **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, 2019**

|  | Primary Government |               |               | Component<br>Units |  |
|--|--------------------|---------------|---------------|--------------------|--|
|  | Governmental       | Business-type | Total         |                    |  |
|  | Activities         | Activities    |               |                    |  |
| ASSETS   |                    |               |               |                    |  |
| Equity in pooled cash                              | \$ 287,339,777     | 58,175,522    | 345,515,299   | 62,784,448         |  |
| Cash and securities with fiscal agents             | 20,410,337         | —             | 20,410,337    | —                  |  |
| Investments  | 42,810,778         | —             | 42,810,778    | 85,609,970         |  |
| Receivables:                                       |                    |               |               |                    |  |
| Property taxes, net                                | 5,376,769          | 341,177       | 5,717,946     | —                  |  |
| Due from other governments                         | 169,095,033        | 93,497        | 169,188,530   | 39,811,986         |  |
| Service billings                                   | —                  | 11,917,268    | 11,917,268    | —                  |  |
| Due from component units                           | 26,583,676         | —             | 26,583,676    | —                  |  |
| Other  | 18,308,784         | 674,241       | 18,983,025    | 3,008,999          |  |
| Materials and supplies                             | 2,760,221          | 1,293,239     | 4,053,460     | 1,313,579          |  |
| Prepays  | 17,882             | —             | 17,882        | 2,089,697          |  |
| Restricted assets:                                 |                    |               |               |                    |  |
| Cash and cash equivalent and equity in pooled cash | —                  | 167,524,190   | 167,524,190   | 7,809,892          |  |
| Investments  | —                  | —             | —             | 8,636,903          |  |
| Water and sewer assessments receivable             | —                  | 3,561,977     | 3,561,977     | —                  |  |
| Other receivables                                  | —                  | —             | —             | 6,573,992          |  |
| Internal balances                                  | (568,864)          | 568,864       | —             | —                  |  |
| Other non-current receivables                      | 2,360,391          | 17,827,460    | 20,187,851    | —                  |  |
| Capital Assets:                                    |                    |               |               |                    |  |
| Land and land improvements                         | 602,390,872        | 12,202,828    | 614,593,700   | 117,860,689        |  |
| Construction in progress                           | 101,613,027        | 127,333,464   | 228,946,491   | 51,835,597         |  |
| Buildings and improvements, net                    | 443,851,768        | 181,453,447   | 625,305,215   | 1,593,081,998      |  |
| Machinery and equipment, net                       | 76,914,875         | 10,243,651    | 87,158,526    | 11,804,896         |  |
| Infrastructure, net                                | 294,277,649        | 474,194,350   | 768,471,999   | —                  |  |
| Other capital assets                               | —                  | —             | —             | 2,890,977          |  |
| Other non-current assets                           | —                  | —             | —             | 186,923            |  |
| Total assets                                       | 2,093,542,975      | 1,067,405,175 | 3,160,948,150 | 1,995,300,546      |  |
| DEFERRED OUTFLOWS OF RESOURCES                     |                    |               |               |                    |  |
| Deferred refunding amount                          | 2,176,511          | 4,418,962     | 6,595,473     | —                  |  |
| Retirement plans                                   | 82,622,915         | 1,213,221     | 83,836,136    | 17,005,235         |  |
| Other post employment benefits                     | 43,942,015         | 5,402,144     | 49,344,159    | 73,415,144         |  |
| Length of service award program                    | 758,544            | —             | 758,544       | —                  |  |
| Derivative instruments - interest rate swap        | —                  | —             | —             | 624,012            |  |
| Total deferred outflows of resources               | 129,499,985        | 11,034,327    | 140,534,312   | 91,044,391         |  |
| Total assets and deferred outflows of resources    | 2,223,042,960      | 1,078,439,502 | 3,301,482,462 | 2,086,344,937      |  |
| LIABILITIES  |                    |               |               |                    |  |
| Accounts payable and other current liabilities     | 31,965,455         | 24,086,312    | 56,051,767    | 103,166,500        |  |
| Accrued interest payable                           | 19,348,004         | 4,484,828     | 23,832,832    | —                  |  |
| Accrued wages and benefits                         | 17,782,956         | 715,097       | 18,498,053    | 2,613,891          |  |
| Deposits   | 7,381,157          | 1,607,739     | 8,988,896     | 851,955            |  |
| Short-term loans and notes payable                 | 29,798,579         | 15,677,570    | 45,476,149    | —                  |  |
| Due to primary government                          | —                  | —             | —             | 26,583,676         |  |
| Unearned revenues                                  | 11,247,114         | 984,418       | 12,231,532    | 10,954,342         |  |

(Continued)

**Howard County, Maryland**  
**Statement of Net Position**  
**June 30, 2019**

|  | Primary Government         |                             |                      | Component<br>Units   |
|--|----------------------------|-----------------------------|----------------------|----------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                |                      |
| <b>Noncurrent liabilities:</b>                             |                            |                             |                      |                      |
| Due within one year  | 105,227,935                | 17,365,827                  | 122,593,762          | 8,581,429            |
| Due in more than one year, net                             | 1,936,345,969              | 383,763,447                 | 2,320,109,416        | 1,106,325,966        |
| <b>Total liabilities</b>                                   | <b>2,159,097,169</b>       | <b>448,685,238</b>          | <b>2,607,782,407</b> | <b>1,259,077,759</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       |                            |                             |                      |                      |
| Retirement plans   | 15,925,132                 | 748,098                     | 16,673,230           | 4,104,740            |
| Other post employment benefits                             | 57,611,261                 | 3,768,067                   | 61,379,328           | 145,832,335          |
| Length of service award program                            | 3,686,799                  | —                           | 3,686,799            | —                    |
| <b>Total deferred inflows of resources</b>                 | <b>77,223,192</b>          | <b>4,516,165</b>            | <b>81,739,357</b>    | <b>149,937,075</b>   |
| <b>Total liabilities and deferred inflows of resources</b> | <b>2,236,320,361</b>       | <b>453,201,403</b>          | <b>2,689,521,764</b> | <b>1,409,014,834</b> |
| <b>NET POSITION</b>  |                            |                             |                      |                      |
| Net investment in capital assets                           | 841,929,843                | 456,887,408                 | 1,298,817,251        | 1,507,176,298        |
| <b>Restricted:</b>   |                            |                             |                      |                      |
| Business-type operations                                   | —                          | —                           | —                    | 15,796,103           |
| Catalyst loan program                                      | 1,024,177                  | —                           | 1,024,177            | —                    |
| Economic development initiatives                           | 741,484                    | —                           | 741,484              | —                    |
| Fee in lieu  | 469,647                    | —                           | 469,647              | —                    |
| Fire & rescue services                                     | 11,927,046                 | —                           | 11,927,046           | —                    |
| Forest conservation  | 1,964,542                  | —                           | 1,964,542            | —                    |
| Middle Patuxent environmental area program                 | 44,511                     | —                           | 44,511               | —                    |
| Open space   | 576,876                    | —                           | 576,876              | —                    |
| Parkland watershed facilities                              | 13,602,040                 | —                           | 13,602,040           | —                    |
| Permanent public improvement                               | 1,157,451                  | —                           | 1,157,451            | —                    |
| Program revenue  | 568,509                    | —                           | 568,509              | —                    |
| Public road facilities                                     | 61,223,169                 | —                           | 61,223,169           | —                    |
| Public school facilities                                   | 20,944,530                 | —                           | 20,944,530           | 12,987,811           |
| Speed enforcement  | 805,201                    | —                           | 805,201              | —                    |
| Tax increment financing project                            | 27,200,424                 | —                           | 27,200,424           | —                    |
| Debt Services  | —                          | 21,823,966                  | 21,823,966           | —                    |
| Unrestricted   | (997,456,851)              | 146,526,725                 | (850,930,126)        | (858,630,109)        |
| <b>Total net position</b>                                  | <b>\$ (13,277,401)</b>     | <b>625,238,099</b>          | <b>611,960,698</b>   | <b>677,330,103</b>   |

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

**Howard County, Maryland**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

|   |                  | 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                            | \$ 65,241,233    | 48,266,394           | 10,666,705                         | 168,700                          | (6,139,434)                                       | —                        | (6,139,434)     | —               |
| Public safety                                 | 249,887,935      | 8,285,012            | 6,190,580                          | —                                | (235,412,343)                                     | —                        | (235,412,343)   | —               |
| Public works                                  | 207,843,230      | 49,166,390           | 16,826,813                         | 9,476,991                        | (132,373,036)                                     | —                        | (132,373,036)   | —               |
| Recreation and parks                          | 54,344,080       | 20,905,820           | 652,004                            | 255,730                          | (32,530,526)                                      | —                        | (32,530,526)    | —               |
| Legislative and judicial                      | 30,139,996       | 868,699              | 586,545                            | —                                | (28,684,752)                                      | —                        | (28,684,752)    | —               |
| Community services                            | 50,250,870       | 4,975,930            | 5,636,854                          | —                                | (39,638,086)                                      | —                        | (39,638,086)    | —               |
| State highways                                | 9,286,446        | —                    | —                                  | —                                | (9,286,446)                                       | —                        | (9,286,446)     | —               |
| Education                                     | 710,311,491      | —                    | —                                  | 8,475,773                        | (701,835,718)                                     | —                        | (701,835,718)   | —               |
| Interest on long-term debt                    | 51,541,615       | —                    | —                                  | —                                | (51,541,615)                                      | —                        | (51,541,615)    | —               |
| Total governmental activities                 | 1,428,846,896    | 132,468,245          | 40,559,501                         | 18,377,194                       | (1,237,441,956)                                   | —                        | (1,237,441,956) | —               |
| Business-type activities:                     |                  |                      |                                    |                                  |   |                          |                 |                 |
| Water and sewer                               | 113,056,969      | 64,833,505           | 35,349,018                         | 12,779,321                       | —   | (95,125)                 | (95,125)        | —               |
| Other   | 7,163,586        | 11,544,895           | —                                  | 30,384,856                       | —   | 34,766,165               | 34,766,165      | —               |
| Total business-type activities                | 120,220,555      | 76,378,400           | 35,349,018                         | 43,164,177                       | —   | 34,671,040               | 34,671,040      | —               |
| Total primary government                      | 1,549,067,451    | 208,846,645          | 75,908,519                         | 61,541,371                       | (1,237,441,956)                                   | 34,671,040               | (1,202,770,916) | —               |
| Component units:                              |                  |                      |                                    |                                  |   |                          |                 |                 |
| Housing commission                            | 49,078,184       | 21,860,202           | 763,968                            | 11,180,962                       | —   | —                        | —               | (15,273,052)    |
| Public school system                          | 1,085,224,351    | 21,997,083           | 175,495,114                        | 42,744,155                       | —   | —                        | —               | (844,987,999)   |
| Library                                       | 25,850,569       | 817,278              | —                                  | —                                | —   | —                        | —               | (25,033,291)    |
| Community college                             | 121,417,907      | 36,666,657           | 516,596                            | 21,990,363                       | —   | —                        | —               | (62,244,291)    |
| Total component units                         | \$ 1,281,571,011 | 81,341,220           | 176,775,678                        | 75,915,480                       | —   | —                        | —               | (947,538,633)   |
| General revenues:                             |                  |                      |                                    |                                  |   |                          |                 |                 |
| Property taxes                                |                  |                      |                                    |                                  | \$ 654,794,565                                    | —                        | 654,794,565     | —               |
| Local income taxes                            |                  |                      |                                    |                                  | 496,679,385                                       | —                        | 496,679,385     | —               |
| Transfer tax                                  |                  |                      |                                    |                                  | 31,367,019  | —                        | 31,367,019      | —               |
| Recordation tax                               |                  |                      |                                    |                                  | 21,142,956  | —                        | 21,142,956      | —               |
| Building excise tax                           |                  |                      |                                    |                                  | 7,328,571   | —                        | 7,328,571       | —               |
| Hotel / motel tax                             |                  |                      |                                    |                                  | 5,538,425   | —                        | 5,538,425       | —               |
| Admission tax                                 |                  |                      |                                    |                                  | 3,361,722   | —                        | 3,361,722       | —               |
| County development tax                        |                  |                      |                                    |                                  | 314,891   | —                        | 314,891         | —               |
| Mobile home tax                               |                  |                      |                                    |                                  | 685,551   | —                        | 685,551         | —               |
| Appropriations from primary government        |                  |                      |                                    |                                  | —   | —                        | —               | 657,135,569     |
| Intergovernmental, unrestricted               |                  |                      |                                    |                                  | 1,673,415   | —                        | 1,673,415       | 265,944,561     |
| Unrestricted investment income                |                  |                      |                                    |                                  | 13,585,602  | 5,998,775                | 19,584,377      | 3,534,259       |
| Miscellaneous                                 |                  |                      |                                    |                                  | 2,513,727   | (794,262)                | 1,719,465       | 23,835,463      |
| Transfers                                     |                  |                      |                                    |                                  | 9,412,543   | (9,412,543)              | —               | —               |
| Total general revenues                        |                  |                      |                                    |                                  | 1,248,398,372                                     | (4,208,030)              | 1,244,190,342   | 950,449,852     |
| Change in net position                        |                  |                      |                                    |                                  | 10,956,416  | 30,463,010               | 41,419,426      | 2,911,219       |
| Net position - beginning                      |                  |                      |                                    |                                  | (24,233,817)                                      | 594,775,089              | 570,541,272     | 675,831,166     |
| Adjustment to restate beginning net position  |                  |                      |                                    |                                  | —   | —                        | —               | (1,412,282)     |
| Net position - beginning of year, as restated |                  |                      |                                    |                                  | (24,233,817)                                      | 594,775,089              | 570,541,272     | 674,418,884     |
| Net position - ending                         |                  |                      |                                    |                                  | \$ (13,277,401)                                   | 625,238,099              | 611,960,698     | 677,330,103     |

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

**Howard County, Maryland**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

|  | General<br>Fund       | Agricultural<br>Land<br>Preservation<br>Fund | General<br>Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------------|--|--|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                       |  |  |                                |                                |
| Equity in pooled cash  | \$ 93,323,456         | 15,262,349                                   | —                                      | 125,943,374                    | 234,529,179                    |
| Cash with fiscal agent                                       | —                     | —  | 14,667,797                             | 5,742,540                      | 20,410,337                     |
| Investments  | —                     | 42,810,778                                   | —                                      | —                              | 42,810,778                     |
| Receivables:   |                       |  |  |                                |                                |
| Property taxes, net  | 4,518,964             | —  | —                                      | 857,805                        | 5,376,769                      |
| Due from other governments                                   | 151,072,305           | 829,492                                      | 1,153,110                              | 16,040,126                     | 169,095,033                    |
| Due from other funds   | 19,821,488            | —  | —                                      | 22,862,545                     | 42,684,033                     |
| Due from component units                                     | 11,632,263            | —  | 9,268,869                              | 5,682,544                      | 26,583,676                     |
| Housing loans  | —                     | —  | —                                      | 13,588,326                     | 13,588,326                     |
| Other  | 1,570,361             | —  | —                                      | 838,023                        | 2,408,384                      |
| Prepaid Items  | 8,104                 | —  | —                                      | 2,704                          | 10,808                         |
| Economic development loans                                   | —                     | —  | —                                      | 351,633                        | 351,633                        |
| Materials and supplies                                       | 624,672               | —  | —                                      | 668,338                        | 1,293,010                      |
| <b>Total assets</b>  | <b>282,571,613</b>    | <b>58,902,619</b>                            | <b>25,089,776</b>                      | <b>192,577,958</b>             | <b>559,141,966</b>             |
| <b>LIABILITIES</b>   |                       |  |  |                                |                                |
| Due to other funds   | —                     | —  | 16,478,013                             | 22,440,545                     | 38,918,558                     |
| Accounts payable / accrued liabilities                       | 5,543,928             | 7,361  | 8,156,487                              | 13,298,302                     | 27,006,078                     |
| Accrued wages and benefits                                   | 11,677,071            | 6,221  | 63,650                                 | 5,327,086                      | 17,074,028                     |
| Short-term loans and notes payable                           | —                     | —  | 23,259,381                             | 6,539,198                      | 29,798,579                     |
| Deposits and connection fees                                 | 7,033,645             | —  | —                                      | 256,072                        | 7,289,717                      |
| Unearned revenue   | 85,943                | —  | 995,362                                | 10,165,809                     | 11,247,114                     |
| <b>Total liabilities</b>                                     | <b>24,340,587</b>     | <b>13,582</b>                                | <b>48,952,893</b>                      | <b>58,027,012</b>              | <b>131,334,074</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                       |  |  |                                |                                |
| Unavailable income taxes                                     | 112,047,048           | —  | —                                      | —                              | 112,047,048                    |
| Unavailable property taxes                                   | 3,299,267             | —  | —                                      | 711,410                        | 4,010,677                      |
| Unavailable fees   | 2,219,049             | —  | —                                      | 7,167,322                      | 9,386,371                      |
| Unavailable grant revenues                                   | 57,745                | —  | 9,583,906                              | 3,004,592                      | 12,646,243                     |
| <b>Total deferred inflows</b>                                | <b>117,623,109</b>    | <b>—</b>                                     | <b>9,583,906</b>                       | <b>10,883,324</b>              | <b>138,090,339</b>             |
| <b>Total liabilities and deferred inflows</b>                | <b>141,963,696</b>    | <b>13,582</b>                                | <b>58,536,799</b>                      | <b>68,910,336</b>              | <b>269,424,413</b>             |
| <b>FUND BALANCES</b>   |                       |  |  |                                |                                |
| Nonspendable   | 12,265,039            | —  | —                                      | 671,042                        | 12,936,081                     |
| Restricted   | —                     | —  | 36,769,778                             | 105,479,829                    | 142,249,607                    |
| Committed  | 73,958,202            | 1,162,093                                    | —                                      | 53,312,092                     | 128,432,387                    |
| Assigned   | 35,997,183            | 57,726,944                                   | —                                      | 4,660,775                      | 98,384,902                     |
| Unassigned   | 18,387,493            | —  | (70,216,801)                           | (40,456,116)                   | (92,285,424)                   |
| <b>Total fund balances (deficits)</b>                        | <b>140,607,917</b>    | <b>58,889,037</b>                            | <b>(33,447,023)</b>                    | <b>123,667,622</b>             | <b>289,717,553</b>             |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 282,571,613</b> | <b>58,902,619</b>                            | <b>25,089,776</b>                      | <b>192,577,958</b>             | <b>559,141,966</b>             |

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

**Howard County, Maryland**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2019**

Amounts reported for governmental activities in the statement of net position (page 22) are different because:

|   |                        |
|---|------------------------|
| Total fund balances - governmental funds (page 24) .....  | \$ 289,717,553         |
| 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. .... | 60,380,107             |
| 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   | \$ (1,265,608,716)     |
| Capital leases  | (21,216,421)           |
| Deferred refunding gain/loss and premium  | (137,155,669)          |
| Other noncurrent liabilities  | (9,132,931)            |
| Accrued interest payable  | (19,348,003)           |
| Compensated absences  | (25,454,432)           |
| Landfill closure and post-closure   | (23,430,000)           |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. ....  | 1,473,344,886          |
| The net pension, LOSAP and OPEB liabilities are not due and payable in the current period and related deferred inflows and outflows are not an available resource and, therefore, are not reported in the funds. ....   | (475,707,226)          |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows in the funds. ....   | 140,333,451            |
| Net position of governmental activities (page 22) .....   | <u>\$ (13,277,401)</u> |

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



**Howard County, Maryland**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

|  | General<br>Fund       | Agricultural<br>Land<br>Preservation<br>Fund | General<br>Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------------|--|--|--------------------------------|--------------------------------|
| <b>REVENUES</b>  |                       |  |  |                                |                                |
| Property taxes   | \$ 552,123,621        | —  | —                                      | 102,102,956                    | 654,226,577                    |
| Other local taxes  | 494,141,081           | 8,156,646                                    | 7,841,755                              | 23,012,081                     | 533,151,563                    |
| State shared taxes                                       | 1,673,415             | —  | —                                      | —                              | 1,673,415                      |
| Revenues from other governments                          | 9,666,904             | —  | 10,774,536                             | 23,049,357                     | 43,490,797                     |
| Charges for services                                     | 13,775,589            | —  | —                                      | 45,762,142                     | 59,537,731                     |
| Investment income:                                       |                       |  |  |                                |                                |
| Interest on investments                                  | 5,427,798             | 3,002,004                                    | 491,736                                | 4,645,767                      | 13,567,305                     |
| Decrease in fair value of investments                    | —                     | (496,321)                                    | —                                      | —                              | (496,321)                      |
| Installment interest from housing loans                  | —                     | —  | —                                      | 60,540                         | 60,540                         |
| Licenses and permits                                     | 6,641,437             | —  | —                                      | —                              | 6,641,437                      |
| Fines and forfeitures                                    | 3,018,280             | —  | —                                      | 1,053,027                      | 4,071,307                      |
| Developer fees   | —                     | —  | —                                      | 852,987                        | 852,987                        |
| Payments from component units                            | 1,546,337             | —  | —                                      | —                              | 1,546,337                      |
| Miscellaneous program revenues                           | 2,139,487             | 6,000  | 6,778,364                              | 7,956,241                      | 16,880,092                     |
| <b>Total revenues</b>                                    | <b>1,090,153,949</b>  | <b>10,668,329</b>                            | <b>25,886,391</b>                      | <b>208,495,098</b>             | <b>1,335,203,767</b>           |
| <b>EXPENDITURES</b>                                      |                       |  |  |                                |                                |
| <b>Current:</b>  |                       |  |  |                                |                                |
| General government                                       | 46,348,699            | —  | 10,363,285                             | 3,917,786                      | 60,629,770                     |
| Legislative & judicial                                   | 27,881,384            | —  | —                                      | 639,007                        | 28,520,391                     |
| Public works   | 74,745,429            | 1,013,484                                    | 2,984,222                              | 34,693,526                     | 113,436,661                    |
| Public safety  | 129,734,600           | —  | —                                      | 106,217,400                    | 235,952,000                    |
| Recreation and parks                                     | 22,773,852            | —  | —                                      | 20,397,611                     | 43,171,463                     |
| Community services                                       | 37,380,452            | —  | —                                      | 10,011,335                     | 47,391,787                     |
| Education  | 655,977,569           | —  | 51,268,431                             | —                              | 707,246,000                    |
| Capital improvements                                     | —                     | —  | 76,358,310                             | 64,102,437                     | 140,460,747                    |
| <b>Debt service:</b>                                     |                       |  |  |                                |                                |
| Principal  | 65,121,048            | 4,232,529                                    | —                                      | 374,920                        | 69,728,497                     |
| Interest   | 46,853,007            | 5,077,092                                    | 2,102,219                              | 3,023,665                      | 57,055,983                     |
| <b>Total expenditures</b>                                | <b>1,106,816,040</b>  | <b>10,323,105</b>                            | <b>143,076,467</b>                     | <b>243,377,687</b>             | <b>1,503,593,299</b>           |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(16,662,091)</b>   | <b>345,224</b>                               | <b>(117,190,076)</b>                   | <b>(34,882,589)</b>            | <b>(168,389,532)</b>           |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                       |  |  |                                |                                |
| Bond premium   | —                     | —  | 10,165,667                             | 2,054,325                      | 12,219,992                     |
| Capital lease  | —                     | —  | —                                      | 2,223,000                      | 2,223,000                      |
| Capital-related issuance of debt                         | 793,086               | —  | 88,394,770                             | 19,522,621                     | 108,710,477                    |
| Refunding bonds issued                                   | —                     | —  | 20,272,862                             | 2,312,138                      | 22,585,000                     |
| Payment to bond refunding escrow agent                   | —                     | —  | (21,617,153)                           | (2,407,405)                    | (24,024,558)                   |
| Transfers in   | 26,946,081            | —  | 13,203,236                             | 24,657,113                     | 64,806,430                     |
| Transfers out  | (12,713,690)          | (203,633)                                    | (10,741,677)                           | (20,201,518)                   | (43,860,518)                   |
| <b>Total other financing sources (uses)</b>              | <b>15,025,477</b>     | <b>(203,633)</b>                             | <b>99,677,705</b>                      | <b>28,160,274</b>              | <b>142,659,823</b>             |
| <b>Net change in fund balances</b>                       | <b>(1,636,614)</b>    | <b>141,591</b>                               | <b>(17,512,371)</b>                    | <b>(6,722,315)</b>             | <b>(25,729,709)</b>            |
| <b>Fund balances (deficit) - beginning</b>               | <b>142,244,531</b>    | <b>58,747,446</b>                            | <b>(15,934,652)</b>                    | <b>130,389,937</b>             | <b>315,447,262</b>             |
| <b>Fund balances (deficit) - ending</b>                  | <b>\$ 140,607,917</b> | <b>58,889,037</b>                            | <b>(33,447,023)</b>                    | <b>123,667,622</b>             | <b>289,717,553</b>             |

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

**Howard County, Maryland**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

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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) ..... \$ (25,729,709)

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                  | \$ 109,726,546 |            |
| Less: Depreciation expense ..... | (46,826,274)   | 62,900,272 |

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. .... (3,097,920)

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. .... 11,600,114

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                              | (96,672,185) |            |
| Revenues that do not provide current financial resources ..... | 138,090,339  | 41,418,154 |

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. .... (40,689,097)

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. .... (31,600,473)

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. .... (3,844,925)

|   |               |  |
|---|---------------|--|
| Change in net position of governmental activities (page 23) ..... | \$ 10,956,416 |  |
|---|---------------|--|

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, 2019**

| REVENUES  | Budget Amounts |               | Actual         | Variance with<br>Final Budget |
|---|----------------|---------------|----------------|-------------------------------|
|   | Original       | Final         |                |                               |
| Property taxes                                    | \$ 550,177,993 | 550,177,993   | 552,098,523    | 1,920,530                     |
| Other local taxes                                 | 486,547,544    | 486,547,544   | 494,141,082    | 7,593,538                     |
| State shared taxes                                | 1,620,478      | 1,620,478     | 1,673,415      | 52,937                        |
| Revenues from other governments                   | 8,370,696      | 8,370,696     | 9,666,906      | 1,296,210                     |
| Charges for services                              | 14,794,584     | 14,794,584    | 13,775,591     | (1,018,993)                   |
| Interest on investments                           | 2,020,000      | 2,020,000     | 7,262,415      | 5,242,415                     |
| Licenses and permits                              | 7,177,314      | 7,177,314     | 6,662,734      | (514,580)                     |
| Recoveries for inter-fund services                | 16,903,716     | 16,703,716    | 16,520,981     | (182,735)                     |
| Fines and forfeitures                             | 3,108,514      | 3,108,514     | 3,018,279      | (90,235)                      |
| Component units return of funding                 | 2,861,374      | 2,861,374     | 1,546,337      | (1,315,037)                   |
| Miscellaneous                                     | 16,596,833     | 1,951,761     | 2,293,758      | 341,997                       |
| Total revenues                                    | 1,110,179,046  | 1,095,333,974 | 1,108,660,021  | 13,326,047                    |
| <b>EXPENDITURES</b>                               |                |               |                |                               |
| <b>Current:</b>                                   |                |               |                |                               |
| General government                                | 48,927,267     | 49,782,345    | 47,482,351     | 2,299,994                     |
| Legislative & judicial                            | 28,869,795     | 28,869,795    | 27,944,728     | 925,067                       |
| Public works                                      | 82,689,684     | 83,854,037    | 83,091,822     | 762,215                       |
| Public safety                                     | 138,183,479    | 138,183,479   | 135,696,195    | 2,487,284                     |
| Recreation and parks                              | 24,550,738     | 24,550,738    | 24,547,220     | 3,518                         |
| Community services                                | 37,842,319     | 26,380,821    | 25,709,591     | 671,230                       |
| Education   | 655,977,569    | 655,977,569   | 655,977,569    | —                             |
| Health Department                                 | 13,211,498     | 12,920,789    | 11,930,892     | 989,897                       |
| <b>Debt service:</b>                              |                |               |                |                               |
| Principal   | 65,386,547     | 65,121,056    | 65,121,048     | 8                             |
| Interest  | 46,837,027     | 46,853,005    | 46,853,007     | (2)                           |
| Total expenditures                                | 1,142,475,923  | 1,132,493,634 | 1,124,354,423  | 8,139,211                     |
| Excess (deficiency) of revenues over expenditures | (32,296,877)   | (37,159,660)  | (15,694,402)   | (21,465,258)                  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                |               |                |                               |
| Appropriation from fund balance                   | 24,132,758     | 24,132,758    | 1,128,017      | (23,004,741)                  |
| Capital related debt issued                       | —              | —             | 793,086        | 793,086                       |
| Transfers in                                      | 19,507,515     | 34,061,878    | 33,918,275     | (143,603)                     |
| Transfers out                                     | (11,343,396)   | (21,034,976)  | (20,144,976)   | 890,000                       |
| Total other financing sources (uses)              | 32,296,877     | 37,159,660    | 15,694,402     | (21,465,258)                  |
| Net change in fund balance                        | —              | —             | —              | —                             |
| Plus prior year encumbrances lapsed               |                |               | 2,510,564      |                               |
| Less appropriation from fund balance              |                |               | (1,128,017)    |                               |
| Fund balances - beginning                         |                |               | 126,430,852    |                               |
| Fund balances - ending                            |                |               | \$ 127,813,399 |                               |

Health Department's fund balance is combined with the General Fund for the budgetary basis statement only.

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

**Howard County, Maryland**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Agricultural Land Preservation Fund**  
**For the Year Ended June 30, 2019**

|   | Budget Amounts |             |               | Variance with |
|---|----------------|-------------|---------------|---------------|
|   | Original       | Final       | Actual        | Final Budget  |
| REVENUES  |                |             |               |               |
| Local taxes   | \$ 7,150,000   | 7,150,000   | 8,156,646     | 1,006,646     |
| Investment income                                     | 1,500,000      | 1,500,000   | 2,502,050     | 1,002,050     |
| Miscellaneous   | 5,000          | 5,000       | 6,000         | 1,000         |
| Total revenues  | 8,655,000      | 8,655,000   | 10,664,696    | 2,009,696     |
| EXPENDITURES  |                |             |               |               |
| Public works:   |                |             |               |               |
| Agricultural land preservation program administration | 858,369        | 859,669     | 855,414       | 4,255         |
| Agricultural land preservation board                  | 1,300          | —           | —             | —             |
| Debt service:   |                |             |               |               |
| Principal   | 4,232,529      | 4,232,529   | 4,232,529     | —             |
| Interest  | 5,077,092      | 5,077,092   | 5,077,092     | —             |
| Total expenditures                                    | 10,169,290     | 10,169,290  | 10,165,035    | 4,255         |
| Excess (deficiency) of revenues over expenditures     | (1,514,290)    | (1,514,290) | 499,661       | 2,013,951     |
| OTHER FINANCING SOURCES                               |                |             |               |               |
| Appropriation from fund balance                       | 1,714,290      | 1,714,290   | —             | (1,714,290)   |
| Transfers out   | (200,000)      | (200,000)   | (200,000)     | —             |
| Total other financing sources                         | 1,514,290      | 1,514,290   | (200,000)     | (1,714,290)   |
| Net change in fund balance                            | —              | —           | 299,661       | 299,661       |
| Fund balance - beginning                              |                |             | 58,747,446    |               |
| Fund balance - ending                                 |                |             | \$ 59,047,107 |               |

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

**Howard County, Maryland**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

|   | Business-Type Activities |                        |               | Governmental Activities |
|---|--------------------------|------------------------|---------------|-------------------------|
|   | Water and Sewer Fund     | Other Enterprise Funds | Total         | Internal Services Funds |
| <b>ASSETS</b>                                   |                          |                        |               |                         |
| Current assets:                                 |                          |                        |               |                         |
| Equity in pooled cash                           | \$ 40,176,845            | 17,998,677             | 58,175,522    | 52,810,598              |
| Receivables:                                    |                          |                        |               |                         |
| Property taxes                                  | 341,177                  | —                      | 341,177       | —                       |
| Due from other governments                      | 93,497                   | —                      | 93,497        | —                       |
| Service billings                                | 11,760,834               | 156,434                | 11,917,268    | —                       |
| Other receivables                               | 674,241                  | —                      | 674,241       | 2,077,717               |
| Prepaid Expenses                                | —                        | —                      | —             | 7,074                   |
| Materials and supplies                          | 1,293,239                | —                      | 1,293,239     | 1,467,211               |
| Restricted assets:                              |                          |                        |               |                         |
| Equity in pooled cash and cash equivalents      | 166,964,190              | 560,000                | 167,524,190   | —                       |
| Water and sewer assessments                     | 3,561,977                | —                      | 3,561,977     | —                       |
| Total current assets                            | 224,866,000              | 18,715,111             | 243,581,111   | 56,362,600              |
| Noncurrent assets:                              |                          |                        |               |                         |
| Restricted assets:                              |                          |                        |               |                         |
| Receivables:                                    |                          |                        |               |                         |
| Water and sewer assessments                     | 17,701,989               | —                      | 17,701,989    | —                       |
| Other receivables                               | —                        | 125,471                | 125,471       | —                       |
| Capital assets:                                 |                          |                        |               |                         |
| Land and land improvements                      | 3,068,642                | 9,134,186              | 12,202,828    | —                       |
| Construction in progress                        | 127,333,464              | —                      | 127,333,464   | —                       |
| Buildings and improvements, net                 | 177,622,414              | 3,831,033              | 181,453,447   | 1,968,153               |
| Machinery and equipment, net                    | 8,795,219                | 1,448,432              | 10,243,651    | 43,735,152              |
| Infrastructure, net                             | 434,584,890              | 39,609,460             | 474,194,350   | —                       |
| Total noncurrent assets                         | 769,106,618              | 54,148,582             | 823,255,200   | 45,703,305              |
| Total assets                                    | 993,972,618              | 72,863,693             | 1,066,836,311 | 102,065,905             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                          |                        |               |                         |
| Deferred refunding amount                       | 4,407,029                | 11,933                 | 4,418,962     | —                       |
| Retirement plans                                | 1,213,221                | —                      | 1,213,221     | —                       |
| Other post employment benefits                  | 5,402,144                | —                      | 5,402,144     | —                       |
| Total deferred outflows of resources            | 11,022,394               | 11,933                 | 11,034,327    | —                       |
| Total assets and deferred outflows of resources | 1,004,995,012            | 72,875,626             | 1,077,870,638 | 102,065,905             |
| <b>LIABILITIES</b>                              |                          |                        |               |                         |
| Current liabilities:                            |                          |                        |               |                         |
| Due to other funds                              | —                        | 3,765,475              | 3,765,475     | —                       |
| Accounts payable                                | 23,839,978               | 246,334                | 24,086,312    | 4,959,377               |
| Accrued wages and benefits                      | 639,493                  | 75,604                 | 715,097       | 708,928                 |
| Compensated absences                            | 19,804                   | —                      | 19,804        | 12,733                  |
| Short-term loans and notes payable              | 15,677,570               | —                      | 15,677,570    | —                       |
| Deposits and connection fees                    | —                        | —                      | —             | 91,440                  |
| Unpaid insurance claims                         | —                        | —                      | —             | 7,518,251               |
| Current portion capital lease obligation        | —                        | —                      | —             | 1,643,192               |
| Current liabilities                             | 40,176,845               | 4,087,413              | 44,264,258    | 14,933,921              |

(Continued)

**Howard County, Maryland**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

|   | Business-Type Activities |                        |                    | Governmental Activities |
|---|--------------------------|------------------------|--------------------|-------------------------|
|   | Water and Sewer          | Other Enterprise Funds | Total              | Internal Services Funds |
| <b>Current liabilities payable from restricted assets:</b>  |                          |                        |                    |                         |
| Deposits and connection fees  | 1,607,739                | —                      | 1,607,739          | —                       |
| Developer agreement rebates and deposits  | 49,000                   | —                      | 49,000             | —                       |
| Other debt payable  | 3,457,397                | —                      | 3,457,397          | —                       |
| Bonds and note payable  | 13,085,000               | 608,400                | 13,693,400         | —                       |
| Loan payable  | —                        | 146,226                | 146,226            | —                       |
| Interest payable  | 4,484,828                | —                      | 4,484,828          | —                       |
| Current liabilities payable from restricted assets  | 22,683,964               | 754,626                | 23,438,590         | —                       |
| <b>Total current liabilities</b>  | <b>62,860,809</b>        | <b>4,842,039</b>       | <b>67,702,848</b>  | <b>14,933,921</b>       |
| <b>Noncurrent liabilities:</b>  |                          |                        |                    |                         |
| Developer agreement rebates and deposits  | 825,412                  | —                      | 825,412            | —                       |
| Net OPEB liability  | 23,102,908               | —                      | 23,102,908         | —                       |
| Net pension liability   | 2,037,339                | —                      | 2,037,339          | —                       |
| Compensated absences  | 796,429                  | 74,960                 | 871,389            | 976,158                 |
| Unpaid insurance claims   | —                        | —                      | —                  | 12,697,599              |
| Long-term capital lease obligation  | —                        | —                      | —                  | 8,743,781               |
| Refunding revenue note payable  | —                        | 1,707,000              | 1,707,000          | —                       |
| Metropolitan district bonds payable   | 337,682,647              | —                      | 337,682,647        | —                       |
| Long-term bonds payable   | —                        | 5,007,644              | 5,007,644          | —                       |
| Loans payable   | —                        | 1,413,658              | 1,413,658          | —                       |
| Unearned revenue  | 984,418                  | —                      | 984,418            | —                       |
| Other long-term debt  | 11,115,450               | —                      | 11,115,450         | —                       |
| Total noncurrent liabilities  | 376,544,603              | 8,203,262              | 384,747,865        | 22,417,538              |
| <b>Total liabilities</b>  | <b>439,405,412</b>       | <b>13,045,301</b>      | <b>452,450,713</b> | <b>37,351,459</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                          |                        |                    |                         |
| Retirement plans  | 748,098                  | —                      | 748,098            | —                       |
| OPEB  | 3,768,067                | —                      | 3,768,067          | —                       |
| Total deferred inflows of resources   | 4,516,165                | —                      | 4,516,165          | —                       |
| <b>Total liabilities and deferred inflows of resources</b>  | <b>443,921,577</b>       | <b>13,045,301</b>      | <b>456,966,878</b> | <b>37,351,459</b>       |
| <b>NET POSITION</b>   |                          |                        |                    |                         |
| Net investment in capital assets  | 411,735,292              | 45,152,116             | 456,887,408        | 35,316,332              |
| Restricted:   |                          |                        |                    |                         |
| For debt service  | 21,263,966               | 560,000                | 21,823,966         | —                       |
| Unrestricted  | 128,074,177              | 14,118,209             | 142,192,386        | 29,398,114              |
| <b>Total net position</b>   | <b>561,073,435</b>       | <b>59,830,325</b>      | <b>620,903,760</b> | <b>64,714,446</b>       |
| Adjustment to reflect consolidation of internal service fund activities related to enterprise funds |                          |                        | 4,334,339          |                         |
| Net position of business-type activities  |                          |                        | \$ 625,238,099     |                         |

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, 2019**

|   | Business-Type Activities |                        |                     | Governmental Activities |
|---|--------------------------|------------------------|---------------------|-------------------------|
|   | Water and Sewer          | Other Enterprise Funds | Total               | Internal Service Funds  |
| <b>Operating revenues:</b>  |                          |                        |                     |                         |
| User charges  | \$ 60,910,861            | 11,217,442             | 72,128,303          | 114,066,093             |
| Insurance recoveries  | —                        | —                      | —                   | 306,224                 |
| Miscellaneous sales and services  | 2,004,526                | 327,453                | 2,331,979           | 1,947,398               |
| <b>Total operating revenues</b>   | <b>62,915,387</b>        | <b>11,544,895</b>      | <b>74,460,282</b>   | <b>116,319,715</b>      |
| <b>Operating expenses:</b>  |                          |                        |                     |                         |
| Salaries and employee benefits  | 13,651,019               | 1,545,551              | 15,196,570          | 14,353,343              |
| Contractual services  | 16,508,475               | 2,717,779              | 19,226,254          | 13,685,565              |
| Supplies and materials  | 3,323,452                | 358,470                | 3,681,922           | 3,714,971               |
| Business and travel   | 94,155                   | 2,022                  | 96,177              | 626,988                 |
| Vehicle fuels and supplies  | 1,879,978                | —                      | 1,879,978           | 3,786,519               |
| Purchased water and transmission charges  | 30,403,169               | —                      | 30,403,169          | —                       |
| Sewage treatment charges  | 8,032,473                | —                      | 8,032,473           | —                       |
| Share of county administrative expenses   | 5,681,387                | 1,095,684              | 6,777,071           | 831,049                 |
| Insurance claims  | 1,219,571                | —                      | 1,219,571           | 62,304,714              |
| Other administrative  | —                        | 82,293                 | 82,293              | 2,395,772               |
| Depreciation expense  | 23,014,627               | 1,136,282              | 24,150,909          | 8,880,414               |
| Less: house connection and capitalized overhead costs   | (9,000)                  | —                      | (9,000)             | —                       |
| <b>Total operating expenses</b>   | <b>103,799,306</b>       | <b>6,938,081</b>       | <b>110,737,387</b>  | <b>110,579,335</b>      |
| <b>Operating income (loss)</b>  | <b>(40,883,919)</b>      | <b>4,606,814</b>       | <b>(36,277,105)</b> | <b>5,740,380</b>        |
| <b>Nonoperating revenues (expenses):</b>  |                          |                        |                     |                         |
| Ad valorem charges  | 35,349,018               | —                      | 35,349,018          | —                       |
| Water and sewer assessment charges  | 1,123,856                | —                      | 1,123,856           | —                       |
| Interest on investments   | 5,341,200                | 657,575                | 5,998,775           | 1,235,399               |
| Interest expense  | (9,038,792)              | (202,590)              | (9,241,382)         | (194,957)               |
| Gain (loss) on sale of capital assets   | (794,262)                | —                      | (794,262)           | —                       |
| Grant   | 1,298,667                | —                      | 1,298,667           | —                       |
| Revenue from other government   | —                        | —                      | —                   | 34,944                  |
| Other, net  | (31,609)                 | (22,915)               | (54,524)            | —                       |
| <b>Total nonoperating revenues (expenses)</b>   | <b>33,248,078</b>        | <b>432,070</b>         | <b>33,680,148</b>   | <b>1,075,386</b>        |
| <b>Net income (loss) before contributions and transfers</b>   | <b>(7,635,841)</b>       | <b>5,038,884</b>       | <b>(2,596,957)</b>  | <b>6,815,766</b>        |
| <b>Capital contributions</b>  | <b>11,480,654</b>        | <b>30,384,856</b>      | <b>41,865,510</b>   | <b>1,479,682</b>        |
| <b>Transfers in</b>   | <b>—</b>                 | <b>556,841</b>         | <b>556,841</b>      | <b>—</b>                |
| <b>Transfers out</b>  | <b>—</b>                 | <b>(9,969,384)</b>     | <b>(9,969,384)</b>  | <b>(11,533,369)</b>     |
| <b>Change in net position</b>   | <b>3,844,813</b>         | <b>26,011,197</b>      | <b>29,856,010</b>   | <b>(3,237,921)</b>      |
| <b>Net position - beginning of year, as restated</b>  | <b>557,228,622</b>       | <b>33,819,128</b>      | <b>—</b>            | <b>67,952,367</b>       |
| <b>Net position - ending</b>  | <b>561,073,435</b>       | <b>59,830,325</b>      | <b>620,903,760</b>  | <b>64,714,446</b>       |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |                          |                        | 607,000             |                         |
| Change in net position of business - type activities  |                          |                        | \$ 30,463,010       |                         |

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, 2019**

|   | Business-Type Activities |                           |              | Governmental                            |
|---|--------------------------|---------------------------|--------------|---|
|   | Water and<br>Sewer       | Other<br>Enterprise Funds | Total        | Activities<br>Internal<br>Service Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                           |              |   |
| Cash received from customers  | \$ 65,701,165            | 11,245,804                | 76,946,969   | 116,707,273                             |
| Cash paid to suppliers  | (53,088,250)             | (2,875,500)               | (55,963,750) | (73,112,497)                            |
| Cash paid to / for employees  | (13,824,275)             | (1,503,266)               | (15,327,541) | (15,051,619)                            |
| Cash paid for inter-fund services used  | (6,434,111)              | (487,834)                 | (6,921,945)  | (10,716,612)                            |
| Other operating cash receipts   | 110,000                  | —                         | 110,000      | —                                       |
| Other operating disbursements   | —                        | (480,630)                 | (480,630)    | (515,474)                               |
| Net cash provided by (used for) operating activities  | (7,535,471)              | 5,898,574                 | (1,636,897)  | 17,311,071                              |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                          |                           |              |   |
| Inter-fund payable  | —                        | 1,051,578                 | 1,051,578    | —                                       |
| Inter-fund operating transfers in (out)   | —                        | (9,412,543)               | (9,412,543)  | (10,886,865)                            |
| Net cash (used for) noncapital financing activities   | —                        | (8,360,965)               | (8,360,965)  | (10,886,865)                            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                          |                           |              |   |
| Proceeds from sale of county bonds  | 58,697,746               | 2,563,999                 | 61,261,745   | —                                       |
| Cash receipts from assessments & connection charges   | 36,542,396               | 1,646,000                 | 38,188,396   | —                                       |
| Proceeds from grant   | 2,114,791                | —                         | 2,114,791    | —                                       |
| Proceeds from capital lease   | —                        | —                         | —            | 9,716,783                               |
| Acquisition and construction of capital assets  | (57,733,664)             | (49,900)                  | (57,783,564) | (10,025,088)                            |
| Capital contribution  | 1,925,957                | —                         | 1,925,957    | —                                       |
| Payment of long-term debt principal   | (21,008,413)             | (583,116)                 | (21,591,529) | (906,225)                               |
| Interest paid on long-term debt   | (8,296,751)              | (146,413)                 | (8,443,164)  | (216,157)                               |
| Net cash provided by (used for) capital and related financing activities                                  | 12,242,062               | 3,430,570                 | 15,672,632   | (1,430,687)                             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |                           |              |   |
| Interest on investments   | 4,736,759                | 484,041                   | 5,220,800    | 1,270,344                               |
| Net cash provided by investing activities   | 4,736,759                | 484,041                   | 5,220,800    | 1,270,344                               |
| Net increase (decrease) in cash and cash equivalents  | 9,443,350                | 1,452,220                 | 10,895,570   | 6,263,863                               |
| Cash and cash equivalents -beginning of the year  | 197,697,685              | 17,106,457                | 214,804,142  | 46,546,735                              |
| Cash and cash equivalents - end of the year   | 207,141,035              | 18,558,677                | 225,699,712  | 52,810,598                              |
| <b>Reconciliation of operating (loss) income to net cash (used for) provided by operating activities</b>  |                          |                           |              |   |
| Operating (loss) income   | (40,883,919)             | 4,606,814                 | -36,277,105  | 5,740,380                               |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                          |                           |              |   |
| Depreciation expense  | 23,014,627               | 1,136,282                 | 24,150,909   | 8,880,414                               |
| Effect of changes in operating assets and liabilities:  |                          |                           |              |   |
| Accounts and other receivables  | (1,160,815)              | 92,441                    | (1,068,374)  | 312,555                                 |
| Prepaid expenses  | —                        | —                         | —            | (2,029)                                 |
| Inventories   | (271,429)                | —                         | (271,429)    | (59,615)                                |
| Accounts payable  | 6,520,179                | 18,597                    | 6,538,776    | 790,532                                 |
| Accrued wages and benefits  | —                        | 5,526                     | 5,526        | (37,306)                                |
| Compensated absences  | (37,360)                 | 38,914                    | 1,554        | (34,085)                                |
| Deposits and connection fees  | —                        | —                         | —            | 23,200                                  |
| Unpaid insurance claims   | —                        | —                         | —            | 1,704,527                               |
| Unearned revenue  | —                        | —                         | —            | (7,502)                                 |
| Increase in net OPEB obligation and net pension liability   | 5,283,246                | —                         | 5,283,246    | —                                       |
| Total adjustments   | 33,348,448               | 1,291,760                 | 34,640,208   | 11,570,691                              |
| Net cash provided by (used in) operating activities   | \$ (7,535,471)           | 5,898,574                 | (1,636,897)  | 17,311,071                              |

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

In Fiscal Year 2019, \$9,554,697 was contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines and \$1,925,957 was posted as cash receipt.

In Fiscal Year 2019, \$18,052 of capital assets were contributed to the Broadband Fund from the governmental Capital Projects Fund.

In Fiscal Year 2019, \$30,366,804 of capital assets were contributed to the Watershed Protection Fund from the General Fund.

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, 2019**

|   | Pension and<br>OPEB Trust<br>Funds | Agency<br>Funds     |
|---|------------------------------------|---------------------|
| <b>ASSETS</b>   |                                    |                     |
| Equity in pooled cash and cash equivalents            | \$ —                               | \$ 7,242,780        |
| Receivables:  |                                    |                     |
| Property tax  | —                                  | 534,227             |
| Interest and dividends                                | 1,214,106                          | —                   |
| Employer contributions                                | 2,644,804                          | —                   |
| Member contributions                                  | 752,143                            | —                   |
| Sale of investments                                   | 186,253                            | —                   |
| Other   | 15,246                             | 3,845               |
| Investments, at fair value:                           |                                    |                     |
| Cash  | 336,048                            | —                   |
| Equities  | 462,432,977                        | —                   |
| Alternative investments                               | 270,113,695                        | —                   |
| Mutual funds  | 154,445,416                        | —                   |
| Money market funds                                    | 20,936,932                         | —                   |
| Fixed income securities                               | 307,599,448                        | —                   |
| Real assets   | 37,911,182                         | —                   |
| Prepaid insurance                                     | 43,758                             | —                   |
| <b>Total assets</b>                                   | <b>1,258,632,008</b>               | <b>7,780,852</b>    |
| <b>LIABILITIES</b>                                    |                                    |                     |
| Accounts payable                                      | 57,556                             | 1,935,896           |
| Investments purchased                                 | 5,460,439                          | —                   |
| Deposits  | 1,328,446                          | 5,842,649           |
| Other   | —                                  | 2,307               |
| <b>Total liabilities</b>                              | <b>\$ 6,846,441</b>                | <b>\$ 7,780,852</b> |
| <b>NET POSITION</b>                                   |                                    |                     |
| Net position restricted for pension and OPEB benefits | <u>\$ 1,251,785,567</u>            |                     |

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

**Howard County, Maryland**  
**Statement of Changes in Fiduciary Net Position**  
**Pension and Other Post Employment Benefits Trust Funds**  
**For the Year Ended June 30, 2019**

|   |           |                      |
|---|-----------|----------------------|
| <b>ADDITIONS</b>                        |           |                      |
| <b>Contributions:</b>                   |           |                      |
| Employer                                | \$        | 80,256,200           |
| Member                                  |           | 12,502,973           |
| <b>Total contributions</b>              |           | <b>92,759,173</b>    |
| <b>Investment income:</b>               |           |                      |
| Net change in fair value of investments |           | 50,434,717           |
| Interest                                |           | 5,094,965            |
| Dividends                               |           | 27,922,584           |
| Other                                   |           | 155,436              |
| Investment expense                      |           | (3,328,359)          |
| <b>Net investment (loss) income</b>     |           | <b>80,279,343</b>    |
| <b>Total additions</b>                  |           | <b>173,038,516</b>   |
| <b>DEDUCTIONS</b>                       |           |                      |
| Benefits                                |           | 69,338,784           |
| Administrative expenses                 |           | 1,000,746            |
| <b>Total deductions</b>                 |           | <b>70,339,530</b>    |
| <b>Change in net position</b>           |           | <b>102,698,986</b>   |
| <b>Net position - beginning</b>         |           | <b>1,149,086,581</b> |
| <b>Net position - ending</b>            | <b>\$</b> | <b>1,251,785,567</b> |

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

**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2019**

|  | Community<br>College  | Housing<br>Commission | Library                | Public<br>School System | Total                 |
|--|-----------------------|-----------------------|------------------------|-------------------------|-----------------------|
| <b>ASSETS</b>                                  |                       |                       |                        |                         |                       |
| Cash and cash equivalents                      | \$ 43,127,521         | \$ 6,544,748          | \$ 2,006,015           | \$ 11,106,164           | \$ 62,784,448         |
| Investments                                    | 4,651,215             | 2,974,889             | 1,362,224              | 76,621,642              | 85,609,970            |
| Receivables:                                   |                       |                       |                        |                         |                       |
| Due from other governments                     | 13,008,977            | —                     | —                      | 26,803,009              | 39,811,986            |
| Other  | 403,474               | 628,797               | 69,699                 | 1,907,029               | 3,008,999             |
| Materials and supplies                         | —                     | —                     | —                      | 1,313,579               | 1,313,579             |
| Prepaid items                                  | 1,028,673             | 305,065               | 516,495                | 239,464                 | 2,089,697             |
| Restricted assets:                             |                       |                       |                        |                         |                       |
| Cash and cash equivalents                      | —                     | 7,749,528             | 60,364                 | —                       | 7,809,892             |
| Investments                                    | 8,459,498             | —                     | 177,405                | —                       | 8,636,903             |
| Mortgage receivable                            | —                     | 6,573,992             | —                      | —                       | 6,573,992             |
| Capital Assets:                                |                       |                       |                        |                         |                       |
| Land and land improvements                     | 620,547               | 82,779,404            | —                      | 34,460,738              | 117,860,689           |
| Construction in progress                       | 27,306,647            | 16,562,559            | —                      | 7,966,391               | 51,835,597            |
| Buildings and improvements, net                | 247,418,807           | 159,131,523           | —                      | 1,186,531,668           | 1,593,081,998         |
| Machinery and equipment, net                   | 3,937,328             | —                     | 213,681                | 7,653,887               | 11,804,896            |
| Other capital assets                           | 364,196               | 139,307               | 2,387,474              | —                       | 2,890,977             |
| Other non-current assets                       | 186,923               | —                     | —                      | —                       | 186,923               |
| <b>Total assets</b>                            | <b>350,513,806</b>    | <b>283,389,812</b>    | <b>6,793,357</b>       | <b>1,354,603,571</b>    | <b>1,995,300,546</b>  |
| <b>DEFERRED OUTFLOWS</b>                       |                       |                       |                        |                         |                       |
| Retirement plans                               | 779,251               | 235,166               | —                      | 15,990,818              | 17,005,235            |
| Other post employment benefits                 | 2,348,125             | 221,556               | 2,212,831              | 68,632,632              | 73,415,144            |
| Derivative instruments - interest rate swap    | —                     | 624,012               | —                      | —                       | 624,012               |
| <b>Total deferred outflows</b>                 | <b>3,127,376</b>      | <b>1,080,734</b>      | <b>2,212,831</b>       | <b>84,623,450</b>       | <b>91,044,391</b>     |
| <b>Total assets and deferred outflows</b>      | <b>353,641,182</b>    | <b>284,470,546</b>    | <b>9,006,188</b>       | <b>1,439,227,021</b>    | <b>2,086,344,937</b>  |
| <b>LIABILITIES</b>                             |                       |                       |                        |                         |                       |
| Current liabilities:                           |                       |                       |                        |                         |                       |
| Accounts payable and other current liabilities | 7,467,825             | 2,640,542             | 885,454                | 92,172,679              | 103,166,500           |
| Accrued salaries and benefits                  | 1,755,860             | —                     | 858,031                | —                       | 2,613,891             |
| Deposits                                       | 63,345                | 788,610               | —                      | —                       | 851,955               |
| Due to primary government                      | 20,901,132            | 5,682,544             | —                      | —                       | 26,583,676            |
| Unearned revenue                               | 2,855,911             | 1,189,865             | 460,857                | 6,447,709               | 10,954,342            |
| Long-term liabilities:                         |                       |                       |                        |                         |                       |
| Due within one year                            | 2,496,599             | 2,030,128             | —                      | 4,054,702               | 8,581,429             |
| Due in more than one year, net                 | 36,790,135            | 249,043,720           | 18,027,082             | 802,465,029             | 1,106,325,966         |
| <b>Total liabilities</b>                       | <b>72,330,807</b>     | <b>261,375,409</b>    | <b>20,231,424</b>      | <b>905,140,119</b>      | <b>1,259,077,759</b>  |
| <b>DEFERRED INFLOWS</b>                        |                       |                       |                        |                         |                       |
| Retirement plans                               | 273,396               | 190,554               | —                      | 3,640,790               | 4,104,740             |
| Other post employment benefits                 | 6,601,449             | 267,782               | 2,754,323              | 136,208,781             | 145,832,335           |
| <b>Total deferred inflows</b>                  | <b>6,874,845</b>      | <b>458,336</b>        | <b>2,754,323</b>       | <b>139,849,571</b>      | <b>149,937,075</b>    |
| <b>Total liabilities and deferred inflows</b>  | <b>79,205,652</b>     | <b>261,833,745</b>    | <b>22,985,747</b>      | <b>1,044,989,690</b>    | <b>1,409,014,834</b>  |
| <b>NET POSITION</b>                            |                       |                       |                        |                         |                       |
| Net investment in capital assets               | 265,841,551           | 4,718,173             | 2,601,155              | 1,234,015,419           | 1,507,176,298         |
| Restricted for:                                |                       |                       |                        |                         |                       |
| Business-type operations                       | 401,388               | 6,934,325             | —                      | 8,460,390               | 15,796,103            |
| Education                                      | 11,474,677            | —                     | —                      | 1,275,365               | 12,750,042            |
| Restricted for deferred support                | —                     | —                     | 237,769                | —                       | 237,769               |
| Unrestricted                                   | (3,282,086)           | 10,984,303            | (16,818,483)           | (849,513,843)           | (858,630,109)         |
| <b>Total net position</b>                      | <b>\$ 274,435,530</b> | <b>\$ 22,636,801</b>  | <b>\$ (13,979,559)</b> | <b>\$ 394,237,331</b>   | <b>\$ 677,330,103</b> |

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

**Howard County, Maryland**  
**Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2019**

| Programs                                       | Expenses                | Program Revenues        |  |                          | Net (Expense) Revenue and<br>Changes in Net Position |                       |                        |                         |                       |
|--|-------------------------|-------------------------|--|--------------------------|--|-----------------------|------------------------|-------------------------|-----------------------|
|  |                         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Contributions | Community<br>College                                 | Housing<br>Commission | Library                | Public School<br>System | Total                 |
| <b>Component units:</b>                        |                         |                         |  |                          |  |                       |                        |                         |                       |
| Community college                              | \$ 121,417,907          | \$ 36,666,657           | \$ 516,596                               | \$ 21,990,363            | \$ (62,244,291)                                      | \$ —                  | \$ —                   | \$ —                    | \$ (62,244,291)       |
| Housing commission*                            | 49,078,184              | 21,860,202              | 763,968                                  | 11,180,962               | —  | (15,273,052)          | —                      | —                       | (15,273,052)          |
| Library  | 25,850,569              | 817,278                 | —  | —                        | —  | —                     | (25,033,291)           | —                       | (25,033,291)          |
| Public school system                           | 1,085,224,351           | 21,997,083              | 175,495,114                              | 42,744,155               | —  | —                     | —                      | (844,987,999)           | (844,987,999)         |
| <b>Total component units</b>                   | <b>\$ 1,281,571,011</b> | <b>\$ 81,341,220</b>    | <b>\$ 176,775,678</b>                    | <b>\$ 75,915,480</b>     | <b>(62,244,291)</b>                                  | <b>(15,273,052)</b>   | <b>(25,033,291)</b>    | <b>(844,987,999)</b>    | <b>(947,538,633)</b>  |
| <b>General revenues:</b>                       |                         |                         |  |                          |  |                       |                        |                         |                       |
| Appropriations from primary government         |                         |                         |  |                          | 36,143,816   | —                     | 20,937,872             | 600,053,881             | 657,135,569           |
| Intergovernmental, unrestricted                |                         |                         |  |                          | 39,799,165   | —                     | 3,652,024              | 222,493,372             | 265,944,561           |
| Investment income                              |                         |                         |  |                          | 1,567,400  | 321,314               | 33,540                 | 1,612,005               | 3,534,259             |
| Miscellaneous                                  |                         |                         |  |                          | —  | 10,935,907            | —                      | 12,899,556              | 23,835,463            |
| <b>Total general revenues</b>                  |                         |                         |  |                          | <b>77,510,381</b>                                    | <b>11,257,221</b>     | <b>24,623,436</b>      | <b>837,058,814</b>      | <b>950,449,852</b>    |
| <b>Change in net position</b>                  |                         |                         |  |                          | <b>15,266,090</b>                                    | <b>(4,015,831)</b>    | <b>(409,855)</b>       | <b>(7,929,185)</b>      | <b>2,911,219</b>      |
| <b>Net position as previously stated</b>       |                         |                         |  |                          | <b>259,169,440</b>                                   | <b>28,064,914</b>     | <b>(13,569,704)</b>    | <b>402,166,516</b>      | <b>675,831,166</b>    |
| <b>Adjustment to restate beginning balance</b> |                         |                         |  |                          | <b>—</b>   | <b>(1,412,282)</b>    | <b>—</b>               | <b>—</b>                | <b>(1,412,282)</b>    |
| <b>Net position - beginning, as restated</b>   |                         |                         |  |                          | <b>259,169,440</b>                                   | <b>26,652,632</b>     | <b>(13,569,704)</b>    | <b>402,166,516</b>      | <b>674,418,884</b>    |
| <b>Net position - end of year</b>              |                         |                         |  |                          | <b>\$ 274,435,530</b>                                | <b>\$ 22,636,801</b>  | <b>\$ (13,979,559)</b> | <b>\$ 394,237,331</b>   | <b>\$ 677,330,103</b> |

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

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



### **Farm Academy**

Howard County supports the county's agriculture economy through farm academies for the community, neighborhood farmer's markets, the HoCo Fresh program for restaurants and the Agricultural Land Preservation Program.

## **Notes to Basic Financial Statements**

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



# Notes to Basic Financial Statements Index

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# Notes to Basic Financial Statements

## 1. Summary of Significant Accounting Policies

### A. The Reporting Entity

Howard County, Maryland (the County), was formed in 1851 under a commission form of government. Under home rule charter since 1968, the County is governed by an elected County Executive and a five-member County Council serving separate executive and legislative functions.

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

### Discretely Presented Component Units

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

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

*The Howard County Library System* operates various library branches throughout the County. The Library is governed by a seven-member board nominated by the County Executive and approved by the County Council. The County approves the Library's annual budget and provides substantial funding to the Library.

*The Howard Community College* provides educational services 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 Community College  
10901 Little Patuxent Parkway  
Columbia, Maryland 21044

Howard County Library System  
9411 Frederick Road  
Ellicott City, MD 21042

Howard County Housing Commission  
9770 Patuxent Woods Drive, Suite 100  
Columbia, Maryland 21046

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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 and fines for speed enforcement.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those accounted for in the General Capital Projects Fund and proprietary fund types.

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

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

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

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

*Other Post-Employment Benefits (OPEB) Trust Fund* was established to account for the other post employment benefits of the County and its component units. The trust fund acts as a funding mechanism for employers' cost of retiree benefits.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between water and sewer operations and other County departments because the elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as they are needed.

#### **D. Budgetary Process**

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the 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 2019, the Council approved one operating budget supplement and two capital budget transfers.

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 has an internal investment pool that is available for use by all funds.

The investments of the Pension Trust Funds are reported at fair value 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 committed fund balance account. A receivable, "due from component units," along with an offset to non-spendable fund balance, is recorded in the General Fund as the Howard Community College has an agreement to reimburse the County for bond issues related to 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). The threshold for capital assets as defined by Howard County was raised to include assets with an initial, individual cost of \$10,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value at the date donated.

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 are limited to an accrual of one hundred days. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation benefits at year-end are recorded as obligations in the Statement of Net Position and Proprietary Fund Statements.

## **J. Self-Insurance**

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses, and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported and claims incurred but not reported (IBNR) as of fiscal year-end.

## **K. Water and Sewer Assessments**

Water and sewer assessments are charged to property owners on a 30-year basis to recover the debt service on bonds used to construct main and lateral water and sewer lines which benefit such properties. A water and sewer assessments receivable (restricted assets) is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to Net Position and the portion representing interest is recognized as revenue when billed.

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

## **L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred *outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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, OPEB, and Length Of Service Award Program (LOSAP) plans reported in the government-wide statement of net position and encompass the following: changes in actuarial assumptions are amortized over the average expected remaining service life of employees, and the difference between expected and actual experience and the difference between projected and actual earnings on pension plan investments are amortized over five years. The final item is for pension, OPEB, and LOSAP contributions made subsequent to the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred *inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 the following items related to the pension, OPEB, and LOSAP plans. Changes in actuarial assumptions and changes in actuarial experience study are amortized over the average expected remaining service life of employees. 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<br>Land Pres. Fund |
|--|----------------|---------------------------------|
| Budgetary basis - revenues and other sources<br>over expenditures and other uses | \$ —           | 299,661                         |
| Appropriation from fund balance  | (1,128,017)    | —                               |
| Current year encumbrances outstanding  | 9,003,069      | —                               |
| Prior year encumbrances expended this year                                       | (7,818,394)    | —                               |
| Effect of recording contractual service expenditures<br>modified accrual basis   | (167,272)      | —                               |
| Unbudgeted transfers   | (1,375,527)    | —                               |
| Other  | (150,473)      | (158,070)                       |
| GAAP basis - net change in fund balances   | \$ (1,636,614) | 141,591                         |

The ending fund balances are reconciled as follows:

|   | General Fund   | Agricultural<br>Land Pres. Fund |
|---|----------------|---------------------------------|
| Budgetary basis - ending fund balance   | \$ 127,813,399 | 59,047,107                      |
| Adjustments:                            |                |                                 |
| Elimination of encumbrances outstanding | 16,525,513     | —                               |
| Accruals                                | (1,162,308)    | —                               |
| Unbudgeted transfers                    | (1,375,527)    | —                               |
| Other                                   | (1,193,160)    | (158,070)                       |
| GAAP basis - ending fund balance        | \$ 140,607,917 | 58,889,037                      |

#### Q. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in cases of revenue shortfalls, which would not include anticipated revenue shortfalls unless the shortfall was quantified, and was of a magnitude that would distinguish it from other shortfalls that regularly occur during the normal course of governmental operation or emergency situations affecting life, health, or property. The County Charter sets a goal of maintaining the account at seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2019 budget was prepared, the fiscal year 2017 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2017 audited expenditures. An increase of \$2,619,263 was made to the fund in fiscal year 2019, which resulted in achieving the charter target of \$73,958,202.



The budget stabilization account is calculated as follows:

| Budget Fiscal Year | Audited Expenditures<br>from Fiscal Year | Audited<br>Expenditures* | Percentage | Charter Target |
|--------------------|--|--------------------------|------------|----------------|
| 2019               | 2017                                     | \$ 1,056,545,745         | 7%         | \$ 73,958,202  |
| 2020               | 2018                                     | \$ 1,083,504,317         | 7%         | \$ 75,845,302  |
| 2021               | 2019                                     | \$ 1,109,325,749         | 7%         | \$ 77,652,802  |

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

#### 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    | \$ 142,249,607 |
| Business-type activities   | 21,823,966     |
| Component units activities | 28,783,914     |
| Total                      | \$ 192,857,487 |

#### 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

Statement No. 83, "*Certain Asset Retirement Obligations*," effective for reporting periods beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (ARO), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life to the associated tangible capital assets. The County does not own any types of tangible capital assets that has a legal obligation to perform future asset retirement activities related to this Statement.

Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"*, effective for reporting periods beginning after June 15, 2018. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash or in lieu of cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement also requires that additional essential information related to debts be disclosed in notes to financial statements. For notes to financial statements related to debts, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The required changes are reflected in the County's financial statements.

Statement No. 89, *"Accounting for Interest Incurred Before the End of a Construction Period"*, effective for reporting periods beginning after December 15, 2019. The requirement of this Statement will improve financial reporting by providing more relevant information about capital assets and the cost of borrowing. This Statement requires the interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type or enterprise fund. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The Statement requires that the provisions be applied prospectively. The required changes currently have no impact on the County's financial statements and notes to the statements.

## 2. Equity in Pooled Cash and Cash Equivalents and Investments

The County's cash and cash equivalents and investments are managed separately from the Pension and Other Post-Employment Benefits Trust funds and each are discussed separately below.

### 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 53,161,843 and the bank balance was \$57,009,870, 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 \$14,224 at June 30, 2019.

The County's component units had a combined bank balance of \$40,384,301, of which \$304,532, 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:

|   | Primary<br>Government | Fiduciary<br>Funds | Component<br>Units |
|---|-----------------------|--------------------|--------------------|
| Statement of Net Position Amounts:                    |                       |                    |                    |
| Equity in pooled cash and investments                 | \$ 345,515,299        | 7,242,780          | 62,784,448         |
| Cash with fiscal agent                                | 20,410,337            | —                  | —                  |
| Restricted equity in pooled cash and cash equivalents | 167,524,190           | —                  | 7,809,892          |
| Investments   | 42,810,778            | 1,253,775,698      | 94,246,873         |
| Total   | 576,260,604           | 1,261,018,478      | 164,841,213        |
| Deposits and Investment Summary:                      |                       |                    |                    |
| Carrying value of cash deposits                       | 45,919,063            | 7,242,780          | 70,594,340         |
| Investments   | 530,341,541           | 1,253,775,698      | 94,246,873         |
| Total   | \$ 576,260,604        | 1,261,018,478      | 164,841,213        |

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 – 10%, mutual funds – 60% and supranational issuers - 40%. State law places no limits on these types of investments. Another restriction the County has is to limit the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. In addition, all component units have investment policies.

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

| Investment Type                           | Fair Value         |                 |                        |
|---|--------------------|-----------------|------------------------|
|   | Primary Government | Component Units | Total Reporting Entity |
| U.S. Government Securities                | \$ 42,810,778      | —               | 42,810,778             |
| U.S. Government - Sponsored Enterprises   | 266,755,000        | —               | 266,755,000            |
| Maryland Local Govt. Investment Pool      | 191,296,460        | 77,426,320      | 268,722,780            |
| Money market funds                        | 29,479,303         | —               | 29,479,303             |
| Fixed income                              | —                  | 2,877,196       | 2,877,196              |
| Mutual funds                              | —                  | 5,093,739       | 5,093,739              |
| Interest in external investment pool      | —                  | 5,006,807       | 5,006,807              |
| Interest in irrevocable trust             | —                  | 132,971         | 132,971                |
| Treasury bills                            | —                  | 734,951         | 734,951                |
| Equity in properties under home ownership | —                  | 2,974,889       | 2,974,889              |
| Total                                     | \$ 530,341,541     | 94,246,873      | 624,588,414            |

**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, 2019:

| Investments by fair value level:        | Total          | Primary Government<br>Fair Value Measurements Using |             |           |
|---|----------------|---|-------------|-----------|
|   |                | (Level 1)   | (Level 2)   | (Level 3) |
| U.S. Government Securities              | \$ 42,810,778  | 42,810,778  | —           | —         |
| U.S. Government - Sponsored Enterprises | 266,755,000    | —   | 266,755,000 | —         |
| Total investments by fair value level   | 309,565,778    | 42,810,778  | 266,755,000 | —         |
| Investments measured at amortized cost: |                |   |             |           |
| Maryland Local Govt. Investment Pool    | 191,296,460    |   |             |           |
| Money market funds                      | 29,479,303     |   |             |           |
| Investments measured at amortized cost  | 220,775,763    |   |             |           |
| Total investments                       | \$ 530,341,541 |   |             |           |

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.

|  |               | Component Units               |           |            |
|--|---------------|-------------------------------|-----------|------------|
|  |               | Fair Value Measurements Using |           |            |
| Investments by fair value level:                   | Total         | (Level 1)                     | (Level 2) | (Level 3)* |
| Treasury bills                                     | \$ 734,951    | 734,951                       | —         | —          |
| Fixed income                                       | 2,877,196     | 2,877,196                     | —         | —          |
| Mutual funds                                       | 5,093,739     | 5,093,739                     | —         | —          |
| Interest in external investment pool               | 5,006,807     | —                             | —         | 5,006,807  |
| Interest in irrevocable trust                      | 132,971       | —                             | 132,971   | —          |
| Total investments by fair value level              | 13,845,664    | 8,705,886                     | 132,971   | 5,006,807  |
| Investments measured at amortized cost:            |               |                               |           |            |
| Maryland Local Govt. Investment Pool               | 77,426,320    |                               |           |            |
| Investments measured at amortized cost             | 77,426,320    |                               |           |            |
| Investments measured at the net asset value (NAV): |               |                               |           |            |
| Equity in properties under home ownership          | 2,974,889     |                               |           |            |
| Total investments measured at the NAV              | 2,974,889     |                               |           |            |
| Total investments                                  | \$ 94,246,873 |                               |           |            |

\* 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 had a \$25,245,000 callable investment. The call date was 9 months before final maturity. In calculating weighted average maturity, we made the assumption that the investment would be called.

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

| Investment Type                         | Fair Value/<br>Amortized Cost | Weighted Average<br>Maturity (in years) |
|---|-------------------------------|---|
| U.S. Government Securities              | \$ 42,810,778                 | 2.92                                    |
| U.S. Government - Sponsored Enterprises | 266,755,000                   | 0.46                                    |
| Total                                   | \$ 309,565,778                |   |
| Portfolio weighted average maturity     |                               | 0.80                                    |

The Maryland Local Government Investment Pool (MLGIP) was created under the Annotated Code of Maryland. The intent of the pool is to provide a safe investment vehicle for short-term investments. The MLGIP is administrated by the Maryland State Treasurer. Participation is voluntary and eligibility is regulated by MLGIP Local Government Article.

The MLGIP and the money market funds used by the County are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940 and not registered with the Securities and Exchange Commission (SEC). The County's investments in these pools are not included in the computation of weighted average maturity. The unit value is at amortized cost with a \$1 per share value.

**Credit Risk:** State law limits investments in bankers' acceptances and commercial paper to the highest short-term debt letter and numerical rating by at least one nationally recognized statistical rating organization. All investments in U.S. Government Sponsored Enterprises are rated AA+ by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated 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 86.17% 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%              |
| Fixed income            | 20.0%              | 30.0%  | 40.0%              |
| Alternative investments | 18.0%              | 23.0%  | 28.0%              |
| Real assets             | 2.0%               | 7.0%   | 12.0%              |

Investments of the Plans at fiscal year-end:

| Investments             | Fair Value/NAV   |
|-------------------------|------------------|
| Equities                | \$ 462,432,977   |
| Fixed income            | 307,599,448      |
| Alternative investments | 270,113,695      |
| Real assets             | 37,911,182       |
| Money market funds      | 20,808,171       |
| Total                   | \$ 1,098,865,473 |

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/<br>NAV | Weighted Average<br>Maturity (in years) |
|--|--------------------|---|
| Corporate bonds  | \$ 54,960,762      | 11.93                                   |
| U.S. Government - Sponsored Enterprises  | 41,911,945         | 25.13                                   |
| Government Issued / Treasuries   | 11,375,089         | 7.04                                    |
| Other asset backed securities  | 6,831,038          | 22.78                                   |
| Collateralized mortgage obligations  | 4,964,122          | 39.77                                   |
| Municipal securities   | 2,350,916          | 16.40                                   |
| Alternative investments, mutual funds and TIPS identified as fixed income for reporting purposes | 185,205,576        | N/A                                     |
| Total  | \$ 307,599,448     |   |
| Portfolio weighted average maturity  |                    | 17.82                                   |

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-                              | \$ 18,205,054  |
| BBB to BB-                             | 45,579,038     |
| Not rated                              | 243,815,356    |
| Total                                  | \$ 307,599,448 |

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 \$18,583,966 which was partially used for settlement of open purchases of \$5,460,439. 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 37.0% at any given time. The Plans were exposed to foreign currency risk through the Pool's investments in Euro denominated alternative investments. The Pool total of these investments were \$17,753,986 and \$19,054,279 in 2019 and 2018, respectively.

## 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, 2019:

|  |                  | Fair Value Measurement Using |             |           |
|--|------------------|------------------------------|-------------|-----------|
| Investments by fair value level                                  | Total            | (Level 1)                    | (Level 2)   | (Level 3) |
| Debt securities:   |                  |                              |             |           |
| Collateralized Mortgage Obligations (Fannie Mae and Freddie Mac) | \$ 4,964,122     | —                            | 4,964,122   | —         |
| Corporate bonds  | 54,960,763       | —                            | 54,960,763  | —         |
| Commingled funds (fixed income)                                  | 115,749,970      | —                            | 115,749,970 | —         |
| FHLMC and FNMA bonds   | 41,911,945       | —                            | 41,911,945  | —         |
| U.S. Treasury Securities   | 11,375,089       | —                            | 11,375,089  | —         |
| Municipals bonds   | 2,350,916        | —                            | 2,350,916   | —         |
| Other asset backed securities                                    | 6,831,038        | —                            | 6,831,038   | —         |
| Preferred stock  | 1,310,525        | 1,310,525                    | —           | —         |
| Total debt securities  | 239,454,368      | 1,310,525                    | 238,143,843 | —         |
| Equity securities:   |                  |                              |             |           |
| Common Stocks  | 236,766,214      | 236,766,214                  | —           | —         |
| Small Company Portfolio  | 22,809,550       | 22,809,550                   | —           | —         |
| Emerging Markets Value Portfolio                                 | 95,276,505       | 95,276,505                   | —           | —         |
| Real Estate Investment Trusts (REITS)                            | 4,389,970        | 4,389,970                    | —           | —         |
| Total equity securities  | 359,242,239      | 359,242,239                  | —           | —         |
| Total investment by fair value level                             | 598,696,607      | 360,552,764                  | 238,143,843 | —         |
| Investments measured at the net asset value (NAV):               |                  |                              |             |           |
| Private equity funds   | 148,138,133      |                              |             |           |
| Equity hedge funds   | 121,975,562      |                              |             |           |
| Real assets funds  | 37,911,182       |                              |             |           |
| International equity funds                                       | 60,521,468       |                              |             |           |
| Commingled fund within international equities                    | 42,669,270       |                              |             |           |
| Commingled fund within international fixed income                | 45,609,054       |                              |             |           |
| Commingled fund within domestic fixed income                     | 22,536,026       |                              |             |           |
| Total investments measured at the NAV                            | 479,360,695      |                              |             |           |
| Total investments measured at fair value/NAV*                    | \$ 1,078,057,302 |                              |             |           |

\*Does not include money market funds totaling \$20,808,171, of which \$18,583,966 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                              | \$ 148,138,133        | 43,992,324           | Illiquid                          | N/A           |
| Equity Hedge fund 1                               | 60,318,661            | —                    | Quarterly                         | 65 days       |
| Equity Hedge fund 2                               | 61,656,901            | —                    | Semi Annually                     | 95 days       |
| Real assets funds                                 | 37,911,182            | 39,424,314           | Illiquid                          | N/A           |
| International equity funds                        | 60,521,468            | —                    | Monthly                           | 15 days       |
| Commingled fund within international equities     | 42,669,270            | —                    | Weekly                            | 4 days        |
| Commingled fund within international fixed income | 45,609,054            | —                    | Bi-monthly                        | 5 days        |
| Commingled fund within domestic fixed income      | 22,536,026            | —                    | Daily                             | 2 days        |
|   | <u>\$ 479,360,695</u> |                      |                                   |               |

Private Equity Funds: This represents investments 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 long term 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 within International Equities: This represents investments made in predominantly listed large and mega capitalization securities in emerging markets. The objective of this fund is to achieve a long-term return above a passive benchmark (e.g. MSCI EM Index). The manager employs a flexible, research intensive investment approach to own high

quality businesses over the long term. NAVs are normally calculated as of 4:00pm Eastern Time for each business day the relevant exchange is open. Securities for which market quotations are readily available and reliable are to be valued using the applicable market quotations.

Commingled Fund within International Fixed Income: This represents investments primarily in a globally diversified portfolio of high quality sovereign bonds and currencies in emerging markets (non U.S. issuers; e.g. MSCI EM). The objective of this fund is to generate income, preserve capital, and enhance principal above a passive benchmark (JP Morgan GBI-EM Global Diversified Index). NAV for the Fund is only calculated twice a month on the last business day and the 15th (or next business day if the 15th is a non-business day).

Commingled Fund within Domestic Fixed Income: The Strategy is managed using an "indexing" investment approach, by which the manager attempts to approximate, before expenses, the performance of the Index (e.g. Bloomberg Barclays U.S. Treasury Inflation Protected Securities Index) over the long term. The manager expects that it will typically seek to replicate Index returns for the Portfolio through investments in the "cash" markets - actual holdings of debt securities and other instruments - rather than through "notional" or "synthetic" positions achieved through the use of derivatives, such as futures contracts or swap transactions (except in the unusual case where the manager believes that use of derivatives is necessary to achieve an exposure that is not readily available through the cash markets). NAVs are normally calculated as of 4:00pm Eastern Time for each business day the relevant exchange 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               | \$ 336,048                |
| Mutual Funds       | 154,445,416               |
| Money market funds | 128,761                   |
| Total              | \$ 154,910,225            |

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

#### **Other Post Employment Benefits (OPEB) Trust Funds' Fair Value Measurement**

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2019:

| Investments by fair value level        | Total          | Fair Value Measurement Using |           |           |  |
|--|----------------|------------------------------|-----------|-----------|--|
|  |                | (Level 1)                    | (Level 2) | (Level 3) |  |
| Mutual Funds:                          |                |                              |           |           |  |
| Mutual Funds - Equity                  | \$ 100,582,025 | 100,582,025                  | —         | —         |  |
| Mutual Funds - Fixed Income            | 53,863,391     | 53,863,391                   | —         | —         |  |
| Total Mutual Funds                     | 154,445,416    | 154,445,416                  | —         | —         |  |
| Total investment by fair value level * | \$ 154,445,416 | 154,445,416                  | —         | —         |  |

\*Does not include cash and money market funds totaling \$220,451, 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 Fund | Water and Sewer Fund | Fiduciary Funds | Non-Major and Other Funds | Total       |
|------------------------------------|----------------|------------------------------|------------------------------|----------------------|-----------------|---------------------------|-------------|
| Property taxes                     | \$ 5,808,086   | —                            | —                            | 341,177              | 534,227         | 857,805                   | 7,541,295   |
| Due from other governments         | 151,072,305    | 829,492                      | 1,153,110                    | 93,497               | —               | 16,040,126                | 169,188,530 |
| Due from component units           | 11,632,263     | —                            | 9,268,869                    | —                    | —               | 5,682,544                 | 26,583,676  |
| Housing loans                      | —              | —                            | —                            | —                    | —               | 13,588,326                | 13,588,326  |
| Other                              | 1,570,361      | —                            | —                            | 674,241              | 4,816,397       | 3,392,844                 | 10,453,843  |
| Service billings                   | —              | —                            | —                            | 11,760,834           | —               | 156,434                   | 11,917,268  |
| Water and sewer assessments        | —              | —                            | —                            | 21,263,966           | —               | —                         | 21,263,966  |
| Gross receivables                  | 170,083,015    | 829,492                      | 10,421,979                   | 34,133,715           | 5,350,624       | 39,718,079                | 260,536,904 |
| Less: Allowance for uncollectibles | (1,289,122)    | —                            | —                            | —                    | —               | —                         | (1,289,122) |
| Total Receivables                  | \$ 168,793,893 | 829,492                      | 10,421,979                   | 34,133,715           | 5,350,624       | 39,718,079                | 259,247,782 |

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

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

#### Interfund Receivables and Payables:

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

| Due from other funds                | Due to other funds           | Amount        |
|-------------------------------------|------------------------------|---------------|
| General Fund                        | General Capital Projects     | \$ 16,478,013 |
|                                     | Special Recreation Facility  | 3,343,475     |
|                                     |                              | 19,821,488    |
| Highway Fund                        | Storm Drain Capital Projects | 22,440,545    |
| Recreation Program Fund             | Special Recreation Facility  | 422,000       |
|                                     |                              | 22,862,545    |
| Total Inter-fund Receivable/Payable |                              | \$ 42,684,033 |

The balances are cash deficits related to normal operations.

**Transfers:**

Interfund transfers for the year consisted of the following:

| Fund                     | General Fund  | General Capital Projects Fund | Non-Major Governmental Funds |                       |                    |                        |           | Enterprise Funds | Internal Service Funds | Total In |
|--------------------------|---------------|-------------------------------|------------------------------|-----------------------|--------------------|------------------------|-----------|------------------|------------------------|----------|
|                          |               |                               | Agricultural Land Pres. Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds |           |                  |                        |          |
| Major Funds              |               |                               |                              |                       |                    |                        |           |                  |                        |          |
| General Fund             | \$ —          | 7,311,346                     | 203,633                      | 3,472,316             | 170,439            | 15,173,434             | —         | 614,913          | 26,946,081             |          |
| General Capital Projects | 2,767,274     | —                             | —                            | —                     | —                  | —                      | 72,676    | 10,363,286       | 13,203,236             |          |
| Non-Major Funds          |               |                               |                              |                       |                    |                        |           |                  |                        |          |
| Special Revenue          | 515,608       | —                             | —                            | —                     | 175,000            | —                      | —         | —                | 690,608                |          |
| Debt Service             | 2,210,094     | —                             | —                            | —                     | —                  | —                      | —         | —                | 2,210,094              |          |
| Capital Projects         | 7,219,043     | 4,731,759                     | —                            | 1,200,000             | —                  | 10,329                 | 9,896,708 | —                | 23,057,839             |          |
| Enterprise Funds         | 1,671         | —                             | —                            | —                     | —                  | —                      | —         | 555,170          | 556,841                |          |
| Total Out                | \$ 12,713,690 | 12,043,105                    | 203,633                      | 4,672,316             | 345,439            | 15,183,763             | 9,969,384 | 11,533,369       | 66,664,699             |          |

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<br>Balance | Increases    | Decreases   | Ending<br>Balance |
|--|----------------------|--------------|-------------|-------------------|
| Governmental activities                      |                      |              |             |                   |
| Capital assets not being depreciated:        |                      |              |             |                   |
| Land and land improvements                   | \$ 594,852,144       | 7,988,018    | 449,290     | 602,390,872       |
| Construction in progress                     | 70,541,932           | 127,351,645  | 96,280,550  | 101,613,027       |
| Total capital assets, not being depreciated  | 665,394,076          | 135,339,663  | 96,729,840  | 704,003,899       |
| Capital assets being depreciated:            |                      |              |             |                   |
| Buildings                                    | 405,562,714          | 5,867,535    | 1,560,050   | 409,870,199       |
| Improvements other than buildings            | 260,918,061          | 35,922,232   | 4,601,402   | 292,238,891       |
| Machinery and equipment                      | 199,660,114          | 19,055,431   | 7,343,784   | 211,371,761       |
| Infrastructure                               | 534,834,905          | 32,365,670   | 24,937,439  | 542,263,136       |
| Total capital assets, being depreciated      | 1,400,975,794        | 93,210,868   | 38,442,675  | 1,455,743,987     |
| Less accumulated depreciation for:           |                      |              |             |                   |
| Buildings                                    | 112,958,950          | 8,064,878    | 458,034     | 120,565,794       |
| Improvements other than buildings            | 122,652,690          | 17,009,104   | 1,970,266   | 137,691,528       |
| Machinery and equipment                      | 126,062,779          | 15,074,615   | 6,680,508   | 134,456,886       |
| Infrastructure                               | 232,886,284          | 15,932,127   | 832,924     | 247,985,487       |
| Total accumulated depreciation               | 594,560,703          | 56,080,724 * | 9,941,732   | 640,699,695       |
| Total capital assets, being depreciated, net | 806,415,091          | 37,130,144   | 28,500,943  | 815,044,292       |
| Governmental activities capital assets, net  | \$ 1,471,809,167     | 172,469,807  | 125,230,783 | 1,519,048,191     |

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

| Governmental activities:   | Amount          |
|--|-----------------|
| General government   | \$ 1,620,210    |
| Public safety  | 5,140,306       |
| Public facilities  | 30,148,373      |
| Legislative and judicial   | 25,244          |
| Community services   | 302,951         |
| Recreation and parks   | 7,013,718       |
| Education  | 2,575,472       |
| Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets | 8,880,415       |
| Total depreciation expense - governmental activities   | \$ 55,706,689 * |

\* 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.

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

|  | Beginning<br>Balance | Increases    | Decreases  | Ending<br>Balance |
|--|----------------------|--------------|------------|-------------------|
| Business-type activities                     |                      |              |            |                   |
| Capital assets not being depreciated:        |                      |              |            |                   |
| Land and land improvements                   | \$ 11,753,538        | 449,290      | —          | 12,202,828        |
| Construction in progress                     | 95,136,036           | 63,602,848   | 31,405,420 | 127,333,464       |
| Total capital assets, not being depreciated  | 106,889,574          | 64,052,138   | 31,405,420 | 139,536,292       |
| Capital assets being depreciated:            |                      |              |            |                   |
| Buildings                                    | 238,062,093          | —            | —          | 238,062,093       |
| Improvements other than buildings            | 84,015,815           | 3,542,719    | 91,754     | 87,466,780        |
| Machinery and Equipment                      | 17,169,581           | 2,179,690    | 1,135,826  | 18,213,445        |
| Infrastructure                               | 741,431,449          | 60,298,590   | —          | 801,730,039       |
| Total capital assets, being depreciated      | 1,080,678,938        | 66,020,999   | 1,227,580  | 1,145,472,357     |
| Less accumulated depreciation for:           |                      |              |            |                   |
| Buildings                                    | 88,110,302           | 4,684,796    | —          | 92,795,098        |
| Improvements other than buildings            | 47,802,795           | 3,569,287    | 91,754     | 51,280,328        |
| Machinery and Equipment                      | 6,922,834            | 1,420,997    | 374,037    | 7,969,794         |
| Infrastructure                               | 312,080,889          | 15,454,800   | —          | 327,535,689       |
| Total accumulated depreciation               | 454,916,820          | 25,129,880 * | 465,791    | 479,580,909       |
| Total capital assets, being depreciated, net | 625,762,118          | 40,891,119   | 761,789    | 665,891,448       |
| Business-type activities capital assets, net | \$ 732,651,692       | 104,943,257  | 32,167,209 | 805,427,740       |

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

| Business-type activities:                             | Amount          |
|---|-----------------|
| Water and sewer system                                | \$ 23,014,627   |
| Golf course   | 147,141         |
| Inter-County Broadband                                | 876,907         |
| Watershed   | 112,234         |
| Total depreciation expense - business-type activities | \$ 24,150,909 * |

\* 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 \$115,463,939.

## 7. Long-Term Obligations

### A. Primary Government

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

|  | Due Dates at Fiscal<br>Year Ending | Interest Rates   | Amount<br>Outstanding   |
|--|------------------------------------|------------------|-------------------------|
| <b>Governmental Activities</b>                               |                                    |                  |                         |
| Consolidated public improvement bonds                        | 2020 - 2039                        | 3.00% to 5.00%   | \$ 1,107,025,478        |
| Total debt subject to statutory limit                        |                                    |                  | <u>1,107,025,478</u>    |
| Tax increment financing bonds                                | 2020 - 2048                        | 4.00% to 6.10%   | 65,100,000              |
| Capital leases   | various                            | 1.639% to 2.880% | 31,603,394              |
| Agricultural land preservation program                       | 2019 - 2037                        | 2.19% to 8.60%   | 93,483,238              |
| Total Governmental Activities                                |                                    | (1)              | <u>\$ 1,297,212,110</u> |
| <b>Business Type Activities:</b>                             |                                    |                  |                         |
| Metropolitan district bonds                                  | 2020 - 2049                        | 2.00% to 5.00%   | \$ 326,560,000          |
| State water quality revolving loan                           | 2019 - 2031                        | 1.00% to 2.40%   | 14,572,847              |
| Consolidated Public Improvement Bonds - Watershed Protection | 2020 - 2039                        | 3.00% to 5.00%   | 2,334,523               |
| Special facility revenue bonds                               | 2019 - 2022                        | 2.475%           | 2,217,000               |
| MDE Loan   | 2019 - 2028                        | 2.95%            | 1,559,884               |
| Broadband Bonds  | 2021 - 2023                        | 2.00% to 3.00%   | 2,535,000               |
| Total Business Type Activities                               |                                    | (2)              | <u>\$ 349,779,254</u>   |
| Total  |                                    |                  | <u>\$ 1,646,991,364</u> |

Note (1): Does not include deferred refunding premium liability of \$139,356,696, compensated absences of \$26,443,323, net OPEB liability of \$353,228,214, net pension liability of \$150,671,742, LOSAP liability of \$21,907,552, landfill closure liability of \$23,430,000 unpaid claims of \$20,215,850 other non-current liabilities of \$9,132,933 and unamortized bond discount of (\$24,516) included in the Statement of Net Position.

Note (2): Does not include compensated absences liability of \$891,193, net OPEB liability of \$23,102,908, net pension liability of \$2,037,339, major water and sewer agreements \$874,412 and deferred refunding premium of \$24,444,168 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 \$2,563,805,580, providing a debt margin of \$1,360,076,708. The authorized, unissued General County Bonds, Metropolitan District Bonds and Tax Increment Finance Bonds at fiscal year-end were \$446,618,476, \$222,646,214 and \$71,775,000, respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with debt agreement provisions.



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

|  | Beginning<br>Balance | Increases   | Decreases   | Ending<br>Balance | Amounts<br>Due Within<br>One Year |
|--|----------------------|-------------|-------------|-------------------|-----------------------------------|
| <b>Governmental Activities</b>                               |                      |             |             |                   |                                   |
| Consolidated public improvement bonds                        | \$ 1,062,345,001     | 131,295,477 | 86,615,000  | 1,107,025,478     | 69,771,600                        |
| Tax increment financing bonds                                | 65,165,000           | —           | 65,000      | 65,100,000        | 90,000                            |
| Compensated absences   | 26,336,346 *         | 3,845,962   | 3,738,985   | 26,443,323        | 273,037                           |
| Capital leases   | 35,011,551           | 2,223,000   | 5,631,157   | 31,603,394        | 4,521,335                         |
| Landfill closure obligation                                  | 23,085,000           | 345,000     | —           | 23,430,000        | 5,994,184                         |
| Agricultural land preservation program                       | 97,715,767           | —           | 4,232,529   | 93,483,238        | 17,059,529                        |
| Deferred refunding premium                                   | 140,958,111          | —           | 1,601,415   | 139,356,696       | —                                 |
| Unpaid Claims  | 18,511,322           | 1,704,528   | —           | 20,215,850        | 7,518,250                         |
| Net OPEB liability   | 321,573,764          | 31,654,450  | —           | 353,228,214       | —                                 |
| Net pension liability  | 153,482,520          | —           | 2,810,778   | 150,671,742       | —                                 |
| Length of service award program liability                    | 22,648,821           | —           | 741,269     | 21,907,552        | —                                 |
| Total Governmental Activities                                | \$ 1,966,833,203     | 171,068,417 | 105,436,133 | 2,032,465,487     | 105,227,935                       |
| <b>Business Type Activities:</b>                             |                      |             |             |                   |                                   |
| Metropolitan district bonds                                  | \$ 277,580,000       | 66,605,000  | 17,625,000  | 326,560,000       | 13,085,000                        |
| State water quality revolving loan                           | 17,956,260           | —           | 3,383,413   | 14,572,847        | 3,457,397                         |
| Consolidated Public Improvement Bonds - Watershed Protection | —                    | 2,334,523   | —           | 2,334,523         | 98,400                            |
| Broadband bonds  | 2,535,000            | —           | —           | 2,535,000         | —                                 |
| MDE Loan   | —                    | 1,646,000   | 86,116      | 1,559,884         | 146,226                           |
| Special facility revenue bonds                               | 2,714,000            | —           | 497,000     | 2,217,000         | 510,000                           |
| Compensated absences   | 889,638              | 84,319      | 82,764      | 891,193           | 19,804                            |
| Major water and sewer agreements                             | 922,923              | 49,000      | 97,511      | 874,412           | 49,000                            |
| Deferred refunding premium                                   | 24,038,642           | 405,526     | —           | 24,444,168        | —                                 |
| Net OPEB liability   | 18,409,093           | 4,693,815   | —           | 23,102,908        | —                                 |
| Net pension liability  | 2,321,197            | —           | 283,858     | 2,037,339         | —                                 |
| Total Business Type Activities                               | \$ 347,366,753       | 75,818,183  | 22,055,662  | 401,129,274       | 17,365,827                        |
| Total  | \$ 2,314,199,956     | 246,886,600 | 127,491,795 | 2,433,594,761     | 122,593,762                       |

Note (1): Does not include other non- current liabilities of \$9,132,933 and unamortized bond discount of (\$24,516) included in the Statement of Net Position.

\*Restated by \$12,789 to correct prior year's compensated absences.

#### Funding Source for Other Non-debt Related Liabilities

Net other post-employment benefit (OPEB) liabilities are liquidated with Employee Benefit Fund resources. Net pension liabilities are liquidated with General Fund resources. Compensated absences are liquidated by the governmental funds that incurred the associated personnel cost.

Metropolitan District bonds and their related interest charges are being financed from front foot benefit assessment charges, ad valorem taxes and in-aid-of-construction charges. In the event such revenues and charges are insufficient to finance the debt service, the full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of these bonds.

On May 29, 2019, the County issued \$133,630,000 in Consolidated Public Improvement Project and Refunding Bonds 2019 Series A and \$66,605,000 in Metropolitan District Project and Refunding Bonds 2019 Series B. The true interest costs were 2.47% and 2.84% for the Series A and B respectively. The County issued these bonds to pay off \$181,167,650 of outstanding Consolidated Public Improvement Bond Anticipation Notes, 2017 Series (BANs); refund \$23,605,000 and \$6,115,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively and reimburse the County for costs related to capital projects; and to pay bond issuance costs. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was \$1,066,188 and from refunding Metropolitan District Bonds was \$671,207.

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 \$592 million of its net Consolidated Public Improvement general obligation bonds outstanding that are related to capital facilities of the component units at fiscal year end.
- The Metropolitan District Act requires Baltimore City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. Since 2004, the County has contributed approximately \$83 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 7.3% of its net Metropolitan District general obligation bonds outstanding or \$23.8 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 \$14,572,847.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 9).

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included as long-term obligations of the County. At fiscal year-end, \$302,466,000 of Consolidated Public Improvement Bonds and \$57,554,700 of Metropolitan District Bonds were considered defeased.

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

## Direct Placements

On May 30, 2012, the County refunded the balance of the 2003 Golf Course Refunding Bonds, which was \$5,775,000, and issued a Taxable Golf Course Refunding Note in the amount of \$5,400,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility was pledged to pay debt service on the bonds and to establish a Debt Service Reserve Fund (DSRF) equal to the greatest amount of debt service payable in a fiscal year. The balance in the DSRF at fiscal year-end is \$560,000. The reserve funds 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 DSRF to \$560,000 not later than 30 days after the beginning of first fiscal year following such deficiency. The 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 DSRF is a general contractual obligation of the County. For fiscal year 2019, the net available revenue and debt service payments were (\$525,765) and \$558,570 respectively.

The County issues tax-exempt bond anticipation notes (BANs) in order to provide interim financing for a portion of the costs of on-going capital projects. On May 26, 2017 the County entered a Credit Agreement for a \$200,000,000 Line of Credit which is repaid annually with the proceeds of General Obligation bonds. The outstanding amount of such notes as of June 30, 2019 was \$45,476,149. The agreement will expire on May 25, 2020 and the County intends to pay-off prior to the expiration date.

On November 20, 2018, the County borrowed \$1,646,000 from Sandy Spring Bank to fund a portion of the cost of a storm water restoration project located at 1960 Daisy Road in Woodbine, Maryland. The loan was made through the Maryland Department of the Environment (the "MDE") Linked Deposit Water Quality Program. MDE has placed \$1,646,000 on deposit with Sandy Spring Bank for the ten-year term of the loan. The interest earned on the funds on deposit will be used to offset the market interest rate.

The County maintains leasing agreements with Banc of America Public Finance, Key Bank, Sun Trust, TD Asset Management Funds, and Zions Bank. The lease agreements financed the acquisition of equipment including transit buses, emergency vehicles, portable radios, water meters, an ERP system, heavy equipment and energy saving equipment. The agreements mature between December 2019 and June 2030

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<br>June 30: | General County Bonds |             | Agricultural Land Program |            |
|-------------------------|----------------------|-------------|---------------------------|------------|
|                         | Principal            | Interest*   | Principal                 | Interest   |
| 2020                    | \$ 69,771,600        | 47,240,884  | 17,059,529                | 4,709,479  |
| 2021                    | 68,239,035           | 45,481,191  | 17,838,529                | 3,453,618  |
| 2022                    | 73,930,140           | 42,211,307  | 7,107,529                 | 2,346,352  |
| 2023                    | 77,356,030           | 38,635,776  | 3,357,529                 | 2,107,993  |
| 2024                    | 78,706,820           | 34,843,707  | 13,587,529                | 2,024,349  |
| 2025-2029               | 358,506,160          | 119,810,914 | 24,691,643                | 3,775,034  |
| 2030-2034               | 264,559,040          | 46,150,302  | 8,305,486                 | 517,317    |
| 2035-2039               | 115,956,653          | 8,560,542   | 1,535,464                 | 53,232     |
| Total                   | \$ 1,107,025,478     | 382,934,623 | 93,483,238                | 18,987,374 |

\*Includes administrative fees

Debt service requirements of business-type activities:

| Year<br>ending<br>June 30: | Metro District Bonds |             | Special Facility<br>Revenue Bonds |          | Water Quality Bonds |           | Broadband |            | Watershed Protection |            | MDE       |            |
|----------------------------|----------------------|-------------|-----------------------------------|----------|---------------------|-----------|-----------|------------|----------------------|------------|-----------|------------|
|                            | Principal            | Interest    | Principal                         | Interest | Principal           | Interest* | Principal | Interest * | Principal            | Interest * | Principal | Interest * |
| 2020                       | \$ 13,085,000        | 11,862,574  | 510,000                           | 49,123   | 3,457,397           | 471,449   | —         | 60,950     | 98,400               | 63,540     | 146,226   | 44,047     |
| 2021                       | 10,965,000           | 12,073,880  | 522,000                           | 36,364   | 3,533,036           | 395,810   | 1,510,000 | 60,950     | 75,965               | 86,000     | 150,594   | 39,678     |
| 2022                       | 11,015,000           | 11,564,780  | 535,000                           | 23,296   | 3,610,367           | 318,479   | —         | 30,750     | 79,860               | 82,110     | 155,097   | 35,175     |
| 2023                       | 11,525,000           | 11,041,330  | 650,000                           | 2,588    | 1,528,976           | 136,226   | 1,025,000 | 30,750     | 83,970               | 78,015     | 159,734   | 30,537     |
| 2024                       | 11,550,000           | 10,502,605  | —                                 | —        | 887,329             | 107,245   | —         | —          | 88,180               | 73,710     | 164,511   | 25,760     |
| 2025-2029                  | 63,455,000           | 43,741,372  | —                                 | —        | 1,229,876           | 127,387   | —         | —          | 513,840              | 295,860    | 783,722   | 52,891     |
| 2030-2034                  | 62,215,000           | 30,165,791  | —                                 | —        | 325,866             | 22,789    | —         | —          | 645,960              | 163,734    | —         | —          |
| 2035-2039                  | 63,610,000           | 18,952,498  | —                                 | —        | —                   | —         | —         | —          | 748,348              | 55,935     | —         | —          |
| 2040-2044                  | 49,350,000           | 9,335,813   | —                                 | —        | —                   | —         | —         | —          | —                    | —          | —         | —          |
| 2045-2049                  | 29,790,000           | 2,335,838   | —                                 | —        | —                   | —         | —         | —          | —                    | —          | —         | —          |
| Total                      | \$ 326,560,000       | 161,576,481 | 2,217,000                         | 111,371  | 14,572,847          | 1,579,385 | 2,535,000 | 183,400    | 2,334,523            | 898,904    | 1,559,884 | 228,088    |

\*Includes administrative fees.

## **Tax Incremental Financing Bonds**

On March 11, 2014, the County issued its first Special Obligation Bonds (Annapolis Junction Town Center) 2014 Series in the amount of \$17 million, with an overall true interest cost of 6.148%. The proceeds were used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73 acres as a Development District, at the site of the MARC Savage Commuter Rail Station. The land is state-owned, thus no real property taxes were paid to the County for this property. However, County management anticipates opportunities for local economic development by putting tax-exempt property on the local tax roll while improving transportation infrastructure.

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

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected within the Development District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is \$33,396,850. 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, \$18,359 is being held by an escrow agent for fiscal year 2019 debt service. Pledged revenues of \$1,066,225 were recognized in fiscal year 2019. The outstanding debt of \$16,875,000 is included in the primary government's long-term debt on the Statement of Net Position.

The bond offering is part of an overall Public Private Partnership (P3) development project known as Annapolis Junction Town Center. When completed, the entire development project will be a comprehensive mixed-use State Transit-Oriented Development (TOD) and will include 100,000 square feet of Class A office space, 416 luxury apartment units, a 150-room hotel, 17,250 square feet of retail space and the 700-space parking garage (financed by the general obligations bonds). The project will also include two additional parking garages, to be funded privately, to separately support parking needs for businesses and residents.

On October 19, 2017, the County issued \$48,225,000 of Special Obligation Bonds (Downtown Columbia Project) Series 2017 A, with an overall true interest cost of 4.48%. The development project consists of the re-development of a portion of the downtown area in the unincorporated master-planned community of Columbia, Maryland, one of the first master-planned communities in the United States. Howard Research and Development Corporation intends to develop the downtown area in multiple phases over approximately 15 to 20 years. The Development District is comprised of approximately 148.6 acres within Downtown Columbia excluding The Mall and Merriweather-Symphony Woods neighborhoods. The Special Taxing District consists of an approximately 65-acre parcel located within the Crescent neighborhood of the Development District. Special taxes will be imposed on property owners located within the special taxing district in any year where the tax increment revenues are lower than the next year's debt service obligation and District expenses.

The bond proceeds are being used to finance the construction of roads, intersections, related water, sewer and storm water improvements and an EMT/Quick Strike Facility in the Special Taxing District and to pay bond issuance costs. These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected on the Phase One properties and any special taxes imposed and collected within the Crescent Special Taxing District. The Phase One properties include The Metropolitan, m.flats, TEN.M, One Merriweather, Two Merriweather, Area One Parking garage, Project 3 Office A, Project 3 Multifamily B, Project 3 Multifamily C, Project 3 Office B, Project # Retail and Area Three Parking garage.

The total amount of pledged revenue is \$85,283,692. A reserve fund in the amount of \$3,921,283 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2047. Additionally, as of fiscal year end, \$124,434 is being held by an escrow agent for fiscal year 2019 debt service. Pledged revenues of \$4,137,520 were recognized in fiscal year 2019. The outstanding debt of \$48,225,000 is included in the primary government's long-term debt on the Statement of Net Position.

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

Debt service requirements of TIF governmental activities:

| Year ending<br>June 30: | Tax Increment Financing Bonds |            | Annual Debt<br>Service |
|-------------------------|-------------------------------|------------|------------------------|
|                         | Principal                     | Interest   |                        |
| 2020                    | \$ 90,000                     | 3,108,784  | 3,198,784              |
| 2021                    | 315,000                       | 3,104,464  | 3,419,464              |
| 2022                    | 245,000                       | 3,090,944  | 3,335,944              |
| 2023                    | 275,000                       | 3,079,984  | 3,354,984              |
| 2024                    | 690,000                       | 3,067,584  | 3,757,584              |
| 2025-2029               | 6,460,000                     | 14,716,369 | 21,176,369             |
| 2030-2034               | 10,270,000                    | 12,873,735 | 23,143,735             |
| 2035-2039               | 14,910,000                    | 10,073,532 | 24,983,532             |
| 2040-2044               | 23,920,000                    | 5,530,520  | 29,450,520             |
| 2045-2047               | 7,925,000                     | 534,375    | 8,459,375              |
| Total                   | \$ 65,100,000                 | 59,180,291 | 124,280,291            |

## B. Component Units

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

| Component Unit   | Beginning Balance | Additions  | Reductions | Ending Balance |
|--|-------------------|------------|------------|----------------|
| Community College:   |                   |            |            |                |
| Compensated absences, net OPEB liability and net pension liability                                       | \$ 38,137,176     | 2,128,029  | 978,471    | 39,286,734     |
| *Housing:  |                   |            |            |                |
| Loans, compensated absences and net pension liability  | 251,524,681       | 36,207,062 | 36,657,895 | 251,073,848    |
| Library:   |                   |            |            |                |
| Compensated absences and net OPEB liability  | 16,393,492        | 1,830,653  | 197,063    | 18,027,082     |
| Public School System:  |                   |            |            |                |
| Capital leases, workers compensation, compensated absences, net OPEB liability and net pension liability | 777,556,536       | 35,495,989 | 6,532,794  | 806,519,731    |
| Total  | \$ 1,083,611,885  | 75,661,733 | 44,366,223 | 1,114,907,395  |

\*Restated per GASB75; Financial statements for the Housing Commission are reported on a calendar year basis.

## 8. Short-Term Debt

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

| Type                    | Beginning Balance | Issued      | Retired     | Ending Balance |
|-------------------------|-------------------|-------------|-------------|----------------|
| Bond Anticipation Notes | \$ 54,987,329     | 176,656,467 | 186,167,647 | 45,476,149     |

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 21 series of conduit debt outstanding. The aggregate principal amount outstanding for the 12 series issued after July 1, 1996 was \$93,428,065. 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 \$3,428,610.

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

| Fiscal Year |              |
|-------------|--------------|
| 2020        | \$ 5,264,013 |
| 2021        | 5,084,568    |
| 2022        | 5,082,125    |
| 2023        | 4,056,841    |
| 2024        | 4,056,841    |
| 2025-2029   | 18,489,626   |

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

Lease revenues for the year amounted to \$1,986,441. Future lease revenues are as follows:

| Fiscal Year |              |
|-------------|--------------|
| 2020        | \$ 1,341,825 |
| 2021        | 987,928      |
| 2022        | 891,263      |
| 2023        | 883,106      |
| 2024        | 898,355      |
| 2025-2029   | 3,165,060    |

### 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                | \$ 28,308,824 |
| Less: accumulated depreciation         | (10,597,370)  |
| Total asset value under capital leases | \$ 17,711,454 |

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, 2019 are as follows:

| Year ending June 30:                    | Activities    |
|---|---------------|
| 2020                                    | \$ 5,330,093  |
| 2021                                    | 4,662,177     |
| 2022                                    | 4,516,361     |
| 2023                                    | 4,340,431     |
| 2024                                    | 4,047,239     |
| 2025-2029                               | 12,546,985    |
| 2030                                    | —             |
| Total minimum lease payments            | 35,443,286    |
| Less: amount representing interest      | (3,839,892)   |
| Present value of minimum lease payments | \$ 31,603,394 |

## 11. Restricted Assets

Federal and State grants, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted net position. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds that are legally restricted for special purposes such as public housing projects.

## 12. Fund Equity

The governmental fund balances at June 30, 2019 are composed of the following:

|  | General Fund | Agricultural<br>Land<br>Preservation<br>Fund | General Capital<br>Projects Funds | Other<br>Governmental<br>Funds | Total       |
|--|--------------|--|-----------------------------------|--------------------------------|-------------|
| <b>FUND BALANCES</b>                       |              |  |                                   |                                |             |
| Nonspendable:                              |              |  |                                   |                                |             |
| Inventory                                  | \$ 624,672   | —  | —                                 | 668,338                        | 1,293,010   |
| Prepaid items                              | 8,104        | —  | —                                 | 2,704                          | 10,808      |
| Long-term receivable:                      |              |  |                                   |                                |             |
| Due from component units                   | 11,632,263   | —  | —                                 | —                              | 11,632,263  |
| Total nonspendable                         | 12,265,039   | —  | —                                 | 671,042                        | 12,936,081  |
| Restricted for:                            |              |  |                                   |                                |             |
| Catalyst loan program                      | —            | —  | —                                 | 1,024,177                      | 1,024,177   |
| Economic development initiative            | —            | —  | —                                 | 741,484                        | 741,484     |
| Fee in lieu                                | —            | —  | —                                 | 469,647                        | 469,647     |
| Fire & rescue services                     | —            | —  | —                                 | 11,927,046                     | 11,927,046  |
| Forest conservation                        | —            | —  | —                                 | 1,964,542                      | 1,964,542   |
| Middle Patuxent environmental area program | —            | —  | —                                 | 44,511                         | 44,511      |
| Open space                                 | —            | —  | —                                 | 576,876                        | 576,876     |
| Parkland watershed facilities              | —            | —  | —                                 | 13,602,040                     | 13,602,040  |
| Program revenue                            | —            | —  | —                                 | 568,509                        | 568,509     |
| Public road facilities                     | —            | —  | —                                 | 61,223,169                     | 61,223,169  |
| Public school facilities                   | —            | —  | 20,944,530                        | —                              | 20,944,530  |
| Speed enforcement                          | —            | —  | —                                 | 805,201                        | 805,201     |
| Tax increment financing project            | —            | —  | 14,667,797                        | 12,532,627                     | 27,200,424  |
| Permanent Public Improvement Contribution  | —            | —  | 1,157,451                         | —                              | 1,157,451   |
| Total restricted                           | —            | —  | 36,769,778                        | 105,479,829                    | 142,249,607 |
| Committed for:                             |              |  |                                   |                                |             |
| Budget stabilization account               | 73,958,202   | —  | —                                 | —                              | 73,958,202  |
| Agricultural land preservation             | —            | 1,162,093                                    | —                                 | —                              | 1,162,093   |
| Community renewal programs                 | —            | —  | —                                 | 32,067,143                     | 32,067,143  |
| Environmental services                     | —            | —  | —                                 | 9,246,805                      | 9,246,805   |
| Firehouse & training facilities            | —            | —  | —                                 | 8,064,285                      | 8,064,285   |
| Recreation programs                        | —            | —  | —                                 | 3,933,859                      | 3,933,859   |
| Total committed                            | 73,958,202   | 1,162,093                                    | —                                 | 53,312,092                     | 128,432,387 |

(Continued)

|   | General Fund   | Agricultural<br>Land<br>Preservation<br>Fund | General Capital<br>Projects Funds | Other<br>Governmental<br>Funds | Total        |
|---|----------------|--|-----------------------------------|--------------------------------|--------------|
| Assigned for:                                   |                |  |                                   |                                |              |
| Capital projects                                | —              | —  | —                                 | 3,227,918                      | 3,227,918    |
| Funding for one time expenditures               | 3,594,032      | —  | —                                 | —                              | 3,594,032    |
| Future balloon payments                         | —              | 42,810,778                                   | —                                 | —                              | 42,810,778   |
| Pay-as-you-go contributions to capital projects | 5,703,000      | —  | —                                 | —                              | 5,703,000    |
| Policy Reserve                                  | 7,500,000      | —  | —                                 | —                              | 7,500,000    |
| Purchase commitments                            | 15,487,067     | —  | —                                 | —                              | 15,487,067   |
| Streetlights                                    | —              | —  | —                                 | 1,432,857                      | 1,432,857    |
| Subsequent year's budget stabilization account  | 3,713,084      | —  | —                                 | —                              | 3,713,084    |
| Subsequent year's expenditures                  | —              | 14,916,166                                   | —                                 | —                              | 14,916,166   |
| Total assigned                                  | 35,997,183     | 57,726,944                                   | —                                 | 4,660,775                      | 98,384,902   |
| Unassigned                                      | 18,387,493     | —  | (70,216,801)                      | (40,456,116)                   | (92,285,424) |
| Total fund balance                              | \$ 140,607,917 | 58,889,037                                   | (33,447,023)                      | 123,667,622                    | 289,717,553  |

### 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 \$29,424,184. 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 \$23,430,000 of these costs. This cumulative amount reported to date is based on the use of 69.93% of the existing cell and 100% of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$5,994,184. 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, 2019, the County provides tax abatements through the Pilot Program and Commercial or Industrial Business Program.

#### **PILOT (Payment in Lieu of Taxes)**

##### Nixon Farm

In accordance with Howard County Council Resolution No. 11-2018, the County approved the terms and conditions of a Payment in Lieu of Taxes Agreement with the owners of 2800 Nixon's Farm Lane, LLC, regarding the construction and operation of an alternative and renewable energy project. Pursuant to Section 7-514 of the Tax-Property Article of the Annotated Code of Maryland, the County permits the owners to make payments in lieu of County real property taxes. The code provides, among other things, that real property may be exempt from County property tax and to induce the development of sustainable energy projects, the County agrees to abate County real property taxes for the property on a sliding scale as follows:

- a) For years 1 through 7 from the effective date, all Howard County real property taxes for the Property shall be abate and the owners shall pay to the County in lieu of such taxes, \$1 each year;
- b) For years 8 through 14 from the effective date, the owners shall receive a thirty percent (30%) abatement of all Howard County real property taxes for the property;
- c) For years 15 through 20 from the Effective Date, the owners shall receive a twenty percent (20%) abatement of all Howard County real property taxes for the property.

No other commitments were made by the County as part of this agreement.

##### Housing

In accordance with Howard County Code Sec. 13.1320. Property of Commission tax-exempt; exemption of property from levy and execution, the property of the Commission is declared to be used for essential public and governmental purposes and the Commission and its property are exempt from all taxes and special assessments of the County or the State. The Housing Commission which is a separate legal entity serves as the Public Housing Authority for the purpose of developing and managing housing resources for low and moderate income residents of Howard County. The Commission also owns and manages residential property, maintains these properties, develops affordable housing opportunities for the citizens of Howard County through partnerships with developers or land acquisition for development, and operates the Housing Choice Voucher. In lieu of County taxes and special assessments, the Commission makes payments to the County in an amount set by mutual agreement

between the Commission and the County; provided, however, that the sum to be paid to the County does not exceed an amount equal to the regular taxes levied upon similar property.

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

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

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

### **Commercial or Industrial Business**

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

- (1) Applies for the credit under procedures of Howard County Code Sec.20.123-Commercial 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, 2019, the County abated taxes totaling \$1,492,585 including the following tax abatement agreement/s that exceeds 10 percent of the total amount abated:

| Tax Abatement Program            | Amount of Taxes<br>Abated |
|----------------------------------|---------------------------|
| PILOT (Payment in Lieu of Taxes) | \$ 1,453,661              |

## 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 the June 30, 2018 measurement date. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

### General Information about the Pension Plans

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

The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees' Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees"). The respective costs and related pension liability of the Retirement Plan are not significant.

Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by accessing the reports online at [www.howardcountymd.gov](http://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 Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The Maximum annual COLA is 3%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms: At July 1, 2017, the following employees were covered by the benefit terms:

|  |              |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 748          |
| Inactive employees entitled to but not yet receiving benefits    | 191          |
| Active employees   | 1,803        |
| Total  | <u>2,742</u> |

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% of covered payroll in fiscal years 2018 and 2017, respectively.

### **Net Pension Liability**

The County's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018 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, 2017 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%             | 5.37%                             |
| Fixed income            | 30.0%             | 3.50%                             |
| Alternative investments | 22.5%             | 6.05%                             |
| Real assets             | 7.50%             | 5.45%                             |
| Total                   | 100.0%            |                                   |

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 8.55 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<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability<br>(a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| Balances at 6/30/2017   | \$ 445,552,992                 | 410,114,885                        | 35,438,107                         |
| Changes for the year:   |                                |                                    |                                    |
| Service cost  | 16,918,575                     | —                                  | 16,918,575                         |
| Interest  | 32,786,122                     | —                                  | 32,786,122                         |
| Changes of benefit terms                                      | —                              | —                                  | —                                  |
| Differences between expected and actual experience            | 379,328                        | —                                  | 379,328                            |
| Changes of assumptions  | —                              | —                                  | —                                  |
| Contributions - employer                                      | —                              | 14,841,120                         | (14,841,120)                       |
| Contributions - member  | —                              | 4,155,758                          | (4,155,758)                        |
| Net investment income   | —                              | 35,807,945                         | (35,807,945)                       |
| Benefit payments, including refunds of employee contributions | (16,809,399)                   | (16,809,399)                       | —                                  |
| Administrative expense  | —                              | (350,799)                          | 350,799                            |
| Net changes   | 33,274,626                     | 37,644,625                         | (4,369,999)                        |
| Balance as of 6/30/2018                                       | \$ 478,827,618                 | 447,759,510                        | 31,068,108                         |

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 <sup>(1)</sup> 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%<br>Decrease<br>(6.50%) | Current<br>Discount Rate<br>(7.50%) | 1%<br>Increase<br>(8.50%) |
|---|---------------------------|-------------------------------------|---------------------------|
| County's net pension liability              | \$ 89,734,450             | 30,115,355                          | (19,810,734)              |
| Economic Development Authority <sup>1</sup> | 1,452,778                 | 487,560                             | (320,731)                 |
| Housing Commission                          | 1,386,131                 | 465,193                             | (306,017)                 |
| <b>Total</b>                                | <b>\$ 92,573,359</b>      | <b>31,068,108</b>                   | <b>(20,437,482)</b>       |

<sup>1</sup>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, 2018, the County and the participating component units recognized pension expense of \$12,500,566, and \$395,478 respectively. The County's share of deferred outflows of resources and deferred inflows of resources related to the pension is reported below. The portions allocated to the component units are not reported due to immateriality for Economic Development Authority and a different fiscal year end for Housing.

|  | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                               | \$ 315,167                        | 7,816,132                        |
| Changes of assumptions   | 3,023,756                         | 353,514                          |
| Net difference between projected and actual earnings on pension plan investments | —                                 | 2,888,528                        |
| Changes in proportion  | 115,556                           | —                                |
| Contributions subsequent to the measurement date                                 | 13,766,516                        | —                                |
| <b>Total</b>   | <b>\$ 17,220,995</b>              | <b>11,058,174</b>                |

Other than contributions subsequent to the measurement date (\$13,766,516), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020, 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:

|              |                       |
|--------------|-----------------------|
| 2020         | \$ 2,449,059          |
| 2021         | (588,239)             |
| 2022         | (6,356,550)           |
| 2023         | (2,350,879)           |
| 2024         | (808,966)             |
| Thereafter   | 51,880                |
| <b>Total</b> | <b>\$ (7,603,695)</b> |

#### **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 Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The Maximum annual COLA is 2%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms: At July 1, 2017, the following employees were covered by the benefit terms:

|  |       |
|--|-------|
| Inactive employees or beneficiaries currently receiving benefits | 374   |
| Inactive employees entitled to but not yet receiving benefits    | 18    |
| Active employees   | 904   |
| Total  | 1,296 |

The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP record is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The record is also credited with the required employee contributions and interest. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by plan as of June 30, 2018 is \$17,149,709.

Contributions: The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. For employees with less than 30 years of service, participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. Employees with 30 or more years pay no participant contributions. The County funds the remainder of the cost of its employees' participation in the Police and Fire Plan, which was 32.5% and 30.6% of covered payroll in fiscal years 2018 and 2017, respectively.

### **Net Pension Liability**

The County's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018.

Actuarial Assumptions: The total pension liability in the July 1, 2017 actuarial valuation rolled forward to June 30, 2018 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, 2017 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%             | 5.37%                             |
| Fixed income            | 30.0%             | 3.50%                             |
| Alternative investments | 22.5%             | 6.05%                             |
| Real assets             | 7.5%              | 5.45%                             |
| Total                   | 100.0%            |                                   |

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 8.55 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 payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

|   | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability<br>(a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| Balances at 6/30/2017   | \$ 637,712,072                 | 516,255,787                        | 121,456,285                        |
| Changes for the year:   |                                |                                    |                                    |
| Service cost  | 21,108,198                     | —                                  | 21,108,198                         |
| Interest  | 46,900,089                     | —                                  | 46,900,089                         |
| Changes of benefit terms                                      | —                              | —                                  | —                                  |
| Differences between expected and actual experience            | 13,530,486                     | —                                  | 13,530,486                         |
| Changes of assumptions  | —                              | —                                  | —                                  |
| Contributions - employer                                      | —                              | 26,337,085                         | (26,337,085)                       |
| Contributions - member  | —                              | 7,859,400                          | (7,859,400)                        |
| Net investment income   | —                              | 46,560,088                         | (46,560,088)                       |
| Benefit payments, including refunds of employee contributions | (24,755,084)                   | (24,755,084)                       | —                                  |
| Administrative expense  | —                              | (355,240)                          | 355,240                            |
| Net changes   | 56,783,689                     | 55,646,249                         | 1,137,440                          |
| Balance as of 6/30/2018                                       | \$ 694,495,761                 | 571,902,036                        | 122,593,725                        |

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%<br>Decrease<br>(6.5)% | Current<br>Discount Rate<br>(7.5)% | 1%<br>Increase<br>(8.5)% |
|--------------------------------|--------------------------|------------------------------------|--------------------------|
| County's net pension liability | \$ 221,639,954           | 122,593,725                        | 41,463,640               |

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, 2018, the County recognized pension expense of \$25,373,063. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred Inflows<br>of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                               | \$ 22,260,736                        | 957,962                             |
| Changes of assumptions   | 16,634,566                           | —                                   |
| Net difference between projected and actual earnings on pension plan investments |                                      | 4,657,094                           |
| Contributions subsequent to the measurement date                                 | 27,719,839                           | —                                   |
| Total  | \$ 66,615,141                        | 5,615,056                           |

Other than contributions subsequent to the measurement date (\$27,719,839), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020, 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:

|            |               |
|------------|---------------|
| 2020       | \$ 9,453,011  |
| 2021       | 5,528,421     |
| 2022       | 261,311       |
| 2023       | 4,633,235     |
| 2024       | 4,467,773     |
| Thereafter | 8,936,495     |
| Total      | \$ 33,280,246 |

### C. Employer Aggregate Pension Disclosure

|   | General       | Police & Fire | Total         |
|---|---------------|---------------|---------------|
| As of June 30, 2018:                              |               |               |               |
| Total net pension liabilities                     | \$ 30,115,355 | 122,593,725   | 152,709,080   |
| Total pension assets                              | 448,243,834   | 572,493,836   | 1,020,737,670 |
| Total deferred outflows of resources from pension | 17,220,995    | 66,615,141    | 83,836,136    |
| Total deferred inflows of resources from pension  | 11,058,174    | 5,615,056     | 16,673,230    |
| For the year ended June 30, 2018:                 |               |               |               |
| Total pension expense                             | \$ 12,500,566 | 25,373,063    | 37,873,629    |

Note: Excludes component units. EDA is not included in the CAFR due to immateriality; Housing Commission has a different fiscal year end; Public Schools, Community College and Library participate in the Maryland State Retirement Plans.

### D. Component Units:

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

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, 2018 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, 2019, the Howard County School System and Howard County Community College proportions for the System were 0.230% and 0.0121%, respectively. Howard County School System and Howard County Community College reported net pension liabilities of \$48,232,399 and \$2,546,231, respectively. For the year ended June 30, 2018, Howard County School System and Howard County Community College recognized pension expense of \$6,889,517 and \$359,231 (related to the employee's system only and does not include amounts that may be included in the state paid benefits), respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

## 16. Other Post-Employment Benefits (OPEB)

### Summary of Significant Accounting Policies

For purposes of measuring the net OPEB 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 OPEB Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2018 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. The Plan's insurance costs are paid by the retirees, the County and its component units through the County's self-insurance fund (internal service fund).

## Plan Description

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government and Howard County Soil Conservation District) and its component units: Howard Community College, Howard County Public School System, Howard County Library, Howard County Economic Development Authority, and Howard County Housing Commission. 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 per the actuarial valuation as of January 1, 2018 consisted of the following:

|   |        |
|---|--------|
| Retirees and beneficiaries receiving benefits | 3,398  |
| Active plan members                           | 10,111 |
| Deferred vested terminations                  | 29     |
| Total   | 13,538 |

There are no separate financial statements for the Plan.

## **Funding Policies and Funded Progress from Employer's Perspective under GASB Statement No. 75**

The Plan's funding policy provides for the County to contribute to the trust as determined by the County budget. During the fiscal year, the County's proportionate share of the collective net other post-employment benefits liability is 32.09% of the \$16,000,000 contributed to the trust by the County, or \$5,134,400. The County budget for fiscal year 2019 included funding for pay-as-you-go OPEB costs as well as \$15,724,000 to the trust.

Based on the most recent actuarial valuation which was prepared as of July 1, 2017 and rolled forward to June 30, 2018, the actuarially calculated proportionate share of total OPEB liability as of the measurement date of June 30, 2018 was \$417,863,617 and there was \$41,532,494 of actuarial plan assets; therefore, the net OPEB liability for the County was \$376,331,122. The plan fiduciary net position as a percentage of the total OPEB liability was 9.94%.

## **Actuarial Assumptions**

The actuarial methods and significant assumptions used by the actuary are summarized on the next page to conform to the disclosure requirements for GASB Statement 75.

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|  |  |
|--|--|
| Actuarial cost method  | Entry Age Normal   |
| Projected cash flows   | Member and County contributions will continue to increase \$3 million per annum.<br>Discount rate of 3.98% was applied to investments in fiscal years 2018 through 2037. |
| Municipal bond rate  | 3.62% as of 6/30/18 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index   |
| Interest assumption  | Equivalent single discount rate of 3.98% as of 6/30/18   |
| Inflation  | 2.20%  |
| Long-term expected real rate of return, based on geometric means | 3.27% for Equity investments (based on 65% target allocation) and 1.25% for Fixed Income investments (based on 35% target allocation), or a total of 4.52%               |
| Healthcare cost trend rate                                       | 3.80%  |

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

For the fiscal year-ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 8.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2035 was determined using the expected rate of return of assets of 7.5% and using the 20 year municipal bond rate of 3.62% for benefit payments after 2035. The equivalent single rate is 3.98%.

The end-of-year net OPEB liability for the County is calculated below:

|                                  | <b>Total OPEB<br/>Liability</b> | <b>Increase (Decrease)<br/>Plan Fiduciary Net<br/>Position</b> | <b>Net OPEB<br/>Liability</b> |
|----------------------------------|---------------------------------|--|-------------------------------|
|                                  | <b>(a)</b>                      | <b>(b)</b>   | <b>(a) - (b)</b>              |
| <b>Balances at June 30, 2017</b> | \$ 388,262,030                  | 33,463,661   | 354,798,369                   |
| <b>Changes for the year:</b>     |                                 |  |                               |
| Service Cost                     | 17,665,113                      | —  | 17,665,113                    |
| Interest                         | 15,128,967                      | —  | 15,128,967                    |
| Experience loss/<br>(gains)      | (20,869,327)                    | —  | (20,869,327)                  |
| Contributions -<br>Employer      | —                               | 12,395,321   | (12,395,321)                  |
| Net investment income            | —                               | 2,952,273  | (2,952,273)                   |
| Changes in<br>assumptions        | 24,937,754                      | —  | 24,937,754                    |
| Changes in<br>proportions        | —                               | —  | —                             |
| Benefit payments                 | (7,260,921)                     | (7,260,921)  | —                             |
| Administrative<br>expenses       | —                               | (17,840)   | 17,840                        |
| <b>Net Changes</b>               | 29,601,586                      | 8,068,833  | 21,532,753                    |
| <b>Balances at June 30, 2018</b> | <u>\$ 417,863,616</u>           | <u>41,532,494</u>  | <u>376,331,122</u>            |

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

| Discount Rate Sensitivity | 1%<br>Decrease<br>2.98% | Discount Rate<br>3.98% | 1%<br>Increase<br>4.98% |
|---------------------------|-------------------------|------------------------|-------------------------|
| Total OPEB Liability      | \$ 501,527,470          | \$ 417,863,616         | \$ 352,080,174          |
| Net OPEB Liability        | \$ 459,994,976          | \$ 376,331,122         | \$ 310,547,680          |

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%<br>Decrease<br>2.80% | Medical Trend<br>3.80% | 1%<br>Increase<br>4.80% |
|-----------------------------|-------------------------|------------------------|-------------------------|
| Total OPEB Liability        | \$ 345,943,228          | \$ 417,863,616         | \$ 513,806,340          |
| Net OPEB Liability          | \$ 304,410,733          | \$ 376,331,122         | \$ 472,273,846          |

For the year-ended June 30, 2018, the County recognized OPEB expense of \$26,715,357. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                            | \$ —                              | 18,782,393                       |
| Changes of assumptions  | 22,443,979                        | 41,756,327                       |
| Changes in proportion   | 15,131,475                        | —                                |
| Net difference between projected and actual earnings on OPEB plan investments | —                                 | 840,608                          |
| Contributions subsequent to the measurement date                              | 11,768,705                        | —                                |
| <b>Total</b>  | <b>\$ 49,344,159</b>              | <b>61,379,328</b>                |

The contributions made subsequent to the measurement date but before the reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                            |                        |
|----------------------------|------------------------|
| Fiscal Year ended June 30: |                        |
| 2020                       | \$ (3,394,920)         |
| 2021                       | (3,394,920)            |
| 2022                       | (3,394,917)            |
| 2023                       | (3,181,547)            |
| 2024                       | (3,131,424)            |
| Thereafter                 | (7,306,148)            |
|                            | <b>\$ (23,803,876)</b> |

## Employer Aggregate Disclosure

|   | Howard<br>County<br>Government<br>* | Howard<br>County<br>Public<br>Schools | Howard<br>Community<br>College | Howard<br>County<br>Library | Howard<br>County<br>Housing<br>Commission<br>** | Howard<br>County<br>Economic<br>Develop-<br>ment<br>Authority<br>(EDA) ** | Total            |
|---|-------------------------------------|---------------------------------------|--------------------------------|-----------------------------|---|---|------------------|
| <b>As of June 30,<br/>2018:</b>                         |                                     |                                       |                                |                             |   |   |                  |
| Total proportion<br>of net OPEB<br>liabilities          | \$ 376,331,122                      | 743,045,807                           | 34,243,904                     | 16,887,405                  | 1,641,831                                       | 586,368   | \$ 1,172,736,437 |
| Total proportion<br>of OPEB assets                      | 41,532,494                          | 82,003,702                            | 3,779,210                      | 1,863,721                   | 181,195   | 64,713  | 129,425,035      |
| Total deferred<br>outflows of<br>resources from<br>OPEB | 49,344,159                          | 68,632,632                            | 3,162,994                      | 2,237,361                   | 264,572   | 167,082   | 123,808,800      |
| Total deferred<br>inflows of<br>resources from<br>OPEB  | 61,379,328                          | 136,208,782                           | 6,601,450                      | 2,754,323                   | 267,781   | 95,636  | 207,307,300      |
| <b>For the year ended<br/>June 30, 2018:</b>            |                                     |                                       |                                |                             |   |   |                  |
| Total OPEB<br>expense                                   | \$ 26,715,357                       | 47,759,737                            | 2,165,032                      | 1,198,655                   | 121,763   | 51,553  | 78,012,097       |

\* Enterprise fund share of net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$23,102,908, \$2,549,673, \$5,402,144, and \$3,768,067, respectively. The portion allocated to the Howard County Soil Conservation District for net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$351,821, \$38,827, \$32,497, and \$57,382, respectively.

\*\* EDA is not included in the CAFR due to immateriality. Also, Housing Commission has a different fiscal year end.

### Plan Perspective under GASB Statement No. 74

The OPEB plan is presented in accordance with the provisions of GASB Statement No. 74, "Financial Reporting for Post-employment Benefit Plans Other than Pension Plans," which supersedes Statement No. 43. A separate actuarial valuation report was prepared using January 1, 2018 census data rolled forward to June 30, 2019.

Plan membership per the actuarial valuation as of January 1, 2018 consisted of the following:

|   |               |
|---|---------------|
| Retirees and beneficiaries receiving benefits | 3,398         |
| Active plan members                           | 10,111        |
| Deferred vested terminations                  | 29            |
| <b>Total</b>                                  | <b>13,538</b> |

A summary of the assumptions included in the June 30, 2019 report are as follows.

|  |  |
|--|--|
| Actuarial cost method  | Entry Age Normal   |
| Interest assumption  | Discount rate of 3.56% as of 6/30/19   |
| Inflation  | 2.20%  |
| Municipal bond rate  | 3.13% as of 6/30/19 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 2019 through 2039.   |
| Long-term expected real rate of return, based on geometric means | 3.14% for Equity investments (based on 65% target allocation) and 1.13% for Fixed Income investments (based on 35% target allocation), or a total of 4.27% |
| 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.

For the fiscal year-ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2039 was determined using the expected rate of return of assets of 7.50% and using the bond rate of 3.13% for benefit payments after 2039. The equivalent single rate is 3.56%.

Based on the aforementioned methods and assumptions, the components of the County's Net OPEB liability as of June 30, 2019 were as follows:

|   |    |               |
|---|----|---------------|
| Total OPEB liability  | \$ | 1,495,316,166 |
| Plan fiduciary net position   |    | 154,229,775   |
| County's net OPEB liability   | \$ | 1,341,086,391 |
| Plan fiduciary net position as a percentage of the total OPEB liability |    | 10.31%        |

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%<br>Decrease<br>2.56% | Discount Rate<br>3.56% | 1%<br>Increase<br>4.56% |
|---------------------------|-------------------------|------------------------|-------------------------|
| Total OPEB Liability      | \$ 1,801,176,915        | \$ 1,495,316,166       | \$ 1,255,586,672        |
| Net OPEB Liability        | \$ 1,646,947,140        | \$ 1,341,086,391       | \$ 1,101,356,897        |

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%<br>Decrease<br>2.8% | Discount Rate<br>3.8% | 1%<br>Increase<br>4.8% |
|-----------------------------|------------------------|-----------------------|------------------------|
| Total OPEB Liability        | \$ 1,221,999,212       | \$ 1,495,316,166      | \$ 1,863,868,761       |
| Net OPEB Liability          | \$ 1,067,769,437       | \$ 1,341,086,391      | \$ 1,709,638,986       |

## Financial Statements

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

|  |                |
|--|----------------|
| Statement of Net Position  |                |
| ASSETS   |                |
| Receivables:   |                |
| Interest and dividends   | \$ 506         |
| Investments, at fair value:                                      |                |
| Cash   | 336,048        |
| Mutual funds   | 154,445,416    |
| Money market funds   | 128,761        |
| Total assets   | 154,910,731    |
| LIABILITIES  |                |
| Accounts payable   | 57,556         |
| Other  | 623,400        |
| Total liabilities  | 680,956        |
| Net position held in trust for<br>other post-employment benefits | 154,229,775    |
| Statement of Changes in Net Position                             |                |
| ADDITIONS  |                |
| Contributions:   |                |
| Employer   | 38,380,982     |
| Total contributions  | 38,380,982     |
| Investment income (expense):                                     |                |
| Net change in fair value of investments                          | 6,137,909      |
| Dividends  | 3,477,923      |
| Investment expense   | (330,787)      |
| Net investment income  | 9,285,045      |
| Total additions and net investment income                        | 47,666,027     |
| DEDUCTIONS   |                |
| Benefits   | 22,755,131     |
| Administrative expenses  | 106,156        |
| Total deductions   | 22,861,287     |
| Change in net position   | 24,804,740     |
| Net position - beginning   | 129,425,035    |
| Net position - ending  | \$ 154,229,775 |

## 17. Length of Service Award Program

### 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 \$512 as of January 1, 2018), 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, 2018 the following employees were covered by the benefit terms:

|  | 2018 |
|--|------|
| Inactive employees or beneficiaries currently receiving benefits | 99   |
| Active employees   | 358  |
| Total  | 457  |

## Net Pension Liability

The County's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.75 %  |
| Salary increases          | The starting salary of a trainee in the DFRS is assumed to increase by 2.75% annually |
| Interest                  | 3.62% compounded annually   |
| Investment rate of return | 3.62%   |
| 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 3.62 percent.

## Changes in the Net Pension Liability

|  | Total Pension<br>Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at 6/30/2017                              | \$ 22,648,821                     | —                                     | 22,648,821                            |
| Changes for the year:                              |                                   |                                       |                                       |
| Service cost                                       | 836,909                           | —                                     | 836,909                               |
| Interest   | 823,257                           | —                                     | 823,257                               |
| Changes of benefit terms                           | —                                 | —                                     | —                                     |
| Differences between expected and actual experience | (1,417,288)                       | —                                     | (1,417,288)                           |
| Changes of assumptions                             | (263,086)                         | —                                     | (263,086)                             |
| Contributions - employer                           | —                                 | 721,061                               | (721,061)                             |
| Contributions - member                             | —                                 | —                                     | —                                     |
| Net investment income                              | —                                 | —                                     | —                                     |
| Benefit payments                                   | (721,061)                         | (721,061)                             | —                                     |
| Administrative expense                             | —                                 | —                                     | —                                     |
| Other changes                                      | —                                 | —                                     | —                                     |
| Net changes  | (741,269)                         | —                                     | (741,269)                             |
| Balance as of 6/30/2018                            | \$ 21,907,552                     | —                                     | 21,907,552                            |

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 3.62 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 (2.62 percent) or 1 percentage-point higher (4.62 percent) than the current rate:

|                                | 1%<br>Decrease<br>(2.62%) | Current<br>Discount Rate<br>(3.62%) | 1%<br>Increase<br>(4.62%) |
|--------------------------------|---------------------------|-------------------------------------|---------------------------|
| County's net pension liability | \$ 25,739,493             | 21,907,552                          | 18,878,800                |

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, 2018, the County recognized pension expense of \$1,173,060. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ —                              | 1,240,127                        |
| Changes of assumptions                             | —                                 | 2,446,672                        |
| Contributions subsequent to the measurement date   | 758,544                           | —                                |
| Total  | \$ 758,544                        | 3,686,799                        |

Other than contributions subsequent to the measurement date (\$758,544), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019, 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:

|            |                |
|------------|----------------|
| 2020       | \$ (487,106)   |
| 2021       | (487,106)      |
| 2022       | (487,106)      |
| 2023       | (487,106)      |
| 2024       | (487,106)      |
| Thereafter | (1,251,269)    |
| Total      | \$ (3,686,799) |

## **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 \$17,559,388. The combined claims liability of the two funds, \$20,215,850, 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 2019 and 2018 are presented below:

|      | Beginning<br>of Year | Current Year Claims and<br>Changes in Estimates | Claims<br>Payments | End<br>of Year | Expected Amount<br>Due Within One Year |
|------|----------------------|---|--------------------|----------------|--|
| 2019 | \$18,511,322         | 62,304,714                                      | (60,600,186)       | \$20,215,850   | \$7,518,251                            |
| 2018 | \$17,608,081         | 58,527,241                                      | (57,624,000)       | \$18,511,322   | \$7,613,609                            |

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 Storm Drainage Capital Projects Fund, a non-major fund, plan to eliminate their deficit fund balances of (\$33,447,023) and (\$24,575,810), respectively, through receipt of future grant revenues and future bond sales.

The Grants Fund, a non-major Special Revenue Fund, will eliminate its deficit of (\$2,466,703) through receipt of future grant revenues in fiscal year 2020.

## Change in Accounting Principle:

### Component Units

**The Howard County Housing Commission:** Net position of the Howard County Housing Commission has been restated by (\$1,412,282), due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

## 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 \$784,696,943 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     |               |           |            |            |
| General Fund                 | \$ —          | —         | 15,487,066 | 15,487,066 |
| Non-Major Governmental Funds | 35,911,393    | 2,472,611 | —          | 38,384,004 |
| Total                        | \$ 35,911,393 | 2,472,611 | 15,487,066 | 53,871,070 |

### D. Public Private Partnership

On July 27, 2018, the Howard County Council adopted CB54-2018 approving a multi-year Project Agreement between Howard County, Maryland and a special purpose entity formed by Edgemoor-Star America Judicial Partners (ESJP) for the design, construction, partial financing, operation and maintenance of a new Courthouse and related Parking Structure to be located on the Project Site located at 9250 Judicial Way (formerly known as 9240 and 9250 Bendix Road) in Ellicott City. The County reached commercial and financial close with ESJP on October 16, 2018. The County has a commitment to make a \$75 million milestone payment to ESJP on the expected occupancy readiness date of June 30, 2021. Council Bill 41-2017 authorized the issuance of General Obligation bonds to finance the milestone payment.

## **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)

|  | 2019      | 2018     | 2017     | 2016     | 2015     | 2014     | 2013   |
|--|-----------|----------|----------|----------|----------|----------|--|
| Total pension liability *  |           |          |          |          |          |          |  |
| Service cost   | \$ 17,330 | 16,919   | 15,861   | 15,093   | 14,073   | 12,727   | Information for FY2013 and earlier not available |
| Interest   | 34,964    | 32,786   | 30,959   | 29,046   | 27,198   | 24,974   |  |
| Changes of benefit terms   | —         | —        | —        | —        | —        | 3,534    |  |
| Differences between expected and actual experience                         | (5,973)   | 379      | (6,369)  | (4,093)  | (2,741)  | —        |  |
| Changes of assumptions   | 9,529     | —        | —        | —        | (851)    | 10,918   |  |
| Benefit payments, including refunds of member contributions                | (19,012)  | (16,809) | (15,379) | (13,700) | (12,375) | (11,139) |  |
| Net change in total pension liability                                      | 36,838    | 33,275   | 25,072   | 26,346   | 25,304   | 41,014   |  |
| Total pension liability - beginning  | 478,828   | 445,553  | 420,481  | 394,135  | 368,831  | 327,817  |  |
| Total pension liability - ending (a)                                       | 515,666   | 478,828  | 445,553  | 420,481  | 394,135  | 368,831  |  |
| Plan fiduciary net position  |           |          |          |          |          |          |  |
| Contributions - employer   | 14,155    | 14,841   | 14,179   | 13,428   | 13,967   | 12,778   |  |
| Contributions - member   | 4,378     | 4,156    | 3,904    | 3,757    | 3,573    | 2,979    |  |
| Net investment income  | 31,355    | 35,808   | 45,447   | 4,743    | 9,983    | 45,956   |  |
| Benefit payments, including refunds of member contributions                | (19,012)  | (16,809) | (15,379) | (13,700) | (12,375) | (11,139) |  |
| Administrative expense   | (438)     | (351)    | (336)    | (341)    | (311)    | (283)    |  |
| Net change in plan fiduciary net position                                  | 30,438    | 37,645   | 47,815   | 7,887    | 14,837   | 50,291   |  |
| Plan fiduciary net position - beginning                                    | 447,760   | 410,115  | 362,300  | 354,413  | 339,576  | 289,285  |  |
| Plan fiduciary net position - ending (b)                                   | 478,198   | 447,760  | 410,115  | 362,300  | 354,413  | 339,576  |  |
| County's net pension liability - ending (a)-(b)                            | \$ 37,468 | 31,068   | 35,438   | 58,181   | 39,722   | 29,255   |  |
| Plan fiduciary net position as a percentage of the total pension liability | 92.73%    | 93.51%   | 92.05%   | 86.16%   | 89.92%   | 92.07%   |  |
| Covered payroll  | \$123,090 | 119,686  | 114,349  | 108,292  | 103,462  | 97,542   |  |
| County's net pension liability as a percentage of covered payroll          | 30.44%    | 25.96%   | 30.99%   | 53.73%   | 38.39%   | 29.99%   |  |
| Expected average remaining service years of all participants               | 7         | 7        | 7        | 7        | 7        | 7        |  |

\* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

**Notes to Schedule:**

*Benefit changes: None*

*Change of assumptions: Based on the recent experience study, the following assumptions were changed: interest rate, post retirement COLA increases, salary increases, mortality, retirement rates, termination rates and disability rates.*

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

Last 10 Fiscal Years

(Dollar amounts in thousands)

|  | 2019       | 2018    | 2017    | 2016    | 2015    | 2014   | 2013   |
|--|------------|---------|---------|---------|---------|--------|--|
| Actuarially determined contribution                                  | \$ 14,155  | 14,003  | 13,265  | 13,428  | 13,967  | 12,778 | Information for FY2013 and earlier not available |
| Contributions in relation to the actuarially determined contribution | 14,155     | 14,841  | 14,179  | 13,428  | 13,967  | 12,778 |  |
| Contribution deficiency (excess)                                     | \$ —       | (838)   | (914)   | —       | —       | —      |  |
| Covered payroll  | \$ 123,090 | 119,685 | 114,349 | 108,292 | 103,462 | 97,542 |  |
| Contributions as a percentage of covered payroll                     | 11.50%     | 12.40%  | 12.40%  | 12.40%  | 13.50%  | 13.10% |  |

Note: ADC rate for FY 18 and FY 17 were 11.7% and 11.6%, respectively.

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past would not have been the same.

Methods and assumptions used to determine contribution rates:

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Projected Unit Credit (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 4 to 21 years.  |
| Asset valuation method        | 5-year smoothed market  |
| Inflation                     | 2.70%   |
| Salary increases              | Varies by service. 3.75 to 6.50 percent, including inflation  |
| Investment rate of return     | 7.45%, before expenses, including inflation   |
| Retirement age                | Rates vary by participant age and service   |
| Mortality                     | RP-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017. |
| Cost-of-Living Increases      | 2.70%   |

**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)

|  | 2019       | 2018     | 2017     | 2016     | 2015     | 2014     | 2013   |
|--|------------|----------|----------|----------|----------|----------|--|
| Total pension liability  |            |          |          |          |          |          |  |
| Service cost   | \$ 22,278  | 21,109   | 19,163   | 18,974   | 17,708   | 17,535   | Information for FY2013 and earlier not available |
| Interest   | 50,713     | 46,900   | 43,426   | 39,998   | 36,208   | 33,630   |  |
| Changes of benefit terms   | —          | —        | —        | (1,705)  | —        | —        |  |
| Differences between expected and actual experience                         | (2,667)    | 13,530   | 6,319    | 7,599    | (1,596)  | —        |  |
| Changes of assumptions   | 3,936      | —        | —        | —        | 16,621   | 14,989   |  |
| Benefit payments, including refunds of member contributions                | (27,571)   | (24,755) | (20,422) | (17,890) | (18,941) | (15,679) |  |
| Net change in total pension liability                                      | 46,689     | 56,784   | 48,486   | 46,976   | 50,000   | 50,475   |  |
| Total pension liability - beginning  | 694,496    | 637,712  | 589,226  | 542,250  | 492,250  | 441,775  |  |
| Total pension liability - ending (a)                                       | 741,185    | 694,496  | 637,712  | 589,226  | 542,250  | 492,250  |  |
| Plan fiduciary net position  |            |          |          |          |          |          |  |
| Contributions - employer   | 27,720     | 26,337   | 24,729   | 21,636   | 22,530   | 20,822   |  |
| Contributions - member   | 8,125      | 7,859    | 7,387    | 7,041    | 7,006    | 6,526    |  |
| Net investment income  | 39,639     | 46,560   | 55,956   | 6,459    | 11,531   | 54,733   |  |
| Benefit payments, including refunds of member contributions                | (27,571)   | (24,755) | (20,421) | (17,889) | (18,941) | (15,679) |  |
| Administrative expense   | (457)      | (355)    | (344)    | (327)    | (368)    | (271)    |  |
| Net change in plan fiduciary net position                                  | 47,456     | 55,646   | 67,307   | 16,920   | 21,758   | 66,131   |  |
| Plan fiduciary net position - beginning                                    | 571,902    | 516,256  | 448,949  | 432,029  | 410,271  | 344,140  |  |
| Plan fiduciary net position - ending (b)                                   | 619,358    | 571,902  | 516,256  | 448,949  | 432,029  | 410,271  |  |
| County's net pension liability - ending (a)-(b)                            | \$ 121,827 | 122,594  | 121,456  | 140,277  | 110,221  | 81,979   |  |
| Plan fiduciary net position as a percentage of the total pension liability | 83.56%     | 82.35%   | 80.95%   | 76.19%   | 79.67%   | 83.35 %  |  |
| Covered payroll  | \$ 83,746  | 81,037   | 80,814   | 72,121   | 70,406   | 67,169   |  |
| County's net pension liability as a percentage of covered payroll          | 145.47%    | 151.28%  | 150.29%  | 194.50%  | 156.55%  | 122.05 % |  |

Expected average remaining service years of all participants

|   |   |   |    |    |   |
|---|---|---|----|----|---|
| 9 | 9 | 9 | 10 | 10 | 9 |
|---|---|---|----|----|---|

\* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

**Notes to Schedule:**

*Benefit changes.* Effective January 1, 2015, DROP I 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.* Based on the recent experience study, the following assumptions were changed: interest rate, post-retirement COLA increases, salary increases, mortality, retirement rates, termination rates and disability rates.

**Howard County, Maryland**  
**Howard County Police and Fire Employees' Retirement Plan**  
**Schedule of County Contributions**

Last 10 Fiscal Years

(Dollar amounts in thousands)

|  | 2019      | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   |
|--|-----------|--------|--------|--------|--------|--------|--|
| Actuarially determined contribution                                  | \$ 27,720 | 26,337 | 24,729 | 21,636 | 22,530 | 20,822 | Information for FY2013 and earlier not available |
| Contributions in relation to the actuarially determined contribution | 27,720    | 26,337 | 24,729 | 21,636 | 22,530 | 20,822 |  |
| Contribution deficiency (excess)                                     | —         | —      | —      | —      | —      | —      |  |
| Covered payroll  | \$ 83,746 | 81,037 | 80,814 | 72,121 | 70,406 | 67,169 |  |
| Contributions as a percentage of covered payroll                     | 33.10%    | 32.50% | 30.60% | 30.00% | 32.00% | 31.00% |  |

**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 4 to 15 years.  |
| Asset valuation method        | 5-year smoothed market  |
| Inflation                     | 2.70%   |
| Salary increases              | Varies by service. 4.25% to 7.75%, including inflation  |
| Investment rate of return     | 7.45%, net of pension plan investment expense, 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-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017.   |
| Cost-of-Living Increases      | 2.00%   |



**Howard County, Maryland**  
**Other Post-Employment Benefits (OPEB) Fund**  
**Schedule of Required Supplementary Information**  
**Schedule of Employer's Proportionate Share of Net OPEB Liability**  
Last 10 Fiscal Years  
(Dollar amounts in thousands)

|  | 2018      | 2017      | 2016           |
|--|-----------|-----------|----------------|
| <b>*Total OPEB liability</b>                             |           |           |                |
| Employer's proportion of the net OPEB liability          | 32.09%    | 30.75%    | Information    |
| Employer's proportionate share of net OPEB liability     | \$376,331 | \$339,983 | FY2016 and     |
| Covered-employee payroll                                 | \$193,828 | \$184,681 | earlier is not |
| Employer's proportionate share of the net OPEB liability |           |           | available.     |
| as a percentage of covered-employee payroll              | 51.50%    | 54.32%    |                |
| Plan fiduciary net position as a                         |           |           |                |
| percentage of total OPEB liability                       | 9.94%     | 8.62%     |                |

*\* The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.*

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, governments should present information for which information is available.

**Howard County, Maryland**  
**Other Post-Employment Benefits (OPEB) Fund**  
**Schedule of Required Supplementary Information**  
**Schedule of Changes in the OPEB Trust's Net OPEB Liability and Related Ratios**

Last 10 Fiscal Years

(Dollar amounts in thousands)

|   | 2019         | 2018      | 2017      | 2016  |
|---|--------------|-----------|-----------|---|
| *Total OPEB liability   |              |           |           |   |
| Service cost  | \$ 60,150    | 55,049    | 64,957    | Information for FY2016 and earlier is not available |
| Interest  | 51,309       | 47,145    | 40,906    |   |
| Differences between expected and actual experience                      | (3,241)      | (65,034)  | —         |   |
| Changes of assumptions  | 107,691      | 77,712    | (162,653) |   |
| Benefit payments  | (22,755)     | (22,627)  | (23,244)  |   |
| Net change in total OPEB liability                                      | 193,154      | 92,245    | (80,034)  |   |
| Total OPEB liability - beginning  | 1,302,161    | 1,209,916 | 1,289,950 |   |
| Total OPEB liability - ending (a)                                       | \$ 1,495,315 | 1,302,161 | 1,209,916 |   |
| Plan fiduciary net position   |              |           |           |   |
| Contributions - employer  | \$ 38,381    | 38,627    | 36,324    |   |
| Net investment income   | 9,285        | 9,200     | 9,912     |   |
| Benefit payments  | (22,755)     | (22,627)  | (23,244)  |   |
| Administrative expense  | (106)        | (56)      | (3)       |   |
| Net change in plan fiduciary net position                               | 24,805       | 25,144    | 22,989    |   |
| Plan fiduciary net position - beginning                                 | 129,425      | 104,281   | 81,292    |   |
| Plan fiduciary net position - ending (b)                                | \$ 154,230   | 129,425   | 104,281   |   |
| County's net OPEB liability - ending (a)-(b)                            | \$ 1,341,086 | 1,172,736 | 1,105,635 |   |
| Plan fiduciary net position as a percentage of the total OPEB liability | 10.31%       | 9.94%     | 8.62%     |   |
| Covered employee payroll  | 798,788      | 799,110   | 760,624   |   |
| County's net OPEB liability as a percentage covered-employee payroll    | 167.89%      | 146.76%   | 145.36%   |   |
| Expected average remaining service years of all participants            | 10           | 10        | 10        |   |

Notes to Schedule:

*Benefit changes. None*

*Changes of assumptions. Discount rate at 6/30/18 is 3.98% and at 6/30/19 is 3.56%.*

*\* The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.*

**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,<br>net of investment expenses |
|---|---|
| June 30, 2019   | 7.07%   |
| June 30, 2018   | 8.53%   |
| 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%  |
| <i>Information prior to<br/>FY 2013 is not<br/>available.</i> |   |

**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)

|  | 2018      | 2017    | 2016   | 2015 |
|--|-----------|---------|--------|------|
| Total pension liability  |           |         |        |      |
| Service cost   | \$ 837    | 1,026   | 1,027  |      |
| Interest   | 823       | 714     | 655    |      |
| Changes of benefit terms   | —         | —       | —      |      |
| Differences between expected and actual experience                         | (1,417)   | —       | —      |      |
| Changes of assumptions   | (263)     | (2,771) | —      |      |
| Benefit payments, including refunds of member contributions                | (721)     | (669)   | (610)  |      |
| Net change in total pension liability                                      | (741)     | (1,700) | 1,072  |      |
| Total pension liability - beginning  | 22,649    | 24,349  | 23,277 |      |
| Total pension liability - ending (a)                                       | \$ 21,908 | 22,649  | 24,349 |      |
| Plan fiduciary net position  |           |         |        |      |
| Net investment income  | —         | —       | —      |      |
| Benefit payments, including refunds of member contributions                | —         | —       | —      |      |
| Administrative expense   | —         | —       | —      |      |
| Net change in plan fiduciary net position                                  | —         | —       | —      |      |
| Plan fiduciary net position - beginning                                    | —         | —       | —      |      |
| Plan fiduciary net position - ending (b)                                   | —         | —       | —      |      |
| County's net pension liability - ending (a)-(b)                            | \$ 21,908 | 22,649  | 24,349 |      |
| Plan fiduciary net position as a percentage of the total pension liability | —%        | —%      | —%     |      |
| Covered-employee payroll   | n/a       | n/a     | n/a    |      |
| County's net pension liability as a percentage of covered-employee payroll | n/a       | n/a     | n/a    |      |
| Expected average remaining service years of all participants               | 8         | 10      | 10     |      |

Information for FY2015 and earlier not available

**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.* Discount rate changed from 3.56% to 3.62%.

## **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, 2019**

|  | Budget Amounts     |                    | Revenues           | Variance with<br>Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
|  | Original           | Final              |                    |                               |
| <b>Property taxes:</b>                 |                    |                    |                    |                               |
| Real, personal and corporate           | \$ 547,827,993     | 547,827,993        | 550,439,065        | 2,611,072                     |
| Payment in lieu of taxes               | 1,500,000          | 1,500,000          | 1,535,279          | 35,279                        |
| Additions and abateements              | (150,000)          | (150,000)          | (924,271)          | (774,271)                     |
| Interest on taxes                      | 900,000            | 900,000            | 1,048,450          | 148,450                       |
| Tax sale revenue                       | 100,000            | 100,000            | —                  | (100,000)                     |
| <b>Total property taxes</b>            | <b>550,177,993</b> | <b>550,177,993</b> | <b>552,098,523</b> | <b>1,920,530</b>              |
| <b>Other local taxes:</b>              |                    |                    |                    |                               |
| Heavy equipment                        | 800,000            | 800,000            | 967,390            | 167,390                       |
| Local income tax surcharge             | 454,296,364        | 454,296,364        | 462,445,038        | 8,148,674                     |
| Admission tax                          | 2,500,000          | 2,500,000          | 3,361,722          | 861,722                       |
| Local recordation tax                  | 22,968,000         | 22,968,000         | 21,142,956         | (1,825,044)                   |
| Mobile home tax                        | 633,180            | 633,180            | 685,551            | 52,371                        |
| Room rental tax                        | 5,350,000          | 5,350,000          | 5,538,425          | 188,425                       |
| <b>Total other local taxes</b>         | <b>486,547,544</b> | <b>486,547,544</b> | <b>494,141,082</b> | <b>7,593,538</b>              |
| <b>State shared taxes:</b>             |                    |                    |                    |                               |
| Highway                                | 1,620,478          | 1,620,478          | 1,673,415          | 52,937                        |
| <b>Total state shared taxes</b>        | <b>1,620,478</b>   | <b>1,620,478</b>   | <b>1,673,415</b>   | <b>52,937</b>                 |
| <b>Revenues from other governments</b> | <b>8,370,696</b>   | <b>8,370,696</b>   | <b>9,666,906</b>   | <b>1,296,210</b>              |
| <b>Charges for services:</b>           |                    |                    |                    |                               |
| Boarding prisoners                     | 2,914,446          | 2,914,446          | 2,869,437          | (45,009)                      |
| Cable TV franchise fees                | 5,725,138          | 5,725,138          | 5,829,293          | 104,155                       |
| Civil marriage                         | 11,000             | 11,000             | 11,140             | 140                           |
| Developer - water and sewer overhead   | 500,000            | 500,000            | 310,104            | (189,896)                     |
| Development - review fees              | 1,500,000          | 1,500,000          | 1,082,356          | (417,644)                     |
| Development - specifications           | 1,000              | 1,000              | —                  | (1,000)                       |
| Extension development agreement fees   | 35,000             | 35,000             | 31,425             | (3,575)                       |
| House type revision fees               | 177,500            | 177,500            | 113,935            | (63,565)                      |
| Master in chancery fees                | 100,000            | 100,000            | 5                  | (99,995)                      |
| Other charges for services             | 219,935            | 219,935            | 47,860             | (172,075)                     |
| Parking meters                         | 5,000              | 5,000              | 4,613              | (387)                         |
| Planning and zoning fees               | 613,500            | 613,500            | 622,123            | 8,623                         |
| Police records check discovery fee     | 35,000             | 35,000             | 55,296             | 20,296                        |
| Recreation and parks                   | 80,000             | 80,000             | 62,069             | (17,931)                      |
| Rental housing inspection fees         | 1,387,065          | 1,387,065          | 1,319,719          | (67,346)                      |
| Sale of maps and publications          | 75,000             | 75,000             | 39,644             | (35,356)                      |
| Sale of topographic maps               | —                  | —                  | 230                | 230                           |
| Sheriff fees                           | 400,000            | 400,000            | 482,693            | 82,693                        |
| Tax certificates                       | 300,000            | 300,000            | 290,820            | (9,180)                       |
| Weekender inmate fees                  | 45,000             | 45,000             | 22,479             | (22,521)                      |
| Food and beverage                      | 150,000            | 150,000            | 135,384            | (14,616)                      |
| <b>Total charges for services</b>      | <b>14,274,584</b>  | <b>14,274,584</b>  | <b>13,330,625</b>  | <b>(943,959)</b>              |

(Continued)

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

**Howard County, Maryland**  
**Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2019**

|  | Budget Amounts   |               | Revenues      | Variance with<br>Final Budget |
|--|------------------|---------------|---------------|-------------------------------|
|  | Original         | Final         |               |                               |
| Interest on investments                                      | 2,020,000        | 2,020,000     | 7,236,783     | 5,216,783                     |
| Licenses and permits:  |                  |               |               |                               |
| Animal licenses  | 60,340           | 60,340        | 57,187        | (3,153)                       |
| Beer, wine and liquor  | 309,595          | 309,595       | 299,686       | (9,909)                       |
| Building   | 3,892,001        | 3,892,001     | 3,572,860     | (319,141)                     |
| Concert/special event permit fees                            | —                | —             | 65,599        | 65,599                        |
| Electrical   | 1,184,836        | 1,184,836     | 1,118,331     | (66,505)                      |
| Marriage licenses  | 2,000            | 2,000         | —             | (2,000)                       |
| Marriage license surcharge                                   | 95,000           | 95,000        | 83,115        | (11,885)                      |
| Mobile home park   | 6,450            | 6,450         | 6,450         | —                             |
| Other  | —                | —             | 957           | 957                           |
| Peddlers and solicitors                                      | 23,315           | 23,315        | 12,466        | (10,849)                      |
| Plumbing   | 1,128,777        | 1,128,777     | 961,815       | (166,962)                     |
| Signs  | 50,000           | 50,000        | 37,700        | (12,300)                      |
| Traders  | 425,000          | 425,000       | 446,568       | 21,568                        |
| Total licenses and permits                                   | 7,177,314        | 7,177,314     | 6,662,734     | (514,580)                     |
| Recoveries for interfund services:                           |                  |               |               |                               |
| Agricultural land preservation fund                          | 520,662          | 320,662       | 320,662       | —                             |
| Finance - Employee health benefits fund                      | 17,481           | 17,481        | 38,341        | 20,860                        |
| Fire and rescue fund   | 5,319,994        | 5,319,994     | 5,319,994     | —                             |
| Forest Conservation pro rata share                           | —                | —             | 28,984        | 28,984                        |
| General County capital projects pro rata share               | 100,000          | 100,000       | —             | (100,000)                     |
| Housing and community development                            | 452,010          | 452,010       | 452,010       | —                             |
| Office of law - self insurance                               | 416,260          | 416,260       | 416,260       | —                             |
| Pension plan   | 319,000          | 319,000       | 406,867       | 87,867                        |
| Public works - water & sewer capital projects pro rata share | 450,000          | 450,000       | 400,000       | (50,000)                      |
| Public works - water and sewer developer capital projects    | 500,000          | 500,000       | 440,000       | (60,000)                      |
| Public works operations - utility pro rata                   | 4,766,602        | 4,766,602     | 4,766,602     | —                             |
| Recreation and parks   | 1,799,307        | 1,799,307     | 1,770,323     | (28,984)                      |
| Streetlight districts  | 30,000           | 30,000        | 11,300        | (18,700)                      |
| Waste management pro rata share                              | 1,333,734        | 1,333,734     | 1,333,734     | —                             |
| Watershed pro rata share                                     | 878,666          | 878,666       | 815,904       | (62,762)                      |
| Total recoveries for interfund services                      | 16,903,716       | 16,703,716    | 16,520,981    | (182,735)                     |
| Fines and forfeitures  | 3,108,514        | 3,108,514     | 3,018,279     | (90,235)                      |
| Component units return of funding:                           |                  |               |               |                               |
| Community college  | 1,099,269        | 1,099,269     | 487,078       | (612,191)                     |
| Public school system   | 1,762,105        | 1,762,105     | 1,059,259     | (702,846)                     |
| Total component units return of funding                      | 2,861,374        | 2,861,374     | 1,546,337     | (1,315,037)                   |
| Miscellaneous revenues:                                      |                  |               |               |                               |
| Commissions, rents and concessions                           | 409,570          | 409,570       | 432,334       | 22,764                        |
| Miscellaneous program revenue                                | 7,108,644        | —             | 555,150       | 555,150                       |
| Other intergovernmental revenue                              | —                | —             | 12,292        | 12,292                        |
| Other revenue  | 602,900          | 602,900       | 1,274,546     | 671,646                       |
| Sale of property and equipment                               | —                | —             | 29,359        | 29,359                        |
| Sale of surplus property                                     | —                | —             | (9,923)       | (35,273)                      |
| Total miscellaneous revenue                                  | 8,121,114        | 1,012,470     | 2,293,758     | 1,255,938                     |
| Total revenues   | 1,108,429,046    | 1,093,874,683 | 1,108,189,423 | 14,314,740                    |
| Other financing sources:                                     |                  |               |               |                               |
| Transfers in:  |                  |               |               |                               |
| Operating transfer   | —                | 200,000       | 200,000       | —                             |
| Community renewal program fund - debt                        | 208,592          | 208,592       | 208,592       | —                             |
| Fire and rescue reserve fund - debt                          | 2,293,220        | 2,293,220     | 2,293,220     | —                             |
| Recreation program fund - debt                               | 4,962,170        | 4,962,170     | 4,962,170     | —                             |
| Excise tax debt  | —                | 7,245,719     | 7,262,117     | 16,398                        |
| Public school system debt                                    | —                | 7,108,644     | 7,108,643     | (1)                           |
| Capital contributions  | 160,000          | 160,000       | —             | (160,000)                     |
| Environmental services fund                                  | 629,907          | 629,907       | 629,907       | —                             |
| Master lease debt service reimbursement                      | 682,128          | 682,128       | 682,128       | —                             |
| Total other financing sources                                | 8,936,017        | 23,490,380    | 23,346,777    | (143,603)                     |
| Appropriation from fund balance                              | 23,242,758       | 23,242,758    | 238,017       | (23,004,741)                  |
| Capital Related Debt Issued                                  | —                | —             | 793,086       | 793,086                       |
| Total revenues and other financing sources                   | \$ 1,140,607,821 | 1,140,607,821 | 1,132,567,303 | (8,040,518)                   |

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, 2019**

|  | Budget Amounts |            | Expenditures | Encumbrances | Expenditures<br>and | Variance with |           |
|--|----------------|------------|--------------|--------------|---------------------|---------------|-----------|
|  | Original       | Final      |              |              | Encumbrances        | Final Budget  |           |
| General Government                                 |                |            |              |              |                     |               |           |
| Office of the County Executive                     | \$             | 2,053,798  | 2,053,798    | 2,022,123    | 18,500              | 2,040,623     | 13,175    |
| Office of the County Administrator:                |                |            |              |              |                     |               |           |
| Bureau of staff services:                          |                |            |              |              |                     |               |           |
| Staff services                                     |                | 2,433,971  | 2,372,609    | 2,053,158    | 200,000             | 2,253,158     | 119,451   |
| Environmental sustainability                       |                | 512,655    | 517,655      | 517,632      | —                   | 517,632       | 23        |
| Office of human rights                             |                | 922,825    | 922,825      | 875,610      | —                   | 875,610       | 47,215    |
| Workforce development                              |                | 248,791    | 248,791      | 183,629      | —                   | 183,629       | 65,162    |
| Total bureau of staff services                     |                | 4,118,242  | 4,061,880    | 3,630,029    | 200,000             | 3,830,029     | 231,851   |
| Bureau of management services:                     |                |            |              |              |                     |               |           |
| Budget division                                    |                | 1,219,663  | 1,226,163    | 1,141,325    | 63,560              | 1,204,885     | 21,278    |
| Human resources                                    |                | 2,492,759  | 2,581,517    | 2,161,160    | 352,726             | 2,513,886     | 67,631    |
| Purchasing division                                |                | 1,645,334  | 1,606,438    | 1,520,699    | —                   | 1,520,699     | 85,739    |
| Central services                                   |                | 733,840    | 733,840      | 690,964      | —                   | 690,964       | 42,876    |
| Public information                                 |                | 1,272,895  | 1,272,895    | 1,219,448    | 10,000              | 1,229,448     | 43,447    |
| Total bureau of management services                |                | 7,364,491  | 7,420,853    | 6,733,596    | 426,286             | 7,159,882     | 260,971   |
| Total Office of the County Administrator           |                | 11,482,733 | 11,482,733   | 10,363,625   | 626,286             | 10,989,911    | 492,822   |
| Department of economic development                 |                | 2,783,222  | 2,783,222    | 2,783,221    | —                   | 2,783,221     | 1         |
| Department of finance:                             |                |            |              |              |                     |               |           |
| Office of the director                             |                | 2,281,694  | 2,201,086    | 2,022,273    | 72,251              | 2,094,524     | 106,562   |
| Office of the controller                           |                | 2,672,803  | 2,672,803    | 2,202,351    | 26,930              | 2,229,281     | 443,522   |
| Office of business management and customer service |                | 2,884,494  | 2,887,102    | 2,559,975    | 29,538              | 2,589,513     | 297,589   |
| Bureau of disbursements                            |                | 943,387    | 1,021,387    | 922,090      | 38,448              | 960,538       | 60,849    |
| Total department of finance                        |                | 8,782,378  | 8,782,378    | 7,706,689    | 167,167             | 7,873,856     | 908,522   |
| Office of law                                      |                | 4,153,455  | 4,153,455    | 4,113,138    | —                   | 4,113,138     | 40,317    |
| Technology and communication services              |                | 279,681    | 279,681      | 272,244      | 6,510               | 278,754       | 927       |
| General fund contingency                           |                | 2,000,000  | 321,300      | —            | —                   | —             | 321,300   |
| Non-departmental expenses                          |                | 17,392,000 | 19,925,778   | 18,687,146   | 715,702             | 19,402,848    | 522,930   |
| Total General Government                           |                | 48,927,267 | 49,782,345   | 45,948,186   | 1,534,165           | 47,482,351    | 2,299,994 |
| Legislative and Judicial                           |                |            |              |              |                     |               |           |
| Legislative:                                       |                |            |              |              |                     |               |           |
| County council                                     |                | 3,599,180  | 3,599,180    | 3,240,813    | 170,000             | 3,410,813     | 188,367   |
| County auditor                                     |                | 1,508,624  | 1,508,624    | 1,376,862    | 125,330             | 1,502,192     | 6,432     |
| Board of license commissioners                     |                | 152,721    | 152,721      | 144,755      | —                   | 144,755       | 7,966     |
| Zoning board                                       |                | 89,933     | 89,933       | 79,417       | —                   | 79,417        | 10,516    |
| Board of appeals                                   |                | 101,979    | 101,979      | 40,017       | —                   | 40,017        | 61,962    |
| Total legislative                                  |                | 5,452,437  | 5,452,437    | 4,881,864    | 295,330             | 5,177,194     | 275,243   |

(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, 2019**

|   | Budget Amounts |            | Expenditures | Encumbrances | Expenditures<br>and | Variance with |
|---|----------------|------------|--------------|--------------|---------------------|---------------|
|   | Original       | Final      |              |              | Encumbrances        | Final Budget  |
| Judicial  |                |            |              |              |                     |               |
| Circuit court   | 3,117,023      | 3,117,023  | 2,936,937    | —            | 2,936,937           | 180,086       |
| Orphan's court  | 54,196         | 54,196     | 52,182       | —            | 52,182              | 2,014         |
| Sheriff's department                                  | 8,106,481      | 8,106,481  | 7,882,970    | 30,190       | 7,913,160           | 193,321       |
| State attorney's office                               | 8,577,811      | 8,577,811  | 8,443,971    | 70,500       | 8,514,471           | 63,340        |
| Total judicial  | 19,855,511     | 19,855,511 | 19,316,060   | 100,690      | 19,416,750          | 438,761       |
| Board of election supervisors                         | 2,018,719      | 1,978,719  | 1,698,562    | 200,000      | 1,898,562           | 80,157        |
| Election expense                                      | 1,543,128      | 1,583,128  | 1,452,222    | —            | 1,452,222           | 130,906       |
| Total Legislative and Judicial                        | 28,869,795     | 28,869,795 | 27,348,708   | 596,020      | 27,944,728          | 925,067       |
| Public Works  |                |            |              |              |                     |               |
| Department of public works:                           |                |            |              |              |                     |               |
| Office of the director                                | 4,724,099      | 4,516,313  | 4,482,401    | 32,482       | 4,514,883           | 1,430         |
| Total office of the director                          | 4,724,099      | 4,516,313  | 4,482,401    | 32,482       | 4,514,883           | 1,430         |
| Bureau of engineering:                                |                |            |              |              |                     |               |
| Administrative management division                    | 582,727        | 660,391    | 658,474      | —            | 658,474             | 1,917         |
| Transportation & watershed management                 | 1,371,584      | 1,454,019  | 1,448,687    | —            | 1,448,687           | 5,332         |
| Construction inspection division                      | 3,661,741      | 3,224,962  | 3,181,062    | —            | 3,181,062           | 43,900        |
| Survey and drafting division                          | 925,171        | 884,637    | 873,406      | —            | 873,406             | 11,231        |
| Total bureau of engineering                           | 6,541,223      | 6,224,009  | 6,161,629    | —            | 6,161,629           | 62,380        |
| Bureau of highways:                                   |                |            |              |              |                     |               |
| Operations  | 1,566,117      | 1,418,117  | 1,401,987    | —            | 1,401,987           | 16,130        |
| Highway maintenance division                          | 20,036,761     | 21,380,561 | 18,428,678   | 2,936,889    | 21,365,567          | 14,994        |
| Traffic engineering division                          | 2,237,873      | 2,272,873  | 1,820,623    | 439,550      | 2,260,173           | 12,700        |
| Total bureau of highways                              | 23,840,751     | 25,071,551 | 21,651,288   | 3,376,439    | 25,027,727          | 43,824        |
| Bureau of facilities:                                 |                |            |              |              |                     |               |
| Administration  | 7,871,803      | 8,624,653  | 8,350,548    | 262,151      | 8,612,699           | 11,954        |
| Building and ground maintenance                       | 11,373,278     | 11,558,328 | 11,454,530   | 103,244      | 11,557,774          | 554           |
| Total bureau of facilities                            | 19,245,081     | 20,182,981 | 19,805,078   | 365,395      | 20,170,473          | 12,508        |
| Bureau of environmental services:                     |                |            |              |              |                     |               |
| Stormwater management                                 | 1,228,236      | 1,263,236  | 1,257,713    | —            | 1,257,713           | 5,523         |
| Total bureau of environmental services                | 1,228,236      | 1,263,236  | 1,257,713    | —            | 1,257,713           | 5,523         |
| Total Department of Public Works                      | 55,579,390     | 57,258,090 | 53,358,109   | 3,774,316    | 57,132,425          | 125,665       |
| Department of inspections, licenses and permits:      |                |            |              |              |                     |               |
| Operations division                                   | 2,147,083      | 2,147,083  | 1,954,400    | 90,888       | 2,045,288           | 101,795       |
| Inspection and enforcement division                   | 3,675,301      | 3,653,301  | 3,440,543    | 71,000       | 3,511,543           | 141,758       |
| Plan review division                                  | 1,405,581      | 1,427,581  | 1,404,782    | —            | 1,404,782           | 22,799        |
| Licenses and permits division                         | 850,252        | 850,252    | 842,028      | —            | 842,028             | 8,224         |
| Total department of inspections, licenses and permits | 8,078,217      | 8,078,217  | 7,641,753    | 161,888      | 7,803,641           | 274,576       |

(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, 2019**

|   | Budget Amounts     |                    | Expenditures       | Encumbrances     | Expenditures and Encumbrances | Variance with Final Budget |
|---|--------------------|--------------------|--------------------|------------------|-------------------------------|----------------------------|
|   | Original           | Final              |                    |                  |                               |                            |
| <b>Department of planning and zoning:</b>             |                    |                    |                    |                  |                               |                            |
| Office of the director                                | 1,608,079          | 1,773,585          | 1,461,548          | 84,728           | 1,546,276                     | 227,309                    |
| Division of land development                          | 1,417,728          | 1,350,728          | 1,320,729          | —                | 1,320,729                     | 29,999                     |
| Division of research                                  | 899,703            | 894,103            | 860,132            | —                | 860,132                       | 33,971                     |
| Public service and zoning administration              | 1,047,236          | 990,236            | 975,904            | —                | 975,904                       | 14,332                     |
| Environmental and community planning                  | 531,510            | 475,010            | 453,488            | —                | 453,488                       | 21,522                     |
| Development engineering division                      | 1,078,617          | 1,089,117          | 1,086,830          | —                | 1,086,830                     | 2,287                      |
| Conservation easements program                        | 592,769            | 602,863            | 600,833            | —                | 600,833                       | 2,030                      |
| <b>Total department of planning and zoning</b>        | <b>7,175,642</b>   | <b>7,175,642</b>   | <b>6,759,464</b>   | <b>84,728</b>    | <b>6,844,192</b>              | <b>331,450</b>             |
| <b>Soil conservation district</b>                     | <b>994,804</b>     | <b>994,804</b>     | <b>994,804</b>     | <b>—</b>         | <b>994,804</b>                | <b>—</b>                   |
| <b>Department of transportation</b>                   | <b>10,861,631</b>  | <b>10,347,284</b>  | <b>9,274,184</b>   | <b>1,042,576</b> | <b>10,316,760</b>             | <b>30,524</b>              |
| <b>Total Public Works</b>                             | <b>82,689,684</b>  | <b>83,854,037</b>  | <b>78,028,314</b>  | <b>5,063,508</b> | <b>83,091,822</b>             | <b>762,215</b>             |
| <b><u>Public Safety</u></b>                           |                    |                    |                    |                  |                               |                            |
| <b>Police department:</b>                             |                    |                    |                    |                  |                               |                            |
| Animal control division                               | 1,816,350          | 1,816,350          | 1,654,294          | 61,717           | 1,716,011                     | 100,339                    |
| Office of the chief                                   | 6,156,007          | 6,273,007          | 6,198,486          | —                | 6,198,486                     | 74,521                     |
| Administrative command                                | 810,511            | 795,511            | 777,209            | —                | 777,209                       | 18,302                     |
| Command operations                                    | 47,304,970         | 45,780,400         | 44,806,296         | 22,915           | 44,829,211                    | 951,189                    |
| Bureau of criminal investigations                     | 18,698,993         | 18,583,993         | 18,222,298         | 108,936          | 18,331,234                    | 252,759                    |
| Special operations bureau                             | 9,862,565          | 9,771,535          | 8,914,953          | 635,269          | 9,550,222                     | 221,313                    |
| Operations support                                    | 1,474,334          | 2,052,334          | 1,930,104          | 500              | 1,930,604                     | 121,730                    |
| Information and technology bureau                     | 16,734,142         | 16,468,041         | 16,029,897         | 32,918           | 16,062,815                    | 405,226                    |
| Human resource bureau                                 | 4,875,311          | 5,849,311          | 5,736,427          | 38,782           | 5,775,209                     | 74,102                     |
| Management services bureau                            | 10,896,799         | 11,129,500         | 10,653,285         | 308,662          | 10,961,947                    | 167,553                    |
| Investigations and special operations                 | 249,682            | 359,682            | 352,517            | —                | 352,517                       | 7,165                      |
| <b>Total police department</b>                        | <b>118,879,664</b> | <b>118,879,664</b> | <b>115,275,766</b> | <b>1,209,699</b> | <b>116,485,465</b>            | <b>2,394,199</b>           |
| <b>Department of corrections</b>                      | <b>19,303,815</b>  | <b>19,303,815</b>  | <b>19,023,646</b>  | <b>187,084</b>   | <b>19,210,730</b>             | <b>93,085</b>              |
| <b>Total Public Safety</b>                            | <b>138,183,479</b> | <b>138,183,479</b> | <b>134,299,412</b> | <b>1,396,783</b> | <b>135,696,195</b>            | <b>2,487,284</b>           |
| <b><u>Recreation and Parks</u></b>                    |                    |                    |                    |                  |                               |                            |
| <b>Department of recreation and parks</b>             | <b>24,550,738</b>  | <b>24,550,738</b>  | <b>24,509,682</b>  | <b>37,538</b>    | <b>24,547,220</b>             | <b>3,518</b>               |
| <b>Total Recreation and Parks</b>                     | <b>24,550,738</b>  | <b>24,550,738</b>  | <b>24,509,682</b>  | <b>37,538</b>    | <b>24,547,220</b>             | <b>3,518</b>               |
| <b><u>Community Services</u></b>                      |                    |                    |                    |                  |                               |                            |
| <b>Department of social services</b>                  | <b>678,494</b>     | <b>678,494</b>     | <b>598,580</b>     | <b>—</b>         | <b>598,580</b>                | <b>79,914</b>              |
| <b>Department of Community Resources and Services</b> | <b>10,330,267</b>  | <b>10,375,562</b>  | <b>9,734,286</b>   | <b>158,686</b>   | <b>9,892,972</b>              | <b>482,590</b>             |
| Consumer affairs division                             | 480,845            | 435,549            | 402,076            | —                | 402,076                       | 33,473                     |
| Office on aging                                       | 3,124,818          | 3,124,819          | 3,070,661          | 2,905            | 3,073,566                     | 51,253                     |
| Cooperative extension services                        | 543,717            | 543,717            | 539,231            | —                | 539,231                       | 4,486                      |
| Health department                                     | 11,461,498         | —                  | —                  | —                | —                             | —                          |
| <b>Total Community Services</b>                       | <b>26,619,639</b>  | <b>15,158,141</b>  | <b>14,344,834</b>  | <b>161,591</b>   | <b>14,506,425</b>             | <b>651,716</b>             |

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2019**

|   | Budget Amounts |             |              |              | Expenditures<br>and | Variance with |
|---|----------------|-------------|--------------|--------------|---------------------|---------------|
|   | Original       | Final       | Expenditures | Encumbrances | Encumbrances        | Final Budget  |
| County grants in-aid:                     |                |             |              |              |                     |               |
| Arts & tourism grants:                    |                |             |              |              |                     |               |
| Center of African-American Culture        | 39,960         | 39,960      | 39,960       | —            | 39,960              | —             |
| African Art Museum of Maryland            | 12,000         | 12,000      | 12,000       | —            | 12,000              | —             |
| Ellicott City Partnership                 | 50,000         | 50,000      | 50,000       | —            | 50,000              | —             |
| Inner Arbor                               | 5,000          | 5,000       | 5,000        | —            | 5,000               | —             |
| Patapsco Heritage Greenway                | 50,000         | 62,500      | 62,500       | —            | 62,500              | —             |
| Local / regional arts grants              | 865,000        | 865,000     | 865,000      | —            | 865,000             | —             |
| Tourism Council                           | 1,009,877      | 1,009,877   | 1,009,877    | —            | 1,009,877           | —             |
| Total arts and tourism grants             | 2,031,837      | 2,044,337   | 2,044,337    | —            | 2,044,337           | —             |
| Civic grants:                             |                |             |              |              |                     |               |
| Historical society                        | 80,000         | 80,000      | 80,000       | —            | 80,000              | —             |
| Total civic grants                        | 80,000         | 80,000      | 80,000       | —            | 80,000              | —             |
| Community service partnerships            |                |             |              |              |                     |               |
| human service grants                      | 9,110,843      | 9,098,343   | 9,008,829    | 70,000       | 9,078,829           | 19,514        |
| Total County Grants in-Aid                | 11,222,680     | 11,222,680  | 11,133,166   | 70,000       | 11,203,166          | 19,514        |
| Total Community Service and grants in-aid | 37,842,319     | 26,380,821  | 25,478,000   | 231,591      | 25,709,591          | 671,230       |
| <u>Education</u>                          |                |             |              |              |                     |               |
| Public schools                            | 600,053,881    | 600,053,881 | 600,053,881  | —            | 600,053,881         | —             |
| Community college                         | 34,985,816     | 34,985,816  | 34,985,816   | —            | 34,985,816          | —             |
| Library                                   | 20,937,872     | 20,937,872  | 20,937,872   | —            | 20,937,872          | —             |
| Total Education                           | 655,977,569    | 655,977,569 | 655,977,569  | —            | 655,977,569         | —             |

(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, 2019**

|   | Budget Amounts  |               |               |              | Expenditures<br>and | Variance with |
|---|-----------------|---------------|---------------|--------------|---------------------|---------------|
|   | Original        | Final         | Expenditures  | Encumbrances | Encumbrances        | Final Budget  |
| <u>Debt Service</u>                                       |                 |               |               |              |                     |               |
| Principal:  |                 |               |               |              |                     |               |
| Community college   | 5,486,956       | 5,486,958     | 5,486,954     | —            | 5,486,954           | 4             |
| Community renewal   | 138,405         | 138,405       | 138,405       | —            | 138,405             | —             |
| Environmental services                                    | —               | 299,471       | 299,471       | —            | 299,471             | —             |
| Excise bonds  | 4,529,057       | 4,229,587     | 4,229,586     | —            | 4,229,586           | 1             |
| Fire  | 1,077,738       | 1,077,739     | 1,077,738     | —            | 1,077,738           | 1             |
| General county projects                                   | 13,775,229      | 13,775,230    | 13,775,230    | —            | 13,775,230          | —             |
| Police  | 443,843         | 443,843       | 443,843       | —            | 443,843             | —             |
| Recreation and parks                                      | 2,375,420       | 2,375,421     | 2,375,420     | —            | 2,375,420           | 1             |
| School surcharge  | 5,205,144       | 5,205,144     | 5,205,144     | —            | 5,205,144           | —             |
| Schools   | 28,049,896      | 28,049,898    | 28,049,897    | —            | 28,049,897          | 1             |
| Storm drainage  | 1,928,312       | 1,928,312     | 1,928,312     | —            | 1,928,312           | —             |
| Master lease financing                                    | 2,376,547       | 1,702,008     | 1,702,008     | —            | 1,702,008           | —             |
| Lease financing   | —               | 409,040       | 409,040       | —            | 409,040             | —             |
| Total principal   | 65,386,547      | 65,121,056    | 65,121,048    | —            | 65,121,048          | 8             |
| Interest:   |                 |               |               |              |                     |               |
| Community college   | 4,815,456       | 4,815,456     | 4,815,458     | —            | 4,815,458           | (2)           |
| Community renewal   | 70,187          | 70,187        | 70,187        | —            | 70,187              | —             |
| Environmental services                                    | —               | 330,436       | 330,436       | —            | 330,436             | —             |
| Excise bonds  | 3,346,569       | 3,032,531     | 3,032,531     | —            | 3,032,531           | —             |
| Fire  | 1,215,482       | 1,215,482     | 1,215,482     | —            | 1,215,482           | —             |
| General county projects                                   | 12,732,540      | 12,656,174    | 12,656,174    | —            | 12,656,174          | —             |
| Police  | 234,158         | 234,158       | 234,158       | —            | 234,158             | —             |
| Recreation and parks                                      | 2,586,750       | 2,586,750     | 2,586,750     | —            | 2,586,750           | —             |
| School surcharge  | 1,903,500       | 1,903,500     | 1,903,500     | —            | 1,903,500           | —             |
| Schools   | 18,278,297      | 18,278,298    | 18,278,298    | —            | 18,278,298          | —             |
| Storm drainage  | 1,586,401       | 1,586,401     | 1,586,401     | —            | 1,586,401           | —             |
| Master lease financing                                    | 67,687          | 38,326        | 38,326        | —            | 38,326              | —             |
| Lease financing   | —               | 105,306       | 105,306       | —            | 105,306             | —             |
| Total interest  | 46,837,027      | 46,853,005    | 46,853,007    | —            | 46,853,007          | (2)           |
| Total Debt Service  | 112,223,574     | 111,974,061   | 111,974,055   | —            | 111,974,055         | 6             |
| Total expenditures and encumbrances before transfers out  |                 |               |               |              |                     |               |
|   | 1,129,264,425   | 1,119,572,845 | 1,103,563,926 | 8,859,605    | 1,112,423,531       | 7,149,314     |
| <u>Other financing uses</u>                               |                 |               |               |              |                     |               |
| Health department   | —               | 11,461,498    | 10,571,498    | —            | 10,571,498          | 890,000       |
| General government  | —               | 763,860       | 763,860       | —            | 763,860             | —             |
| Recreation and Parks                                      | 414,618         | 414,618       | 414,618       | —            | 414,618             | —             |
| Paygo - capital   | 8,395,000       | 8,395,000     | 8,395,000     | —            | 8,395,000           | —             |
| Paygo - operating   | 2,533,778       | —             | —             | —            | —                   | —             |
| Total other financing uses                                | 11,343,396      | 21,034,976    | 20,144,976    | —            | 20,144,976          | 890,000       |
| Total Expenditures, Encumbrances and other financing uses | \$1,140,607,821 | 1,140,607,821 | 1,123,708,902 | 8,859,605    | 1,132,568,507       | 8,039,314     |

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Health Department Fund**  
**For the Year Ended June 30, 2019**

|  | <b>Budget Amounts</b> |                     |                     | <b>Variance with</b> |
|--|-----------------------|---------------------|---------------------|----------------------|
|  | <b>Original</b>       | <b>Final</b>        | <b>Actual</b>       | <b>Final Budget</b>  |
| <b>REVENUES</b>  |                       |                     |                     |                      |
| Charges for services                                     | \$ 520,000            | 520,000             | 444,966             | (75,034)             |
| Interest on investments                                  | —                     | —                   | 25,632              | 25,632               |
| Miscellaneous  | 1,230,000             | 939,291             | —                   | (939,291)            |
| <b>Total revenue</b>                                     | <b>1,750,000</b>      | <b>1,459,291</b>    | <b>470,598</b>      | <b>(988,693)</b>     |
| <b>EXPENDITURES</b>                                      |                       |                     |                     |                      |
| <b>Community Services:</b>                               |                       |                     |                     |                      |
| General health services                                  | 12,211,498            | 12,210,498          | 11,409,413          | 801,085              |
| Grant programs   | 1,000,000             | 710,291             | 521,479             | 188,812              |
| <b>Total expenditures</b>                                | <b>13,211,498</b>     | <b>12,920,789</b>   | <b>11,930,892</b>   | <b>989,897</b>       |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(11,461,498)</b>   | <b>(11,461,498)</b> | <b>(11,460,294)</b> | <b>1,204</b>         |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                       |                     |                     |                      |
| Appropriation from fund balance                          | 890,000               | 890,000             | 890,000             | —                    |
| Transfers in   | 10,571,498            | 10,571,498          | 10,571,498          | —                    |
| <b>Total other financing sources (uses)</b>              | <b>11,461,498</b>     | <b>11,461,498</b>   | <b>11,461,498</b>   | <b>—</b>             |
| <b>Net change in fund balance</b>                        | <b>—</b>              | <b>—</b>            | <b>1,204</b>        | <b>1,204</b>         |
| Plus: Prior year encumbrances lapsed                     |                       |                     | 386,328             |                      |
| Less appropriation from fund balance                     |                       |                     | (890,000)           |                      |
| <b>Fund balances - beginning</b>                         |                       |                     | <b>83,901</b>       |                      |
| <b>Fund balances - ending</b>                            |                       |                     | <b>\$ (418,567)</b> |                      |



## **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, 2019**

|  | Special<br>Revenue<br>Funds | Capital<br>Project<br>Funds | Debt<br>Service<br>Funds | Total              |
|--|-----------------------------|-----------------------------|--------------------------|--------------------|
| <b>ASSETS</b>  |                             |                             |                          |                    |
| Equity in pooled cash  | \$ 52,789,011               | 66,079,698                  | 7,074,665                | 125,943,374        |
| Cash with fiscal agents                                      | —                           | —                           | 5,742,540                | 5,742,540          |
| Receivables:   |                             |                             |                          |                    |
| Property taxes   | 857,805                     | —                           | —                        | 857,805            |
| Due from other governments                                   | 8,553,563                   | 7,486,563                   | —                        | 16,040,126         |
| Due from other funds   | 422,000                     | 22,440,545                  | —                        | 22,862,545         |
| Due from component units                                     | 5,682,544                   | —                           | —                        | 5,682,544          |
| Housing loans  | 13,588,326                  | —                           | —                        | 13,588,326         |
| Other  | 834,364                     | 3,659                       | —                        | 838,023            |
| Prepaid items  | 2,704                       | —                           | —                        | 2,704              |
| Economic development loans                                   | 351,633                     | —                           | —                        | 351,633            |
| Material and supplies  | 668,338                     | —                           | —                        | 668,338            |
| <b>Total assets</b>  | <b>83,750,288</b>           | <b>96,010,465</b>           | <b>12,817,205</b>        | <b>192,577,958</b> |
| <b>LIABILITIES</b>   |                             |                             |                          |                    |
| Due to other funds   | —                           | 22,440,545                  | —                        | 22,440,545         |
| Accounts payable / accrued liabilities                       | 3,797,808                   | 9,215,916                   | 284,578                  | 13,298,302         |
| Accrued wages and benefits                                   | 5,311,776                   | 15,310                      | —                        | 5,327,086          |
| Short-term loans and notes payable                           | —                           | 6,539,198                   | —                        | 6,539,198          |
| Deposits and connection fees                                 | 256,072                     | —                           | —                        | 256,072            |
| Unearned revenue   | 10,165,809                  | —                           | —                        | 10,165,809         |
| <b>Total liabilities</b>                                     | <b>19,531,465</b>           | <b>38,210,969</b>           | <b>284,578</b>           | <b>58,027,012</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                             |                             |                          |                    |
| Unavailable property taxes                                   | 711,410                     | —                           | —                        | 711,410            |
| Unavailable fees   | 2,356,590                   | 4,810,732                   | —                        | 7,167,322          |
| Unavailable grant revenues                                   | 3,004,592                   | —                           | —                        | 3,004,592          |
| <b>Total deferred inflows</b>                                | <b>6,072,592</b>            | <b>4,810,732</b>            | <b>—</b>                 | <b>10,883,324</b>  |
| <b>Total liabilities and deferred inflows</b>                | <b>25,604,057</b>           | <b>43,021,701</b>           | <b>284,578</b>           | <b>68,910,336</b>  |
| <b>FUND BALANCES</b>   |                             |                             |                          |                    |
| <b>Nonspendable:</b>   |                             |                             |                          |                    |
| Inventory  | 668,338                     | —                           | —                        | 668,338            |
| Prepaid Items  | 2,704                       | —                           | —                        | 2,704              |
| <b>Restricted:</b>   |                             |                             |                          |                    |
| Catalyst loan program  | 1,024,177                   | —                           | —                        | 1,024,177          |
| Economic development initiatives                             | 741,484                     | —                           | —                        | 741,484            |
| Fees in lieu   | 259,000                     | 210,647                     | —                        | 469,647            |
| Fire & rescue services                                       | 11,927,046                  | —                           | —                        | 11,927,046         |
| Forest conservation  | 1,964,542                   | —                           | —                        | 1,964,542          |
| Middle Patuxent environmental area program                   | 44,511                      | —                           | —                        | 44,511             |
| Open space   | —                           | 576,876                     | —                        | 576,876            |
| Parkland watershed facilities                                | —                           | 13,602,040                  | —                        | 13,602,040         |
| Program revenue  | 568,509                     | —                           | —                        | 568,509            |
| Public road facilities                                       | —                           | 61,223,169                  | —                        | 61,223,169         |
| Speed enforcement  | 805,201                     | —                           | —                        | 805,201            |
| Tax incremental financing project                            | —                           | —                           | 12,532,627               | 12,532,627         |
| <b>Committed:</b>  |                             |                             |                          |                    |
| Community renewal programs                                   | 32,067,143                  | —                           | —                        | 32,067,143         |
| Environmental services                                       | 9,246,805                   | —                           | —                        | 9,246,805          |
| Fire house & training facilities                             | —                           | 8,064,285                   | —                        | 8,064,285          |
| Recreation programs  | 3,933,859                   | —                           | —                        | 3,933,859          |
| <b>Assigned:</b>   |                             |                             |                          |                    |
| Capital projects   | —                           | 3,227,918                   | —                        | 3,227,918          |
| Streetlights   | —                           | 1,432,857                   | —                        | 1,432,857          |
| Unassigned   | (5,107,088)                 | (35,349,028)                | —                        | (40,456,116)       |
| <b>Total fund balances</b>                                   | <b>58,146,231</b>           | <b>52,988,764</b>           | <b>12,532,627</b>        | <b>123,667,622</b> |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 83,750,288</b>        | <b>96,010,465</b>           | <b>12,817,205</b>        | <b>192,577,958</b> |

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

|   | Special<br>Revenue<br>Funds | Capital<br>Project<br>Funds | Debt<br>Service<br>Funds | Total        |
|---|-----------------------------|-----------------------------|--------------------------|--------------|
| <b>REVENUES</b>                                   |                             |                             |                          |              |
| Property taxes                                    | \$ 97,667,382               | —                           | 4,435,574                | 102,102,956  |
| Other local taxes                                 | 3,920,877                   | 19,091,204                  | —                        | 23,012,081   |
| Revenues from other governments                   | 18,534,656                  | 4,514,701                   | —                        | 23,049,357   |
| Charges for services                              | 45,131,971                  | 630,171                     | —                        | 45,762,142   |
| Investment income:                                |                             |                             |                          |              |
| Interest on investments                           | 2,002,205                   | 1,857,536                   | 786,026                  | 4,645,767    |
| Installment interest from housing loans           | 60,540                      | —                           | —                        | 60,540       |
| Fines and forfeitures                             | 1,053,027                   | —                           | —                        | 1,053,027    |
| Developer fees                                    | 379,315                     | 473,672                     | —                        | 852,987      |
| Miscellaneous program revenue                     | 7,046,974                   | 720,640                     | 188,627                  | 7,956,241    |
| Total revenues                                    | 175,796,947                 | 27,287,924                  | 5,410,227                | 208,495,098  |
| <b>EXPENDITURES</b>                               |                             |                             |                          |              |
| <b>Current:</b>                                   |                             |                             |                          |              |
| General government                                | 3,617,431                   | —                           | 300,355                  | 3,917,786    |
| Legislative and judicial                          | 639,007                     | —                           | —                        | 639,007      |
| Public works                                      | 34,693,526                  | —                           | —                        | 34,693,526   |
| Public safety                                     | 106,217,400                 | —                           | —                        | 106,217,400  |
| Recreation and parks                              | 20,397,611                  | —                           | —                        | 20,397,611   |
| Community services                                | 10,011,335                  | —                           | —                        | 10,011,335   |
| Capital improvements                              | —                           | 64,102,437                  | —                        | 64,102,437   |
| <b>Debt service:</b>                              |                             |                             |                          |              |
| Principal payments on debt                        | —                           | —                           | 374,920                  | 374,920      |
| Interest payments on debt                         | —                           | —                           | 3,023,665                | 3,023,665    |
| Total expenditures                                | 175,576,310                 | 64,102,437                  | 3,698,940                | 243,377,687  |
| Excess (deficiency) of revenues over expenditures | 220,637                     | (36,814,513)                | 1,711,287                | (34,882,589) |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                             |                             |                          |              |
| Bond premium                                      | 1,123                       | 2,053,202                   | —                        | 2,054,325    |
| Capital lease                                     | 2,223,000                   | —                           | —                        | 2,223,000    |
| Capital-related issuance of debt                  | —                           | 19,267,186                  | 255,435                  | 19,522,621   |
| Refunding bonds issued                            | 16,809                      | 2,240,889                   | 54,440                   | 2,312,138    |
| Payment to bond refunding escrow agent            | (17,923)                    | (2,389,482)                 | —                        | (2,407,405)  |
| Transfers in                                      | 690,608                     | 21,756,411                  | 2,210,094                | 24,657,113   |
| Transfers out                                     | (4,672,316)                 | (15,183,763)                | (345,439)                | (20,201,518) |
| Total other financing sources                     | (1,758,699)                 | 27,744,443                  | 2,174,530                | 28,160,274   |
| Net change in fund balances                       | (1,538,062)                 | (9,070,070)                 | 3,885,817                | (6,722,315)  |
| Fund balances - beginning                         | 59,684,293                  | 62,058,834                  | 8,646,810                | 130,389,937  |
| Fund balances - ending                            | \$ 58,146,231               | 52,988,764                  | 12,532,627               | 123,667,622  |

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

**Howard County, Maryland**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2019**

|  | Community<br>Renewal<br>Program<br>Fund | Environmental<br>Services<br>Fund | Fire and<br>Rescue<br>Reserve<br>Fund | Forest<br>Conservation<br>Fund | Grants<br>Fund     | Recreation<br>Program<br>Fund | Speed<br>Enforcement<br>Fund | Total             |
|--|---|-----------------------------------|---------------------------------------|--------------------------------|--------------------|-------------------------------|------------------------------|-------------------|
| <b>ASSETS</b>  |   |                                   |                                       |                                |                    |                               |                              |                   |
| Equity in pooled cash  | \$ 12,559,043                           | 10,115,626                        | 16,462,750                            | 1,976,252                      | 1,078,029          | 9,741,105                     | 856,206                      | 52,789,011        |
| Receivables:   |   |                                   |                                       |                                |                    |                               |                              |                   |
| Property taxes   | —                                       | 22,529                            | 835,276                               | —                              | —                  | —                             | —                            | 857,805           |
| Due from other funds   | —                                       | —                                 | —                                     | —                              | —                  | 422,000                       | —                            | 422,000           |
| Due from other governments                                   | 414,746                                 | —                                 | —                                     | —                              | 8,129,561          | 9,256                         | —                            | 8,553,563         |
| Due from component units                                     | 5,682,544                               | —                                 | —                                     | —                              | —                  | —                             | —                            | 5,682,544         |
| Housing loans  | 13,588,326                              | —                                 | —                                     | —                              | —                  | —                             | —                            | 13,588,326        |
| Other  | —                                       | 169,433                           | 48,492                                | —                              | 609,102            | 6,177                         | 1,160                        | 834,364           |
| Prepaid items  | —                                       | —                                 | —                                     | —                              | 2,704              | —                             | —                            | 2,704             |
| Economic development loans                                   | —                                       | —                                 | —                                     | —                              | 351,633            | —                             | —                            | 351,633           |
| Materials and supplies                                       | —                                       | —                                 | 459,208                               | —                              | —                  | 209,130                       | —                            | 668,338           |
| <b>Total assets</b>  | <b>32,244,659</b>                       | <b>10,307,588</b>                 | <b>17,805,726</b>                     | <b>1,976,252</b>               | <b>10,171,029</b>  | <b>10,387,668</b>             | <b>857,366</b>               | <b>83,750,288</b> |
| <b>LIABILITIES</b>   |   |                                   |                                       |                                |                    |                               |                              |                   |
| Accounts payable / accrued liabilities                       | 123,620                                 | 719,841                           | 494,834                               | 741                            | 1,844,500          | 582,448                       | 31,824                       | 3,797,808         |
| Accrued wages and benefits                                   | 53,896                                  | 221,673                           | 4,213,228                             | 10,969                         | 175,057            | 616,612                       | 20,341                       | 5,311,776         |
| Deposits and connection fees                                 | —                                       | —                                 | —                                     | —                              | 256,072            | —                             | —                            | 256,072           |
| Unearned revenue   | —                                       | 119,269                           | —                                     | —                              | 5,000,921          | 5,045,619                     | —                            | 10,165,809        |
| <b>Total liabilities</b>                                     | <b>177,516</b>                          | <b>1,060,783</b>                  | <b>4,708,062</b>                      | <b>11,710</b>                  | <b>7,276,550</b>   | <b>6,244,679</b>              | <b>52,165</b>                | <b>19,531,465</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |   |                                   |                                       |                                |                    |                               |                              |                   |
| Unavailable property taxes                                   | —                                       | —                                 | 711,410                               | —                              | —                  | —                             | —                            | 711,410           |
| Unavailable fees   | —                                       | —                                 | —                                     | —                              | 2,356,590          | —                             | —                            | 2,356,590         |
| Unavailable grant revenues                                   | —                                       | —                                 | —                                     | —                              | 3,004,592          | —                             | —                            | 3,004,592         |
| <b>Total deferred inflows of resources</b>                   | <b>—</b>                                | <b>—</b>                          | <b>711,410</b>                        | <b>—</b>                       | <b>5,361,182</b>   | <b>—</b>                      | <b>—</b>                     | <b>6,072,592</b>  |
| <b>Total liabilities and deferred inflows of resources</b>   | <b>177,516</b>                          | <b>1,060,783</b>                  | <b>5,419,472</b>                      | <b>11,710</b>                  | <b>12,637,732</b>  | <b>6,244,679</b>              | <b>52,165</b>                | <b>25,604,057</b> |
| <b>FUND BALANCES</b>   |   |                                   |                                       |                                |                    |                               |                              |                   |
| <b>Nonspendable:</b>   |   |                                   |                                       |                                |                    |                               |                              |                   |
| Inventory  | —                                       | —                                 | 459,208                               | —                              | —                  | 209,130                       | —                            | 668,338           |
| Prepaid items  | —                                       | —                                 | —                                     | —                              | 2,704              | —                             | —                            | 2,704             |
| <b>Restricted:</b>   |   |                                   |                                       |                                |                    |                               |                              |                   |
| Catalyst loan program  | —                                       | —                                 | —                                     | —                              | 1,024,177          | —                             | —                            | 1,024,177         |
| Economic development initiatives                             | —                                       | —                                 | —                                     | —                              | 741,484            | —                             | —                            | 741,484           |
| Fees in lieu   | —                                       | —                                 | —                                     | —                              | 259,000            | —                             | —                            | 259,000           |
| Fire & rescue services                                       | —                                       | —                                 | 11,927,046                            | —                              | —                  | —                             | —                            | 11,927,046        |
| Forest conservation  | —                                       | —                                 | —                                     | 1,964,542                      | —                  | —                             | —                            | 1,964,542         |
| Middle Patuxent environmental area program                   | —                                       | —                                 | —                                     | —                              | 44,511             | —                             | —                            | 44,511            |
| Program revenue  | —                                       | —                                 | —                                     | —                              | 568,509            | —                             | —                            | 568,509           |
| Speed enforcement  | —                                       | —                                 | —                                     | —                              | —                  | —                             | 805,201                      | 805,201           |
| <b>Committed:</b>  |   |                                   |                                       |                                |                    |                               |                              |                   |
| Community renewal programs                                   | 32,067,143                              | —                                 | —                                     | —                              | —                  | —                             | —                            | 32,067,143        |
| Environmental services                                       | —                                       | 9,246,805                         | —                                     | —                              | —                  | —                             | —                            | 9,246,805         |
| Recreation programs  | —                                       | —                                 | —                                     | —                              | —                  | 3,933,859                     | —                            | 3,933,859         |
| Unassigned   | —                                       | —                                 | —                                     | —                              | (5,107,088)        | —                             | —                            | (5,107,088)       |
| <b>Total fund balances (deficits)</b>                        | <b>32,067,143</b>                       | <b>9,246,805</b>                  | <b>12,386,254</b>                     | <b>1,964,542</b>               | <b>(2,466,703)</b> | <b>4,142,989</b>              | <b>805,201</b>               | <b>58,146,231</b> |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 32,244,659</b>                    | <b>10,307,588</b>                 | <b>17,805,726</b>                     | <b>1,976,252</b>               | <b>10,171,029</b>  | <b>10,387,668</b>             | <b>857,366</b>               | <b>83,750,288</b> |

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2019**

|   | Community<br>Renewal<br>Program<br>Fund | Environmental<br>Services<br>Fund | Fire and<br>Rescue<br>Reserve<br>Fund | Forest<br>Conservation<br>Fund | Grants<br>Fund | Recreation<br>Program<br>Fund | Speed<br>Enforcement<br>Fund | Total       |
|---|---|-----------------------------------|---------------------------------------|--------------------------------|----------------|-------------------------------|------------------------------|-------------|
| <b>REVENUES</b>                                   |   |                                   |                                       |                                |                |                               |                              |             |
| Property taxes                                    | \$ —                                    | 39,615                            | 97,627,767                            | —                              | —              | —                             | —                            | 97,667,382  |
| Other local taxes                                 | 3,920,877                               | —                                 | —                                     | —                              | —              | —                             | —                            | 3,920,877   |
| Revenues from other governments                   | —                                       | 6,430                             | 536,051                               | 3,561                          | 17,639,863     | 348,751                       | —                            | 18,534,656  |
| Charges for services                              | —                                       | 23,545,093                        | 278,923                               | —                              | 803,241        | 20,504,714                    | —                            | 45,131,971  |
| Investment income:                                |   |                                   |                                       |                                |                |                               |                              |             |
| Interest on investments                           | 231,993                                 | 447,930                           | 1,075,915                             | 40,652                         | 25,732         | 158,893                       | 21,090                       | 2,002,205   |
| Installment interest from housing loans           | 60,540                                  | —                                 | —                                     | —                              | —              | —                             | —                            | 60,540      |
| Fines and forfeitures                             | —                                       | —                                 | 700                                   | —                              | 35             | 30,817                        | 1,021,475                    | 1,053,027   |
| Developer fees                                    | —                                       | —                                 | —                                     | 379,315                        | —              | —                             | —                            | 379,315     |
| Miscellaneous program revenue                     | 4,526,426                               | 7,526                             | 144,553                               | —                              | 2,130,899      | 222,496                       | 15,074                       | 7,046,974   |
| Total revenues                                    | 8,739,836                               | 24,046,594                        | 99,663,909                            | 423,528                        | 20,599,770     | 21,265,671                    | 1,057,639                    | 175,796,947 |
| <b>EXPENDITURES</b>                               |   |                                   |                                       |                                |                |                               |                              |             |
| General government                                | —                                       | —                                 | —                                     | —                              | 3,617,431      | —                             | —                            | 3,617,431   |
| Legislative and judicial                          | —                                       | —                                 | —                                     | —                              | 639,007        | —                             | —                            | 639,007     |
| Public works                                      | —                                       | 25,405,030                        | —                                     | —                              | 9,288,496      | —                             | —                            | 34,693,526  |
| Public safety                                     | —                                       | —                                 | 100,792,143                           | —                              | 4,440,491      | —                             | 984,766                      | 106,217,400 |
| Recreation and parks                              | —                                       | —                                 | —                                     | 319,031                        | 77,610         | 20,000,970                    | —                            | 20,397,611  |
| Community services                                | 2,924,127                               | —                                 | —                                     | —                              | 7,087,208      | —                             | —                            | 10,011,335  |
| Total expenditures                                | 2,924,127                               | 25,405,030                        | 100,792,143                           | 319,031                        | 25,150,243     | 20,000,970                    | 984,766                      | 175,576,310 |
| Excess (deficiency) of revenues over expenditures | 5,815,709                               | (1,358,436)                       | (1,128,234)                           | 104,497                        | (4,550,473)    | 1,264,701                     | 72,873                       | 220,637     |
| <b>OTHER FINANCING SOURCES (USES)</b>             |   |                                   |                                       |                                |                |                               |                              |             |
| Bond premium                                      | 1,123                                   | —                                 | —                                     | —                              | —              | —                             | —                            | 1,123       |
| Capital lease proceeds                            | —                                       | —                                 | —                                     | —                              | 2,223,000      | —                             | —                            | 2,223,000   |
| Refunding bonds issued                            | 16,809                                  | —                                 | —                                     | —                              | —              | —                             | —                            | 16,809      |
| Payment to bond refunding escrow agent            | (17,923)                                | —                                 | —                                     | —                              | —              | —                             | —                            | (17,923)    |
| Transfers in                                      | —                                       | —                                 | 175,000                               | —                              | 100,992        | 414,616                       | —                            | 690,608     |
| Transfers out                                     | (440,582)                               | (1,077,837)                       | (2,258,043)                           | (565)                          | (15,306)       | (158,893)                     | (721,090)                    | (4,672,316) |
| Total other financing sources (uses)              | (440,573)                               | (1,077,837)                       | (2,083,043)                           | (565)                          | 2,308,686      | 255,723                       | (721,090)                    | (1,758,699) |
| Net change in fund balances                       | 5,375,136                               | (2,436,273)                       | (3,211,277)                           | 103,932                        | (2,241,787)    | 1,520,424                     | (648,217)                    | (1,538,062) |
| Fund balances - beginning                         | 26,692,007                              | 11,683,078                        | 15,597,531                            | 1,860,610                      | (224,916)      | 2,622,565                     | 1,453,418                    | 59,684,293  |
| Fund balances - ending                            | \$ 32,067,143                           | 9,246,805                         | 12,386,254                            | 1,964,542                      | (2,466,703)    | 4,142,989                     | 805,201                      | 58,146,231  |

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, 2019**

|  | <b>Budget Amounts</b> |                  | <b>Actual</b>        | <b>Variance with<br/>Final Budget</b> |
|--|-----------------------|------------------|----------------------|---------------------------------------|
|  | <b>Original</b>       | <b>Final</b>     |                      |                                       |
| <b>REVENUES</b>  |                       |                  |                      |                                       |
| Local taxes  | \$ 3,500,000          | 3,500,000        | 3,920,877            | 420,877                               |
| Revenue from other agencies                              | 110,000               | 110,000          | —                    | (110,000)                             |
| Installment interest from housing loans                  | 75,000                | 75,000           | 60,540               | (14,460)                              |
| Miscellaneous  | 1,759,444             | 1,759,444        | 4,526,427            | 2,766,983                             |
| <b>Total revenues</b>                                    | <b>5,444,444</b>      | <b>5,444,444</b> | <b>8,507,844</b>     | <b>3,063,400</b>                      |
| <b>EXPENDITURES</b>                                      |                       |                  |                      |                                       |
| <b>Community services:</b>                               |                       |                  |                      |                                       |
| Revolving Loan Program Income                            | 110,000               | 110,000          | 26,553               | 83,447                                |
| Housing initiatives                                      | 3,479,000             | 3,479,000        | 3,281,907            | 197,093                               |
| Housing and community development<br>administration      | 1,646,852             | 1,646,852        | 1,515,014            | 131,838                               |
| <b>Total expenditures</b>                                | <b>5,235,852</b>      | <b>5,235,852</b> | <b>4,823,474</b>     | <b>412,378</b>                        |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>208,592</b>        | <b>208,592</b>   | <b>3,684,370</b>     | <b>3,475,778</b>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                       |                  |                      |                                       |
| Transfers out  | (208,592)             | (208,592)        | (208,592)            | —                                     |
| <b>Total other financing sources (uses)</b>              | <b>(208,592)</b>      | <b>(208,592)</b> | <b>(208,592)</b>     | <b>—</b>                              |
| <b>Net change in fund balance</b>                        | <b>—</b>              | <b>—</b>         | <b>3,475,778</b>     | <b>3,475,778</b>                      |
| Plus: Prior year encumbrance lapsed                      |                       |                  | 9,390                |                                       |
| <b>Fund balance - beginning</b>                          |                       |                  | <b>22,938,743</b>    |                                       |
| <b>Fund balance - ending</b>                             |                       |                  | <b>26,423,911</b>    |                                       |
| <b>The ending fund balance is reconciled as follows:</b> |                       |                  |                      |                                       |
| <b>Budgetary basis, end of the fiscal year</b>           |                       |                  | <b>26,423,911</b>    |                                       |
| <b>Adjustments:</b>                                      |                       |                  |                      |                                       |
| Elimination of encumbrances outstanding                  |                       |                  | 429,500              |                                       |
| Accruals (Housing loans)                                 |                       |                  | 6,291,947            |                                       |
| Non budgeted - Bad debt expense                          |                       |                  | (1,078,215)          |                                       |
| <b>GAAP basis, end of fiscal year</b>                    |                       |                  | <b>\$ 32,067,143</b> |                                       |

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

Howard County, Maryland  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis  
Environmental Services Funds  
For the Year Ended June 30, 2019

|  | Budget Amounts       |                      |                      | Variance with      |
|--|----------------------|----------------------|----------------------|--------------------|
|  | Original             | Final                | Actual               | Final Budget       |
| <b>REVENUES</b>  |                      |                      |                      |                    |
| Property taxes   | \$ 20,000            | 20,000               | 39,615               | 19,615             |
| Revenue from other governments                           | —                    | —                    | 6,430                | 6,430              |
| Charges for services                                     | 22,592,500           | 22,592,500           | 23,545,092           | 952,592            |
| Miscellaneous  | 3,000                | 3,000                | 7,013                | 4,013              |
| <b>Total revenues</b>                                    | <b>\$ 22,615,500</b> | <b>\$ 22,615,500</b> | <b>\$ 23,598,150</b> | <b>\$ 982,650</b>  |
| <b>EXPENDITURES</b>                                      |                      |                      |                      |                    |
| <b>Public works:</b>                                     |                      |                      |                      |                    |
| Administrative services                                  | 3,033,452            | 2,913,952            | 2,159,524            | 754,428            |
| Operations   | 12,521,114           | 12,521,114           | 12,057,952           | 463,162            |
| Collections  | 4,794,911            | 4,664,911            | 4,530,906            | 134,005            |
| Recycling  | 6,783,019            | 6,948,519            | 6,915,652            | 32,867             |
| Contingency  | —                    | 804,000              | —                    | 804,000            |
| <b>Total expenditures</b>                                | <b>27,132,496</b>    | <b>27,852,496</b>    | <b>25,664,034</b>    | <b>2,188,462</b>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(4,516,996)</b>   | <b>(5,236,996)</b>   | <b>(2,065,884)</b>   | <b>3,171,112</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                      |                      |                      |                    |
| Appropriation from fund balance                          | 5,146,903            | 5,146,903            | 2,695,791            | (2,451,112)        |
| Transfers out  | (629,907)            | (629,907)            | (629,907)            | —                  |
| <b>Total other financing sources (uses)</b>              | <b>4,516,996</b>     | <b>4,516,996</b>     | <b>2,065,884</b>     | <b>(2,451,112)</b> |
| <b>Net change in fund balance</b>                        | <b>\$ —</b>          | <b>(720,000)</b>     | <b>—</b>             | <b>720,000</b>     |
| Plus: Prior year encumbrance lapsed                      |                      |                      | 152,549              |                    |
| Less: Appropriation from fund balance                    |                      |                      | (2,695,791)          |                    |
| <b>Fund balance - beginning</b>                          |                      |                      | <b>10,881,372</b>    |                    |
| <b>Fund balance - ending</b>                             |                      |                      | <b>8,338,130</b>     |                    |
| <b>The ending fund balance is reconciled as follows:</b> |                      |                      |                      |                    |
| <b>Budgetary basis, end of the fiscal year</b>           |                      |                      | <b>8,338,130</b>     |                    |
| <b>Adjustments:</b>                                      |                      |                      |                      |                    |
| Elimination of encumbrances outstanding                  |                      |                      | 1,402,210            |                    |
| Accruals   |                      |                      | (457,030)            |                    |
| Non budgeted - Bad debt expense                          |                      |                      | (36,505)             |                    |
| <b>GAAP basis, end of fiscal year</b>                    |                      |                      | <b>\$ 9,246,805</b>  |                    |

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



**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Fire and Rescue Reserve Fund**  
**For the Year Ended June 30, 2019**

|  | <b>Budget Amounts</b> |                    |                      | <b>Variance with</b> |
|--|-----------------------|--------------------|----------------------|----------------------|
|  | <b>Original</b>       | <b>Final</b>       | <b>Actual</b>        | <b>Final Budget</b>  |
| <b>REVENUES</b>  |                       |                    |                      |                      |
| Property taxes   | \$ 97,724,150         | 97,724,150         | 97,627,767           | (96,383)             |
| Revenues from other governments                          | —                     | —                  | 536,051              | 536,051              |
| Charges for services                                     | 325,000               | 325,000            | 278,923              | (46,077)             |
| Fines and forfeitures                                    |                       |                    | 700                  | 700                  |
| Miscellaneous  | 306,000               | 131,000            | 141,797              | 10,797               |
| <b>Total revenues</b>                                    | <b>98,355,150</b>     | <b>98,180,150</b>  | <b>98,585,238</b>    | <b>405,088</b>       |
| <b>EXPENDITURES</b>                                      |                       |                    |                      |                      |
| <b>Public safety:</b>                                    |                       |                    |                      |                      |
| Administrative   | 106,402,807           | 105,902,807        | 102,335,312          | 3,567,495            |
| <b>Total expenditures</b>                                | <b>106,402,807</b>    | <b>105,902,807</b> | <b>102,335,312</b>   | <b>3,567,495</b>     |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(8,047,657)</b>    | <b>(7,722,657)</b> | <b>(3,750,074)</b>   | <b>3,972,583</b>     |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                       |                    |                      |                      |
| Appropriation from fund balance                          | 8,729,785             | 8,729,785          | 4,757,202            | (3,972,583)          |
| Transfers in   |                       | 175,000            | 175,000              | —                    |
| Transfers out  | (682,128)             | (1,182,128)        | (1,182,128)          | —                    |
| <b>Total other financing sources (uses)</b>              | <b>8,047,657</b>      | <b>7,722,657</b>   | <b>3,750,074</b>     | <b>(3,972,583)</b>   |
| <b>Net change in fund balance</b>                        | <b>—</b>              | <b>—</b>           | <b>—</b>             | <b>—</b>             |
| Plus prior year encumbrances lapsed                      |                       |                    | 73,500               |                      |
| Less: Appropriation from fund balance                    |                       |                    | (4,757,202)          |                      |
| <b>Fund balance - beginning</b>                          |                       |                    | <b>13,383,064</b>    |                      |
| <b>Fund balance - ending</b>                             |                       |                    | <b>8,699,362</b>     |                      |
| <b>The ending fund balance is reconciled as follows:</b> |                       |                    |                      |                      |
| Budgetary basis, end of the fiscal year                  |                       |                    | 8,699,362            |                      |
| <b>Adjustments:</b>                                      |                       |                    |                      |                      |
| Elimination of encumbrances outstanding                  |                       |                    | 3,743,610            |                      |
| Accruals   |                       |                    | (15,175)             |                      |
| Non budgeted - Bad debt expense                          |                       |                    | (41,543)             |                      |
| <b>GAAP basis, end of fiscal year</b>                    |                       |                    | <b>\$ 12,386,254</b> |                      |

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Forest Conservation Fund**  
**For the Year Ended June 30, 2019**

|   | Budget Amounts |           |              | Variance with |
|---|----------------|-----------|--------------|---------------|
|   | Original       | Final     | Actual       | Final Budget  |
| REVENUES  |                |           |              |               |
| Revenue from other governments                    | \$             | —         | 40,087       | 40,087        |
| Interest on investments                           |                | —         | 3,561        | 3,561         |
| Developer fees - inspections                      | 15,000         | 15,000    | —            | (15,000)      |
| Developer fees - mitigation                       | 167,500        | 167,500   | 379,315      | 211,815       |
| Total revenues                                    | 182,500        | 182,500   | 422,963      | 240,463       |
| EXPENDITURES                                      |                |           |              |               |
| Public Works:                                     |                |           |              |               |
| Forest mitigation                                 | 658,087        | 658,087   | 322,330      | 335,757       |
| Total expenditures                                | 658,087        | 658,087   | 322,330      | 335,757       |
| Excess (deficiency) of revenues over expenditures | (475,587)      | (475,587) | 100,633      | 576,220       |
| OTHER FINANCING SOURCES (USES)                    |                |           |              |               |
| Appropriation from fund balance                   | 475,587        | 475,587   | —            | (475,587)     |
| Total other financing sources (uses)              | 475,587        | 475,587   | —            | (475,587)     |
| Net change in fund balance                        | —              | —         | 100,633      | 100,633       |
| Fund balance - beginning                          |                |           | 1,864,651    |               |
| Fund balance - ending                             |                |           | 1,965,284    |               |
| The ending fund balance is reconciled as follows: |                |           |              |               |
| Budgetary basis, end of the fiscal year           |                |           | 1,965,284    |               |
| Accruals  |                |           | (742)        |               |
| GAAP basis, end of fiscal year                    |                |           | \$ 1,964,542 |               |

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, 2019

|  | Budget Amounts |            |                       | Variance with |
|--|----------------|------------|-----------------------|---------------|
|  | Original       | Final      | Actual                | Final Budget  |
| <b>REVENUES</b>  |                |            |                       |               |
| <b>Revenue from other agencies:</b>                      |                |            |                       |               |
| Grants from federal government                           | \$ 8,927,351   | 8,776,351  | 8,914,467             | 138,116       |
| Grants from state government                             | 8,066,870      | 8,217,870  | 8,554,642             | 336,772       |
| Other local grants                                       | 4,032,569      | 4,032,569  | 170,755               | (3,861,814)   |
| Total revenue from other agencies                        | 21,026,790     | 21,026,790 | 17,639,864            | (3,386,926)   |
| Charges for services                                     | 775,000        | 775,000    | 803,241               | 28,241        |
| Interest on investments                                  | —              | —          | 10,427                | 10,427        |
| Contingency  | 5,000,000      | 4,993,700  | —                     | (4,993,700)   |
| Miscellaneous  | 10,499,551     | 10,149,551 | 1,898,396             | (8,251,155)   |
| Total revenues   | 32,301,341     | 31,951,341 | 20,351,928            | (11,599,413)  |
| <b>EXPENDITURES</b>                                      |                |            |                       |               |
| General government                                       | 4,418,077      | 4,068,077  | 3,879,228             | 188,849       |
| Legislative & judicial                                   | 797,513        | 797,513    | 635,826               | 161,687       |
| Public works   | 8,543,790      | 8,543,790  | 7,651,541             | 892,249       |
| Public safety  | 4,600,336      | 4,600,336  | 4,761,289             | (160,953)     |
| Recreation & parks                                       | 417,690        | 417,690    | 79,134                | 338,556       |
| Community services                                       | 8,523,935      | 8,523,935  | 7,040,562             | 1,483,373     |
| Contingency  | 5,000,000      | 5,000,000  | —                     | 5,000,000     |
| Total expenditures                                       | 32,301,341     | 31,951,341 | 24,047,580            | 7,903,761     |
| Excess (deficiency) of revenues over expenditures        | —              | —          | (3,695,652)           | (3,695,652)   |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                |            |                       |               |
| Capital lease proceeds                                   | —              | —          | 2,223,000             | 2,223,000     |
| Total other financing sources (uses)                     | —              | —          | 2,223,000             | 2,223,000     |
| Net change in fund balance                               | —              | —          | (1,472,652)           | (1,472,652)   |
| Plus: Prior year encumbrances lapsed                     |                |            | (723,259)             |               |
| Fund balances - beginning                                |                |            | (56,724)              |               |
| Fund balances - ending                                   |                |            | (2,252,635)           |               |
| <b>The ending fund balance is reconciled as follows:</b> |                |            |                       |               |
| Budgetary basis, end of the fiscal year                  |                |            | (2,252,635)           |               |
| Adjustments:   |                |            |                       |               |
| Elimination of encumbrances outstanding                  |                |            | 1,589,609             |               |
| Accruals   |                |            | (58,017)              |               |
| Non budgeted revenue - Bad debt expense/write off        |                |            | (492,711)             |               |
| Elimination of loan expenses                             |                |            | 924,334               |               |
| Credit Adjustment  |                |            | (2,177,283)           |               |
| GAAP basis, end of fiscal year                           |                |            | <u>\$ (2,466,703)</u> |               |

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, 2019**

|   | Budget Amounts |            |              | Variance with |
|---|----------------|------------|--------------|---------------|
|   | Original       | Final      | Actual       | Final Budget  |
| REVENUES  |                |            |              |               |
| Revenue from other governments                    | \$ —           | —          | 348,751      | 348,751       |
| Charges for services                              | 21,128,304     | 21,128,304 | 20,504,714   | (623,590)     |
| Fines and forfeitures                             | 75,000         | 75,000     | 30,817       | (44,183)      |
| Miscellaneous program revenue                     | 180,000        | 180,000    | 219,397      | 39,397        |
| Total revenues                                    | 21,383,304     | 21,383,304 | 21,103,679   | (279,625)     |
| EXPENDITURES                                      |                |            |              |               |
| Recreation and parks:                             |                |            |              |               |
| Administration                                    | 21,994,905     | 21,994,905 | 20,000,218   | 1,994,687     |
| Total expenditures                                | 21,994,905     | 21,994,905 | 20,000,218   | 1,994,687     |
| Excess (deficiency) of revenues over expenditures | (611,601)      | (611,601)  | 1,103,461    | 1,715,062     |
| OTHER FINANCING SOURCES (USES)                    |                |            |              |               |
| Transfers in                                      | 611,601        | 611,601    | 414,616      | (196,985)     |
| Total other financing sources (uses)              | 611,601        | 611,601    | 414,616      | (196,985)     |
| Net change in fund balance                        | —              | —          | 1,518,077    | 1,518,077     |
| Plus: Prior year encumbrances lapsed              |                |            | 14,054       |               |
| Fund balance - beginning                          |                |            | 2,575,865    |               |
| Fund balance - ending                             |                |            | 4,107,996    |               |
| The ending fund balance is reconciled as follows: |                |            |              |               |
| Budgetary basis, end of the fiscal year           |                |            | 4,107,996    |               |
| Adjustments:                                      |                |            |              |               |
| Elimination of encumbrances outstanding           |                |            | 70,793       |               |
| Accruals  |                |            | (31,072)     |               |
| Non budgeted - Bad debt expense                   |                |            | (4,728)      |               |
| GAAP basis, end of fiscal year                    |                |            | \$ 4,142,989 |               |

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, 2019**

|   | Budget Amounts |           | Actual     | Variance with |
|---|----------------|-----------|------------|---------------|
|   | Original       | Final     |            | Final Budget  |
| REVENUES  |                |           |            |               |
| Fines & forfeitures                               | \$ 1,648,369   | 1,648,369 | 1,021,475  | (626,894)     |
| Other   | 20,000         | 20,000    | 15,074     | (4,926)       |
| Total revenues                                    | 1,668,369      | 1,668,369 | 1,036,549  | (631,820)     |
| EXPENDITURES                                      |                |           |            |               |
| Public safety:                                    |                |           |            |               |
| Administrative                                    | 968,369        | 968,369   | 899,914    | 68,455        |
| Total expenditures                                | 968,369        | 968,369   | 899,914    | 68,455        |
| Excess (deficiency) of revenues over expenditures | 700,000        | 700,000   | 136,635    | (563,365)     |
| OTHER FINANCING SOURCES (USES)                    |                |           |            |               |
| Transfers out                                     | (700,000)      | (700,000) | (700,000)  | —             |
| Total other financing sources (uses)              | (700,000)      | (700,000) | (700,000)  | —             |
| Net change in fund balance                        | —              | —         | (563,365)  | (563,365)     |
| Plus: prior year encumbrances lapsed              |                |           | 148        |               |
| Fund balance - beginning                          |                |           | 1,368,407  |               |
| Fund balance - ending                             |                |           | 805,190    |               |
| The ending fund balance is reconciled as follows: |                |           |            |               |
| Budgetary basis, end of the fiscal year           |                |           | 805,190    |               |
| Adjustments:                                      |                |           |            |               |
| Non budgeted - Bad debt expense                   |                |           | 11         |               |
| GAAP basis, end of fiscal year                    |                |           | \$ 805,201 |               |

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

**Howard County, Maryland**  
**Combining Balance Sheet**  
**Non-Major Capital Project Funds**  
**June 30, 2019**

|  | Fire Service         |                   | Public    | Recreation        | Storm               |                   |
|--|----------------------|-------------------|-----------|-------------------|---------------------|-------------------|
|  | Bldg & Equip         | Highway           | Libraries | and Parks         | Drainage            |                   |
|  | Fund                 | Fund              | Fund      | Fund              | Fund                | Total             |
| <b>ASSETS</b>  |                      |                   |           |                   |                     |                   |
| Equity in pooled cash  | \$ 11,034,511        | 48,376,375        | —         | 6,668,812         | —                   | 66,079,698        |
| Due from other governments                                   | 414,746              | 408,504           | —         | 4,461,122         | 2,202,191           | 7,486,563         |
| Due from other funds   | —                    | 22,440,545        | —         | —                 | —                   | 22,440,545        |
| Other  | —                    | 3,659             | —         | —                 | —                   | 3,659             |
| <b>Total assets</b>  | <b>11,449,257</b>    | <b>71,229,083</b> | <b>—</b>  | <b>11,129,934</b> | <b>2,202,191</b>    | <b>96,010,465</b> |
| <b>LIABILITIES</b>   |                      |                   |           |                   |                     |                   |
| Due to other funds   | —                    | —                 | —         | —                 | 22,440,545          | 22,440,545        |
| Accounts payable/accrued liability                           | 1,273                | 5,140,097         | —         | 1,988,724         | 2,085,822           | 9,215,916         |
| Accrued wages and benefits                                   | 9,781                | 5,529             | —         | —                 | —                   | 15,310            |
| Short-term loans and notes payable                           | 146,000              | 3,108,213         | —         | 1,897,000         | 1,387,985           | 6,539,198         |
| <b>Total liabilities</b>                                     | <b>157,054</b>       | <b>8,253,839</b>  | <b>—</b>  | <b>3,885,724</b>  | <b>25,914,352</b>   | <b>38,210,969</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                      |                   |           |                   |                     |                   |
| Unavailable grant revenues                                   | —                    | 319,218           | —         | 3,627,865         | 863,649             | 4,810,732         |
| <b>Total liabilities and deferred inflows of resources</b>   | <b>157,054</b>       | <b>8,573,057</b>  | <b>—</b>  | <b>7,513,589</b>  | <b>26,778,001</b>   | <b>43,021,701</b> |
| <b>FUND BALANCES</b>   |                      |                   |           |                   |                     |                   |
| <b>Restricted:</b>   |                      |                   |           |                   |                     |                   |
| Fees in Lieu   | —                    | —                 | —         | —                 | 210,647             | 210,647           |
| Open space   | —                    | —                 | —         | 576,876           | —                   | 576,876           |
| Parkland watershed facilities                                | —                    | —                 | —         | 13,602,040        | —                   | 13,602,040        |
| Public road facilities                                       | —                    | 61,223,169        | —         | —                 | —                   | 61,223,169        |
| <b>Committed:</b>  |                      |                   |           |                   |                     |                   |
| Firehouse & training facilities                              | 8,064,285            | —                 | —         | —                 | —                   | 8,064,285         |
| <b>Assigned:</b>   |                      |                   |           |                   |                     |                   |
| Capital projects   | 3,227,918            | —                 | —         | —                 | —                   | 3,227,918         |
| Street lights  | —                    | 1,432,857         | —         | —                 | —                   | 1,432,857         |
| Unassigned   | —                    | —                 | —         | (10,562,571)      | (24,786,457)        | (35,349,028)      |
| <b>Total fund balances</b>                                   | <b>11,292,203</b>    | <b>62,656,026</b> | <b>—</b>  | <b>3,616,345</b>  | <b>(24,575,810)</b> | <b>52,988,764</b> |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 11,449,257</b> | <b>71,229,083</b> | <b>—</b>  | <b>11,129,934</b> | <b>2,202,191</b>    | <b>96,010,465</b> |

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**For the Year Ended June 30, 2019**

|   | Fire Service  |              | Public      | Recreation  | Storm        |              |
|---|---------------|--------------|-------------|-------------|--------------|--------------|
|   | Bldg & Equip  | Highway      | Libraries   | and Parks   | Drainage     |              |
|   | Fund          | Fund         | Fund        | Fund        | Fund         | Total        |
| <b>REVENUES</b>                                   |               |              |             |             |              |              |
| Other local taxes                                 | \$ 3,920,878  | 7,328,571    | —           | 7,841,755   | —            | 19,091,204   |
| Revenues from other governments                   | —             | 910,905      | —           | 13,998      | 3,589,798    | 4,514,701    |
| Charges for services                              | —             | 584,560      | —           | 45,611      | —            | 630,171      |
| Interest on investments                           | 207,450       | 1,452,988    | —           | 197,098     | —            | 1,857,536    |
| Developer contributions                           | —             | 383,637      | —           | 50,520      | 39,515       | 473,672      |
| Miscellaneous program revenues                    | 650,000       | 3,280        | —           | —           | 67,360       | 720,640      |
| Total revenues                                    | 4,778,328     | 10,663,941   | —           | 8,148,982   | 3,696,673    | 27,287,924   |
| <b>EXPENDITURES</b>                               |               |              |             |             |              |              |
| Capital improvements                              | 1,502,198     | 24,906,217   | —           | 12,278,461  | 25,415,561   | 64,102,437   |
| Total expenditures                                | 1,502,198     | 24,906,217   | —           | 12,278,461  | 25,415,561   | 64,102,437   |
| Excess (deficiency) of revenues over expenditures | 3,276,130     | (14,242,276) | —           | (4,129,479) | (21,718,888) | (36,814,513) |
| <b>OTHER FINANCING SOURCES (USES)</b>             |               |              |             |             |              |              |
| Bond premium                                      | 354,136       | 1,441,357    |             | 123,390     | 134,319      | 2,053,202    |
| Capital related debt issued                       | 3,539,822     | 13,644,442   |             | 1,014,298   | 1,068,624    | 19,267,186   |
| Refunding bonds issued                            | 66,172        | 1,397,435    | —           | 347,016     | 430,266      | 2,240,889    |
| Payment to bond refunding escrow agent            | (70,560)      | (1,490,099)  | —           | (370,026)   | (458,797)    | (2,389,482)  |
| Transfers in                                      | 500,000       | 7,445,000    | 3,404,282   | 200,000     | 10,207,129   | 21,756,411   |
| Transfers out                                     | (2,500,671)   | (7,523,823)  | —           | (5,159,269) | —            | (15,183,763) |
| Total other financing sources (uses)              | 1,888,899     | 14,914,312   | 3,404,282   | (3,844,591) | 11,381,541   | 27,744,443   |
| Net change in fund balances                       | 5,165,029     | 672,036      | 3,404,282   | (7,974,070) | (10,337,347) | (9,070,070)  |
| Fund balances - beginning                         | 6,127,174     | 61,983,990   | (3,404,282) | 11,590,415  | (14,238,463) | 62,058,834   |
| Fund balances - ending                            | \$ 11,292,203 | 62,656,026   | —           | 3,616,345   | (24,575,810) | 52,988,764   |

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

**Howard County, Maryland**  
**Combining Balance Sheet**  
**Non-Major Debt Service Funds**  
**June 30, 2019**

|  | Bond<br>Anticipation Note<br>Fund | Tax<br>Increment<br>Financing<br>Fund | Total             |
|--|-----------------------------------|---------------------------------------|-------------------|
| <b>ASSETS</b>                              |                                   |                                       |                   |
| Equity in pooled cash and cash equivalents | \$ 284,417                        | 6,790,248                             | 7,074,665         |
| Cash and securities with Fiscal Agents     | —                                 | 5,742,540                             | 5,742,540         |
| <b>Total assets</b>                        | <b>284,417</b>                    | <b>12,532,788</b>                     | <b>12,817,205</b> |
| <b>LIABILITIES</b>                         |                                   |                                       |                   |
| Accounts payable / accrued liabilities     | 284,417                           | 161                                   | 284,578           |
| <b>Total liabilities</b>                   | <b>284,417</b>                    | <b>161</b>                            | <b>284,578</b>    |
| <b>FUND BALANCES</b>                       |                                   |                                       |                   |
| <b>Restricted:</b>                         |                                   |                                       |                   |
| Tax incremental financing project          | —                                 | 12,532,627                            | 12,532,627        |
| <b>Total fund balances</b>                 | <b>—</b>                          | <b>12,532,627</b>                     | <b>12,532,627</b> |
| <b>Total liabilities and fund balances</b> | <b>\$ 284,417</b>                 | <b>12,532,788</b>                     | <b>12,817,205</b> |

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



**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Debt Service Funds**  
**For the Year Ended June 30, 2019**

|   | Bond<br>Anticipation<br>Note<br>Fund | Tax<br>Financing<br>Increment<br>Fund | Total      |
|---|--------------------------------------|---------------------------------------|------------|
| <b>REVENUES</b>                                   |                                      |                                       |            |
| Property taxes                                    | \$ —                                 | 4,435,574                             | 4,435,574  |
| Interest on investments                           | 6                                    | 786,020                               | 786,026    |
| Miscellaneous program revenue                     | —                                    | 188,627                               | 188,627    |
| Total revenues                                    | 6                                    | 5,410,221                             | 5,410,227  |
| <b>EXPENDITURES</b>                               |                                      |                                       |            |
| <b>Current:</b>                                   |                                      |                                       |            |
| General government                                | 196,075                              | 104,280                               | 300,355    |
| <b>Debt service:</b>                              |                                      |                                       |            |
| Principal payments on debt                        | 309,920                              | 65,000                                | 374,920    |
| Interest payments on debt                         | 2,013,980                            | 1,009,685                             | 3,023,665  |
| Total expenditures                                | 2,519,975                            | 1,178,965                             | 3,698,940  |
| Excess (deficiency) of revenues over expenditures | (2,519,969)                          | 4,231,256                             | 1,711,287  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                      |                                       |            |
| Refunding bonds issued                            | 54,440                               | —                                     | 54,440     |
| Capital-related issuance of debt                  | 255,435                              | —                                     | 255,435    |
| Transfers in                                      | 2,210,094                            | —                                     | 2,210,094  |
| Transfers out                                     | —                                    | (345,439)                             | (345,439)  |
| Total other financing sources (uses)              | 2,519,969                            | (345,439)                             | 2,174,530  |
| Net change in fund balances                       | —                                    | 3,885,817                             | 3,885,817  |
| Fund balances - beginning                         | —                                    | 8,646,810                             | 8,646,810  |
| Fund balances - ending                            | \$ —                                 | 12,532,627                            | 12,532,627 |

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, 2019**

|   | Budget Amounts |             | Actual      | Variance with<br>Final Budget |
|---|----------------|-------------|-------------|-------------------------------|
|   | Original       | Final       |             |                               |
| <b>REVENUES</b>   |                |             |             |                               |
| Interest on investments                                     | —              | —           | 6           | 6                             |
| Total revenues  | —              | —           | 6           | 6                             |
| <b>EXPENDITURES</b>   |                |             |             |                               |
| General government:   |                |             |             |                               |
| Bond anticipation notes                                     | \$ 3,000,000   | 1,428,750   | 188,739     | 1,240,011                     |
| Debt service:   |                |             |             |                               |
| Issuance costs  | 2,000,000      | 571,250     | 309,920     | 261,330                       |
| Interest  | —              | 3,000,000   | 1,987,770   | 1,012,230                     |
| Total expenditures  | 5,000,000      | 5,000,000   | 2,486,429   | 2,513,571                     |
| Excess (deficiency) of revenues over expenditures           | (5,000,000)    | (5,000,000) | (2,486,423) | 2,513,577                     |
| <b>OTHER FINANCING SOURCES</b>                              |                |             |             |                               |
| Capital related debt issued                                 | 2,000,000      | 2,000,000   | 255,435     | (1,744,565)                   |
| Refunding bonds issued                                      | —              | —           | 54,440      | 54,440                        |
| Transfers in  | 3,000,000      | 3,000,000   | 763,860     | (2,236,140)                   |
| Total other financing sources                               | 5,000,000      | 5,000,000   | 1,073,735   | (3,926,265)                   |
| Net change in fund balance                                  | —              | —           | (1,412,688) | (1,412,688)                   |
| Fund balances - beginning                                   |                |             | (93,088)    |                               |
| Fund balances - ending                                      |                |             | (1,505,776) |                               |
| <br>Budgetary Basis, end of the fiscal year                 |                |             | (1,505,776) |                               |
| Adjustments:  |                |             |             |                               |
| Accruals  |                |             | (7,336)     |                               |
| Additional transfers from General Fund on modified accruals |                |             | 1,513,112   |                               |
| GAAP Basis, end of fiscal year                              |                |             | \$ —        |                               |

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, 2019**

|                                      | Budget Amounts |             |            | Variance with |
|--------------------------------------|----------------|-------------|------------|---------------|
|                                      | Original       | Final       | Actual     | Final Budget  |
| REVENUES                             |                |             |            |               |
| Other local taxes                    | \$ 2,427,403   | 2,427,403   | 4,435,574  | 2,008,171     |
| Interest on investments              | 15,000         | 15,000      | 615,581    | 600,581       |
| Miscellaneous                        | 45,000         | 45,000      | 188,627    | 143,627       |
| Total revenues                       | 2,487,403      | 2,487,403   | 5,239,782  | 2,752,379     |
| EXPENDITURES                         |                |             |            |               |
| General government:                  |                |             |            |               |
| Tax incremental financing            | 230,000        | 230,000     | 104,280    | 125,720       |
| Debt Service:                        |                |             |            |               |
| Principal                            | 65,000         | 65,000      | 65,000     | —             |
| Interest                             | 1,010,000      | 1,010,000   | 1,009,685  | 315           |
| Total expenditures                   | 1,305,000      | 1,305,000   | 1,178,965  | 126,035       |
| Excess of revenues over expenditures | 1,182,403      | 1,182,403   | 4,060,817  | 2,878,414     |
| OTHER FINANCING SOURCES              |                |             |            |               |
| Appropriation from fund balance      | (1,007,403)    | (1,007,403) | —          | 1,007,403     |
| Transfers out                        | (175,000)      | (175,000)   | (175,000)  | —             |
| Total other financing sources        | (1,182,403)    | (1,182,403) | (175,000)  | 1,007,403     |
| Net change in fund balance           | —              | —           | 3,885,817  | 3,885,817     |
| Fund balances - beginning            |                |             | 8,558,993  |               |
| Fund balances - ending               |                |             | 12,444,810 |               |

The ending fund balance is reconciled as follows:

|   |               |
|---|---------------|
| Budgetary Basis, end of the fiscal year | 12,444,810    |
| Adjustments:                            |               |
| Accruals                                | 87,817        |
| GAAP Basis, end of fiscal year          | \$ 12,532,627 |

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



## Opioid Funding

Howard County is showing progress in reducing opioid overdose deaths and continues to expand its efforts through a \$1 million grant to establish 24-hour substance misuse services at the Grassroots Crisis Intervention Center. The County also opened the 16-bed Howard House, the first treatment facility of its kind in the county.

## **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, 2019**

|   | Broadband            | Special<br>Recreation<br>Facility | Watershed<br>Protection<br>and Restoration | Total             |
|---|----------------------|-----------------------------------|--|-------------------|
| <b>ASSETS</b>   |                      |                                   |  |                   |
| <b>Current assets:</b>  |                      |                                   |  |                   |
| Equity in pooled cash   | \$ 4,747,168         | —                                 | 13,251,509                                 | 17,998,677        |
| <b>Receivables:</b>   |                      |                                   |  |                   |
| Service billings  | 156,434              | —                                 | —  | 156,434           |
| <b>Restricted assets:</b>                                       |                      |                                   |  |                   |
| Equity in pooled cash and cash equivalents                      | —                    | 560,000                           | —  | 560,000           |
| <b>Total current assets</b>                                     | <b>4,903,602</b>     | <b>560,000</b>                    | <b>13,251,509</b>                          | <b>18,715,111</b> |
| <b>Noncurrent assets:</b>                                       |                      |                                   |  |                   |
| <b>Restricted assets:</b>                                       |                      |                                   |  |                   |
| Other receivables   | 24,648               | —                                 | 100,823                                    | 125,471           |
| <b>Capital assets:</b>  |                      |                                   |  |                   |
| Land  | —                    | 8,684,896                         | 449,290                                    | 9,134,186         |
| Buildings and improvements, net                                 | —                    | 2,523,704                         | 1,307,329                                  | 3,831,033         |
| Machinery and equipment, net                                    | 719,012              | 17,605                            | 711,815                                    | 1,448,432         |
| Infrastructure, net   | 10,702,482           | —                                 | 28,906,978                                 | 39,609,460        |
| <b>Total noncurrent assets</b>                                  | <b>11,446,142</b>    | <b>11,226,205</b>                 | <b>31,476,235</b>                          | <b>54,148,582</b> |
| <b>Total assets</b>   | <b>16,349,744</b>    | <b>11,786,205</b>                 | <b>44,727,744</b>                          | <b>72,863,693</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                           |                      |                                   |  |                   |
| Deferred refunding amount                                       | —                    | 11,933                            | —  | 11,933            |
| <b>Total deferred outflows of resources</b>                     | <b>—</b>             | <b>11,933</b>                     | <b>—</b>                                   | <b>11,933</b>     |
| <b>Total assets and deferred outflows of resources</b>          | <b>16,349,744</b>    | <b>11,798,138</b>                 | <b>44,727,744</b>                          | <b>72,875,626</b> |
| <b>LIABILITIES</b>  |                      |                                   |  |                   |
| <b>Current liabilities:</b>                                     |                      |                                   |  |                   |
| Due to other funds  | —                    | 3,765,475                         | —  | 3,765,475         |
| Accounts payable  | 1,460                | 112,248                           | 132,626                                    | 246,334           |
| Accrued wages and benefits                                      | 29,621               | —                                 | 45,983                                     | 75,604            |
| <b>Total current liabilities</b>                                | <b>31,081</b>        | <b>3,877,723</b>                  | <b>178,609</b>                             | <b>4,087,413</b>  |
| <b>Current liabilities payable from restricted assets:</b>      |                      |                                   |  |                   |
| Note payable  | —                    | 510,000                           | 98,400                                     | 608,400           |
| Loan Payable - current  | —                    | —                                 | 146,226                                    | 146,226           |
| <b>Total current liabilities payable from restricted assets</b> | <b>—</b>             | <b>510,000</b>                    | <b>244,626</b>                             | <b>754,626</b>    |
| <b>Total current liabilities</b>                                | <b>31,081</b>        | <b>4,387,723</b>                  | <b>423,235</b>                             | <b>4,842,039</b>  |
| <b>Noncurrent liabilities:</b>                                  |                      |                                   |  |                   |
| Compensated absences  | 35,189               | —                                 | 39,771                                     | 74,960            |
| Refunding revenue note payable                                  | —                    | 1,707,000                         | —  | 1,707,000         |
| LT Bond Payable   | 2,541,883            | —                                 | 2,465,761                                  | 5,007,644         |
| Loan payable  | —                    | —                                 | 1,413,658                                  | 1,413,658         |
| <b>Total noncurrent liabilities</b>                             | <b>2,577,072</b>     | <b>1,707,000</b>                  | <b>3,919,190</b>                           | <b>8,203,262</b>  |
| <b>Total liabilities</b>  | <b>2,608,153</b>     | <b>6,094,723</b>                  | <b>4,342,425</b>                           | <b>13,045,301</b> |
| <b>NET POSITION</b>   |                      |                                   |  |                   |
| Net investment in capital assets                                | 8,879,611            | 9,021,138                         | 27,251,367                                 | 45,152,116        |
| <b>Restricted:</b>  |                      |                                   |  |                   |
| For debt service  | —                    | 560,000                           | —  | 560,000           |
| Unrestricted  | 4,861,980            | (3,877,723)                       | 13,133,952                                 | 14,118,209        |
| <b>Total net position</b>                                       | <b>\$ 13,741,591</b> | <b>5,703,415</b>                  | <b>40,385,319</b>                          | <b>59,830,325</b> |

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2019**

|   | Broadband            | Special<br>Recreation<br>Facility | Watershed<br>Protection<br>and Restoration | Total             |
|---|----------------------|-----------------------------------|--|-------------------|
| <b>Operating revenues:</b>                                  |                      |                                   |  |                   |
| User charges  | \$ 1,741,432         | —                                 | 9,476,010                                  | 11,217,442        |
| Miscellaneous sales and services                            | 2,385                | 300,000                           | 25,068                                     | 327,453           |
| <b>Total operating revenues</b>                             | <b>1,743,817</b>     | <b>300,000</b>                    | <b>9,501,078</b>                           | <b>11,544,895</b> |
| <b>Operating expenses:</b>                                  |                      |                                   |  |                   |
| Salaries and employee benefits                              | 496,654              | —                                 | 1,048,897                                  | 1,545,551         |
| Contractual services  | 415,418              | 825,765                           | 1,476,596                                  | 2,717,779         |
| Supplies and materials                                      | 350,792              | —                                 | 7,678                                      | 358,470           |
| Business and travel   | 105                  | —                                 | 1,917                                      | 2,022             |
| Share of county administrative expenses                     | —                    | —                                 | 1,095,684                                  | 1,095,684         |
| Other administrative  | —                    | —                                 | 82,293                                     | 82,293            |
| Depreciation expense  | 876,907              | 147,141                           | 112,234                                    | 1,136,282         |
| <b>Total operating expenses</b>                             | <b>2,139,876</b>     | <b>972,906</b>                    | <b>3,825,299</b>                           | <b>6,938,081</b>  |
| <b>Operating income (loss)</b>                              | <b>(396,059)</b>     | <b>(672,906)</b>                  | <b>5,675,779</b>                           | <b>4,606,814</b>  |
| <b>Nonoperating revenues (expenses):</b>                    |                      |                                   |  |                   |
| Interest on investments                                     | 131,891              | 6,957                             | 518,727                                    | 657,575           |
| Interest expense  | (59,968)             | (117,747)                         | (24,875)                                   | (202,590)         |
| Other, net  | —                    | (22,754)                          | (161)                                      | (22,915)          |
| <b>Total nonoperating revenues (expenses)</b>               | <b>71,923</b>        | <b>(133,544)</b>                  | <b>493,691</b>                             | <b>432,070</b>    |
| <b>Net income (loss) before contributions and transfers</b> | <b>(324,136)</b>     | <b>(806,450)</b>                  | <b>6,169,470</b>                           | <b>5,038,884</b>  |
| Capital contribution  | 18,052               | —                                 | 30,366,804                                 | 30,384,856        |
| Transfers in  | 555,170              | 1,671                             | —  | 556,841           |
| Transfers out   | —                    | —                                 | (9,969,384)                                | (9,969,384)       |
| <b>Change in net position</b>                               | <b>249,086</b>       | <b>(804,779)</b>                  | <b>26,566,890</b>                          | <b>26,011,197</b> |
| <b>Net position - beginning</b>                             | <b>13,492,505</b>    | <b>6,508,194</b>                  | <b>13,818,429</b>                          | <b>33,819,128</b> |
| <b>Net position - ending</b>                                | <b>\$ 13,741,591</b> | <b>5,703,415</b>                  | <b>40,385,319</b>                          | <b>59,830,325</b> |

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, 2019**

|  | Broadband    | Special<br>Recreation<br>Facility | Watershed<br>Protection<br>and Restoration | Total       |
|--|--------------|-----------------------------------|--|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |                                   |  |             |
| Cash received from customers   | \$ 1,720,529 | —                                 | 9,525,275                                  | 11,245,804  |
| Cash paid to suppliers   | (766,399)    | (839,133)                         | (1,269,968)                                | (2,875,500) |
| Cash paid to / for employees   | (460,355)    | —                                 | (1,042,911)                                | (1,503,266) |
| Cash paid for interfund services used  | —            | —                                 | (487,834)                                  | (487,834)   |
| Other operating disbursements  | —            | 393,675                           | (874,305)                                  | (480,630)   |
| Net cash provided by (used for) operating activities   | 493,775      | (445,458)                         | 5,850,257                                  | 5,898,574   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |              |                                   |  |             |
| Interfund payable  | —            | 1,051,578                         | —  | 1,051,578   |
| Interfund operating transfers in (out)   | 555,170      | 1,671                             | (9,969,384)                                | (9,412,543) |
| Net cash provided by (used for) noncapital financing activities                                | 555,170      | 1,053,249                         | (9,969,384)                                | (8,360,965) |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                |              |                                   |  |             |
| Proceeds from sale of county bonds   | —            | —                                 | 2,563,999                                  | 2,563,999   |
| Proceeds from loan   | —            | —                                 | 1,646,000                                  | 1,646,000   |
| Acquisition and construction of capital assets   | —            | —                                 | (49,900)                                   | (49,900)    |
| Payment of long-term debt principal  | —            | (497,000)                         | (86,116)                                   | (583,116)   |
| Interest paid on long-term debt  | (59,968)     | (61,570)                          | (24,875)                                   | (146,413)   |
| Net cash (used for) capital and related financing activities                                   | (59,968)     | (558,570)                         | 4,049,108                                  | 3,430,570   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |                                   |  |             |
| Interest on investments  | 108,500      | (49,221)                          | 424,762                                    | 484,041     |
| Net cash provided by (used for) investing activities   | 108,500      | (49,221)                          | 424,762                                    | 484,041     |
| Net increase (decrease) in cash and cash equivalents   | 1,097,477    | —                                 | 354,743                                    | 1,452,220   |
| Balances - beginning of the year   | 3,649,691    | 560,000                           | 12,896,766                                 | 17,106,457  |
| Balances - end of the year   | 4,747,168    | 560,000                           | 13,251,509                                 | 18,558,677  |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |              |                                   |  |             |
| Operating (loss) income  | (396,059)    | (672,906)                         | 5,675,779                                  | 4,606,814   |
| <b>Adjustments to reconcile operating income to net cash:</b>                                  |              |                                   |  |             |
| Depreciation expense   | 876,907      | 147,141                           | 112,234                                    | 1,136,282   |
| <b>Effect of changes in operating assets and liabilities:</b>                                  |              |                                   |  |             |
| Accounts and other receivables   | (23,288)     | 93,674                            | 22,055                                     | 92,441      |
| Accounts payable   | (190)        | (13,367)                          | 32,154                                     | 18,597      |
| Accrued wages and benefits   | 1,216        | —                                 | 4,310                                      | 5,526       |
| Compensated absences   | 35,189       | —                                 | 3,725                                      | 38,914      |
| Total adjustments  | 889,834      | 227,448                           | 174,478                                    | 1,291,760   |
| Net cash provided by (used in) operating activities  | \$ 493,775   | (445,458)                         | 5,850,257                                  | 5,898,574   |

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



## Reading Across Running Brook

At events like Reading Across Running Brook, Howard County works to ensure that education supports all students and focuses on closing achievement gaps for disadvantaged youth.

## **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, 2019**

|  | Employee<br>Benefits<br>Self-Insurance | Fleet<br>Operations | Technology<br>and<br>Communications | Risk<br>Management<br>Self-Insurance | Total              |
|--|--|---------------------|-------------------------------------|--------------------------------------|--------------------|
| <b>ASSETS</b>                            |  |                     |                                     |                                      |                    |
| <b>Current assets:</b>                   |  |                     |                                     |                                      |                    |
| Equity in pooled cash                    | \$ 14,744,353                          | 9,079,099           | 6,554,869                           | 22,432,277                           | 52,810,598         |
| Other receivables                        | 1,278,428                              | 219,074             | 52,928                              | 527,287                              | 2,077,717          |
| Prepaid expenses                         | —                                      | 7,074               | —                                   | —                                    | 7,074              |
| Materials and supplies                   | —                                      | 1,296,601           | 170,610                             | —                                    | 1,467,211          |
| <b>Total current assets</b>              | <b>16,022,781</b>                      | <b>10,601,848</b>   | <b>6,778,407</b>                    | <b>22,959,564</b>                    | <b>56,362,600</b>  |
| <b>Noncurrent assets:</b>                |  |                     |                                     |                                      |                    |
| <b>Capital assets:</b>                   |  |                     |                                     |                                      |                    |
| Buildings and improvements, net          | —                                      | 1,104,896           | 863,257                             | —                                    | 1,968,153          |
| Machinery and equipment, net             | —                                      | 27,494,606          | 16,238,843                          | 1,703                                | 43,735,152         |
| <b>Total noncurrent assets</b>           | <b>—</b>                               | <b>28,599,502</b>   | <b>17,102,100</b>                   | <b>1,703</b>                         | <b>45,703,305</b>  |
| <b>Total assets</b>                      | <b>16,022,781</b>                      | <b>39,201,350</b>   | <b>23,880,507</b>                   | <b>22,961,267</b>                    | <b>102,065,905</b> |
| <b>LIABILITIES</b>                       |  |                     |                                     |                                      |                    |
| <b>Current liabilities:</b>              |  |                     |                                     |                                      |                    |
| Accounts payable                         | 854,966                                | 911,852             | 2,946,283                           | 246,276                              | 4,959,377          |
| Accrued wages and benefits               | 33,447                                 | 206,606             | 441,859                             | 27,016                               | 708,928            |
| Compensated absences                     | —                                      | 8,100               | 4,633                               | —                                    | 12,733             |
| Deposits and connection fees             | —                                      | —                   | 91,440                              | —                                    | 91,440             |
| Unpaid insurance claims                  | 2,819,303                              | —                   | —                                   | 4,698,948                            | 7,518,251          |
| Current portion capital lease obligation | —                                      | 264,452             | 1,378,740                           | —                                    | 1,643,192          |
| <b>Total current liabilities</b>         | <b>3,707,716</b>                       | <b>1,391,010</b>    | <b>4,862,955</b>                    | <b>4,972,240</b>                     | <b>14,933,921</b>  |
| <b>Noncurrent liabilities:</b>           |  |                     |                                     |                                      |                    |
| Compensated absences                     | 23,783                                 | 307,752             | 621,301                             | 23,322                               | 976,158            |
| Unpaid insurance claims                  | 57,537                                 | —                   | —                                   | 12,640,062                           | 12,697,599         |
| Long-term capital lease obligation       | —                                      | 405,738             | 8,338,043                           | —                                    | 8,743,781          |
| <b>Total noncurrent liabilities</b>      | <b>81,320</b>                          | <b>713,490</b>      | <b>8,959,344</b>                    | <b>12,663,384</b>                    | <b>22,417,538</b>  |
| <b>Total liabilities</b>                 | <b>3,789,036</b>                       | <b>2,104,500</b>    | <b>13,822,299</b>                   | <b>17,635,624</b>                    | <b>37,351,459</b>  |
| <b>NET POSITION</b>                      |  |                     |                                     |                                      |                    |
| Net investment in capital assets         | —                                      | 27,929,312          | 7,385,317                           | 1,703                                | 35,316,332         |
| Unrestricted                             | 12,233,745                             | 9,167,538           | 2,672,891                           | 5,323,940                            | 29,398,114         |
| <b>Total net position</b>                | <b>\$ 12,233,745</b>                   | <b>37,096,850</b>   | <b>10,058,208</b>                   | <b>5,325,643</b>                     | <b>64,714,446</b>  |

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

|   | Employee<br>Benefits<br>Self-Insurance | Fleet<br>Operations | Technology<br>and<br>Communications | Risk<br>Management<br>Self-Insurance | Total              |
|---|--|---------------------|-------------------------------------|--------------------------------------|--------------------|
| <b>Operating revenues:</b>                                  |  |                     |                                     |                                      |                    |
| User charges  | \$ 61,760,988                          | 18,761,195          | 23,033,872                          | 10,510,038                           | 114,066,093        |
| Insurance recoveries  | —                                      | —                   | —                                   | 306,224                              | 306,224            |
| Miscellaneous sales and services                            | —                                      | 687,170             | 1,246,111                           | 14,117                               | 1,947,398          |
| <b>Total operating revenues</b>                             | <b>61,760,988</b>                      | <b>19,448,365</b>   | <b>24,279,983</b>                   | <b>10,830,379</b>                    | <b>116,319,715</b> |
| <b>Operating expenses:</b>                                  |  |                     |                                     |                                      |                    |
| Salaries and employee benefits                              | 458,687                                | 4,103,245           | 8,804,362                           | 987,049                              | 14,353,343         |
| Contractual services  | 704,875                                | 1,408,591           | 11,478,176                          | 93,923                               | 13,685,565         |
| Supplies and materials                                      | 643                                    | 2,246,651           | 1,452,474                           | 15,203                               | 3,714,971          |
| Business and travel   | —                                      | 8,996               | 615,360                             | 2,632                                | 626,988            |
| Vehicle fuels and supplies                                  | —                                      | 3,711,367           | 66,830                              | 8,322                                | 3,786,519          |
| Share of County administrative expenses                     | 3,637                                  | 337,521             | 24,095                              | 465,796                              | 831,049            |
| Insurance claims  | 54,844,428                             | —                   | —                                   | 7,460,286                            | 62,304,714         |
| Other administrative  | 2,323,912                              | —                   | —                                   | 71,860                               | 2,395,772          |
| Depreciation expense  | —                                      | 5,401,484           | 3,477,791                           | 1,139                                | 8,880,414          |
| <b>Total operating expenses</b>                             | <b>58,336,182</b>                      | <b>17,217,855</b>   | <b>25,919,088</b>                   | <b>9,106,210</b>                     | <b>110,579,335</b> |
| <b>Operating income (loss)</b>                              | <b>3,424,806</b>                       | <b>2,230,510</b>    | <b>(1,639,105)</b>                  | <b>1,724,169</b>                     | <b>5,740,380</b>   |
| <b>Nonoperating revenues (expenses):</b>                    |  |                     |                                     |                                      |                    |
| Interest on investments                                     | 275,623                                | 240,647             | 97,097                              | 622,032                              | 1,235,399          |
| Interest expense  | —                                      | (15,689)            | (179,268)                           | —                                    | (194,957)          |
| Revenue from other government                               | —                                      | —                   | —                                   | 34,944                               | 34,944             |
| <b>Total nonoperating revenues (expenses)</b>               | <b>275,623</b>                         | <b>224,958</b>      | <b>(82,171)</b>                     | <b>656,976</b>                       | <b>1,075,386</b>   |
| <b>Net income (loss) before contributions and transfers</b> | <b>3,700,429</b>                       | <b>2,455,468</b>    | <b>(1,721,276)</b>                  | <b>2,381,145</b>                     | <b>6,815,766</b>   |
| Capital contributions                                       | —                                      | 1,044,329           | 456,199                             | (20,846)                             | 1,479,682          |
| Transfers out   | (275,623)                              | (240,647)           | (11,015,553)                        | (1,546)                              | (11,533,369)       |
| <b>Change in net position</b>                               | <b>3,424,806</b>                       | <b>3,259,150</b>    | <b>(12,280,630)</b>                 | <b>2,358,753</b>                     | <b>(3,237,921)</b> |
| <b>Net position - beginning</b>                             | <b>8,808,939</b>                       | <b>33,837,700</b>   | <b>22,338,838</b>                   | <b>2,966,890</b>                     | <b>67,952,367</b>  |
| <b>Net position - ending</b>                                | <b>\$ 12,233,745</b>                   | <b>37,096,850</b>   | <b>10,058,208</b>                   | <b>5,325,643</b>                     | <b>64,714,446</b>  |

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

**Howard County, Maryland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

|   | Employee<br>Benefits<br>Self-Insurance | Fleet<br>Operations | Technology<br>and<br>Communications | Risk<br>Management<br>Self-Insurance | Total        |
|---|--|---------------------|-------------------------------------|--------------------------------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |                     |                                     |                                      |              |
| Cash received from customers  | \$ 62,301,791                          | 19,491,453          | 24,231,444                          | 10,682,585                           | 116,707,273  |
| Cash paid to suppliers  | (58,029,354)                           | (5,299,872)         | (3,997,303)                         | (5,785,968)                          | (73,112,497) |
| Cash paid to / for employees  | (454,546)                              | (4,117,635)         | (9,477,655)                         | (1,001,783)                          | (15,051,619) |
| Cash paid for quasi-external transactions   | (10,420)                               | (1,976,543)         | (8,669,835)                         | (59,814)                             | (10,716,612) |
| Other operating cash disbursements  | —                                      | —                   | (90,892)                            | (424,582)                            | (515,474)    |
| Net cash provided by operating activities   | 3,807,471                              | 8,097,403           | 1,995,759                           | 3,410,438                            | 17,311,071   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |  |                     |                                     |                                      |              |
| Operating subsidies and transfers to other funds  | (275,623)                              | (240,647)           | (10,369,049)                        | (1,546)                              | (10,886,865) |
| Net cash used for noncapital financing activities   | (275,623)                              | (240,647)           | (10,369,049)                        | (1,546)                              | (10,886,865) |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |  |                     |                                     |                                      |              |
| Acquisition and construction of capital assets  | —                                      | (10,025,088)        | —                                   | —                                    | (10,025,088) |
| Proceeds from Capital Lease   | —                                      | —                   | 9,716,783                           | —                                    | 9,716,783    |
| Payment of long-term debt principal   | —                                      | (259,722)           | (646,503)                           | —                                    | (906,225)    |
| Interest paid   | —                                      | (15,689)            | (179,268)                           | (21,200)                             | (216,157)    |
| Net cash (used for) provided by capital and related financing activities                                  | —                                      | (10,300,499)        | 8,891,012                           | (21,200)                             | (1,430,687)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |                     |                                     |                                      |              |
| Interest on investments   | 275,623                                | 240,647             | 97,097                              | 656,977                              | 1,270,344    |
| Net cash (used for) provided by investing activities  | 275,623                                | 240,647             | 97,097                              | 656,977                              | 1,270,344    |
| Net increase (decrease) in cash and cash equivalents  | 3,807,471                              | (2,203,096)         | 614,819                             | 4,044,669                            | 6,263,863    |
| Cash and cash equivalents - beginning of the year   | 10,936,882                             | 11,282,195          | 5,940,050                           | 18,387,608                           | 46,546,735   |
| Cash and cash equivalents - end of the year   | 14,744,353                             | 9,079,099           | 6,554,869                           | 22,432,277                           | 52,810,598   |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>            |  |                     |                                     |                                      |              |
| Operating income (loss)   | 3,424,806                              | 2,230,510           | (1,639,105)                         | 1,724,169                            | 5,740,380    |
| <b>Adjustments to reconcile operating income to net cash provided by (used for) operating activities:</b> |  |                     |                                     |                                      |              |
| Depreciation expense  | —                                      | 5,401,484           | 3,477,791                           | 1,139                                | 8,880,414    |
| <b>Effect of changes in operating assets and liabilities:</b>   |  |                     |                                     |                                      |              |
| Accounts and other receivables  | 540,801                                | 43,087              | (48,539)                            | (222,794)                            | 312,555      |
| Prepaid expenses  | —                                      | (2,029)             | —                                   | —                                    | (2,029)      |
| Inventories   | —                                      | (60,778)            | 1,163                               | —                                    | (59,615)     |
| Accounts payable  | (12,980)                               | 490,521             | 246,789                             | 66,202                               | 790,532      |
| Accrued wages and benefits  | 305                                    | (17,770)            | (17,760)                            | (2,081)                              | (37,306)     |
| Compensated absences  | 3,836                                  | 12,378              | (40,278)                            | (10,021)                             | (34,085)     |
| Deposits and connection fees  | —                                      | —                   | 23,200                              | —                                    | 23,200       |
| Unpaid insurance claims   | (149,297)                              | —                   | —                                   | 1,853,824                            | 1,704,527    |
| Unearned revenue  | —                                      | —                   | (7,502)                             | —                                    | (7,502)      |
| Total adjustments   | 382,665                                | 5,866,893           | 3,634,864                           | 1,686,269                            | 11,570,691   |
| Net cash provided by operating activities   | \$ 3,807,471                           | 8,097,403           | 1,995,759                           | 3,410,438                            | 17,311,071   |

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



## RTA

The Regional Transportation Agency of Central Maryland announced enhancements and improvements in 2019 that added 5,600 new service hours to Howard County routes. The changes shorten wait times so that all buses operate on 30-minute or one-hour intervals, with expanded service on Sundays.



## **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, 2019**

|  | Howard County<br>Retirement<br>Plan | Howard County<br>Police and Fire<br>Employees'<br>Retirement Plan | Howard County<br>Other Post-<br>Employment<br>Benefits Fund | Total                |
|--|-------------------------------------|---|---|----------------------|
| <b>ASSETS</b>  |                                     |   |   |                      |
| <b>Receivables:</b>  |                                     |   |   |                      |
| Interest and dividends   | \$ 529,156                          | 684,444   | 506   | 1,214,106            |
| Employer contributions   | 914,183                             | 1,730,621   | —   | 2,644,804            |
| Member contributions   | 290,277                             | 461,866   | —   | 752,143              |
| Sale of investments  | 81,133                              | 105,120   | —   | 186,253              |
| Other  | 6,641                               | 8,605   | —   | 15,246               |
| <b>Investments, at fair value:</b>                                     |                                     |   |   |                      |
| Cash   | —                                   | —   | 336,048   | 336,048              |
| Equities   | 201,438,898                         | 260,994,079   | —   | 462,432,977          |
| Alternative investments  | 117,663,332                         | 152,450,363   | —   | 270,113,695          |
| Mutual funds   | —                                   | —   | 154,445,416   | 154,445,416          |
| Money market funds   | 9,445,607                           | 11,362,564  | 128,761   | 20,936,932           |
| Fixed income securities  | 133,992,377                         | 173,607,071   | —   | 307,599,448          |
| Real assets  | 16,514,364                          | 21,396,818  | —   | 37,911,182           |
| Prepaid insurance  | 19,687                              | 24,071  | —   | 43,758               |
| <b>Total assets</b>  | <b>480,895,655</b>                  | <b>622,825,622</b>  | <b>154,910,731</b>  | <b>1,258,632,008</b> |
| <b>LIABILITIES</b>   |                                     |   |   |                      |
| Accounts payable   | —                                   | —   | 57,556  | 57,556               |
| Investments purchased  | 2,378,604                           | 3,081,835   | —   | 5,460,439            |
| Other  | 319,692                             | 385,354   | 623,400   | 1,328,446            |
| <b>Total liabilities</b>   | <b>2,698,296</b>                    | <b>3,467,189</b>  | <b>680,956</b>  | <b>6,846,441</b>     |
| <b>NET POSITION</b>  |                                     |   |   |                      |
| Net position restricted for pension and other post-employment benefits | \$ 478,197,359                      | 619,358,433   | 154,229,775   | 1,251,785,567        |

**Howard County, Maryland**  
**Combining Statement of Changes in Net Assets**  
**Pension and Other Post Employment Benefits Trust Funds**  
**For the Year Ended June 30, 2019**

|   | <u>Howard County<br/>Retirement Plan</u> | <u>Howard County<br/>Police and Fire<br/>Employees'<br/>Retirement Plan</u> | <u>Howard County<br/>Other Post-<br/>Employment<br/>Benefits Fund</u> | <u>Total</u>  |
|---|--|---|---|---------------|
| <b>ADDITIONS</b>                        |  |   |   |               |
| <b>Contributions:</b>                   |  |   |   |               |
| Employer                                | \$ 14,155,379                            | 27,719,839  | 38,380,982  | 80,256,200    |
| Member                                  | 4,378,114                                | 8,124,859   | —   | 12,502,973    |
| Total contributions                     | 18,533,493                               | 35,844,698  | 38,380,982  | 92,759,173    |
| <b>Investment income (expense):</b>     |  |   |   |               |
| Net change in fair value of investments | 19,695,913                               | 24,600,895  | 6,137,909   | 50,434,717    |
| Interest                                | 2,232,787                                | 2,862,178   | —   | 5,094,965     |
| Dividends                               | 10,691,643                               | 13,753,018  | 3,477,923   | 27,922,584    |
| Other                                   | 67,972                                   | 87,464  | —   | 155,436       |
| Investment expense                      | (1,333,203)                              | (1,664,369)   | (330,787)   | (3,328,359)   |
| Net investment income                   | 31,355,112                               | 39,639,186  | 9,285,045   | 80,279,343    |
| Total additions                         | 49,888,605                               | 75,483,884  | 47,666,027  | 173,038,516   |
| <b>DEDUCTIONS</b>                       |  |   |   |               |
| Benefits                                | 19,012,353                               | 27,571,300  | 22,755,131  | 69,338,784    |
| Administrative expenses                 | 438,403                                  | 456,187   | 106,156   | 1,000,746     |
| Total deductions                        | 19,450,756                               | 28,027,487  | 22,861,287  | 70,339,530    |
| Change in net position                  | 30,437,849                               | 47,456,397  | 24,804,740  | 102,698,986   |
| Net position - beginning of year        | 447,759,510                              | 571,902,036   | 129,425,035   | 1,149,086,581 |
| Net position - end of year              | \$ 478,197,359                           | 619,358,433   | 154,229,775   | 1,251,785,567 |

**Howard County, Maryland**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**

|                           | Multifarious<br>Fund | Road<br>Surety<br>Deposit<br>Fund | State<br>Property Tax<br>and Interest<br>Fund | Total            |
|---------------------------|----------------------|-----------------------------------|---|------------------|
| <b>ASSETS</b>             |                      |                                   |   |                  |
| Equity in pooled cash     | \$ 417,463           | 5,423,648                         | 1,401,669                                     | 7,242,780        |
| Property taxes receivable |                      | —                                 | 534,227                                       | 534,227          |
| Other receivable          | 3,845                |                                   |   | 3,845            |
| <b>Total assets</b>       | <b>421,308</b>       | <b>5,423,648</b>                  | <b>1,935,896</b>                              | <b>7,780,852</b> |
| <b>LIABILITIES</b>        |                      |                                   |   |                  |
| Accounts payable          | —                    | —                                 | 1,935,896                                     | 1,935,896        |
| Deposits                  | 419,001              | 5,423,648                         | —   | 5,842,649        |
| Other liabilities         | 2,307                | —                                 | —   | 2,307            |
| <b>Total liabilities</b>  | <b>\$ 421,308</b>    | <b>5,423,648</b>                  | <b>1,935,896</b>                              | <b>7,780,852</b> |

**Howard County, Maryland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

|  | Balance<br>June 30, 2018 | Additions          | Deductions         | Balance<br>June 30, 2019 |
|--|--------------------------|--------------------|--------------------|--------------------------|
| <b><u>Multifarious Fund</u></b>                    |                          |                    |                    |                          |
| <b>ASSETS</b>                                      |                          |                    |                    |                          |
| Equity in pooled cash and cash equivalents         | \$ 381,922               | 75,999             | 40,458             | 417,463                  |
| Other receivable                                   | —                        | 3,845              | —                  | 3,845                    |
| <b>Total assets</b>                                | <b>381,922</b>           | <b>79,844</b>      | <b>40,458</b>      | <b>421,308</b>           |
| <b>LIABILITIES</b>                                 |                          |                    |                    |                          |
| Deposits   | 379,615                  | 79,844             | 40,458             | 419,001                  |
| Other liabilities                                  | 2,307                    | —                  | —                  | 2,307                    |
| <b>Total liabilities</b>                           | <b>381,922</b>           | <b>79,844</b>      | <b>40,458</b>      | <b>421,308</b>           |
| <b><u>Road Surety Deposit Fund</u></b>             |                          |                    |                    |                          |
| <b>ASSETS</b>                                      |                          |                    |                    |                          |
| Equity in pooled cash and cash equivalents         | 5,766,486                | 1,497,920          | 1,840,758          | 5,423,648                |
| <b>Total assets</b>                                | <b>5,766,486</b>         | <b>1,497,920</b>   | <b>1,840,758</b>   | <b>5,423,648</b>         |
| <b>LIABILITIES</b>                                 |                          |                    |                    |                          |
| Accounts payable                                   | 63,910                   | 5,384,553          | 5,448,463          | —                        |
| Deposits   | 5,702,576                | 1,432,949          | 1,711,877          | 5,423,648                |
| <b>Total liabilities</b>                           | <b>5,766,486</b>         | <b>6,817,502</b>   | <b>7,160,340</b>   | <b>5,423,648</b>         |
| <b><u>State Property Tax and Interest Fund</u></b> |                          |                    |                    |                          |
| <b>ASSETS</b>                                      |                          |                    |                    |                          |
| Equity in pooled cash and cash equivalents         | 1,618,463                | 313,783,258        | 314,000,052        | 1,401,669                |
| Property taxes receivable                          | 425,119                  | 274,165,839        | 274,056,731        | 534,227                  |
| <b>Total assets</b>                                | <b>2,043,582</b>         | <b>587,949,097</b> | <b>588,056,783</b> | <b>1,935,896</b>         |
| <b>LIABILITIES</b>                                 |                          |                    |                    |                          |
| Accounts payable                                   | 2,043,582                | 270,323,874        | 270,431,560        | 1,935,896                |
| <b>Total liabilities</b>                           | <b>2,043,582</b>         | <b>270,323,874</b> | <b>270,431,560</b> | <b>1,935,896</b>         |
| <b><u>Total Agency Funds</u></b>                   |                          |                    |                    |                          |
| <b>ASSETS</b>                                      |                          |                    |                    |                          |
| Equity in pooled cash and cash equivalents         | 7,766,871                | 315,357,177        | 315,881,268        | 7,242,780                |
| Property taxes receivable                          | 425,119                  | 274,165,839        | 274,056,731        | 534,227                  |
| Other receivable                                   | —                        | 3,845              | —                  | 3,845                    |
| <b>Total assets</b>                                | <b>8,191,990</b>         | <b>589,526,861</b> | <b>589,937,999</b> | <b>7,780,852</b>         |
| <b>LIABILITIES</b>                                 |                          |                    |                    |                          |
| Accounts payable                                   | 2,107,492                | 275,708,427        | 275,880,023        | 1,935,896                |
| Deposits   | 6,082,191                | 1,512,793          | 1,752,335          | 5,842,649                |
| Other liabilities                                  | 2,307                    | —                  | —                  | 2,307                    |
| <b>Total liabilities</b>                           | <b>\$ 8,191,990</b>      | <b>277,221,220</b> | <b>277,632,358</b> | <b>7,780,852</b>         |

**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, 2019**

| Function and Activity                   | Land and Land  | Improvements |   |             | Construction | Total         |
|---|----------------|--------------|---|-------------|--------------|---------------|
|   | Improvements   | Buildings    | Other Than Buildings and Infrastructure | Equipment   | In Progress  |               |
| General government:                     |                |              |   |             |              |               |
| County executive                        | \$ —           | —            | 7,314                                   | —           | —            | 7,314         |
| Technology and communication            | —              | —            | —                                       | 5,586,895   | —            | 5,586,895     |
| Finance                                 | —              | —            | —                                       | 2,033,222   | —            | 2,033,222     |
| County administration                   | —              | —            | 32,457,859                              | 639,741     | —            | 33,097,600    |
| Total general government                | —              | —            | 32,465,173                              | 8,259,858   | —            | 40,725,031    |
| Public safety:                          |                |              |   |             |              |               |
| Corrections                             | —              | —            | —                                       | 396,070     | —            | 396,070       |
| Fire                                    | 5,710,331      | 50,299,292   | 12,174,217                              | 43,136,858  | —            | 111,320,698   |
| Police                                  | —              | 7,102,814    | 4,452,304                               | 13,792,450  | —            | 25,347,568    |
| Total public safety                     | 5,710,331      | 57,402,106   | 16,626,521                              | 57,325,378  | —            | 137,064,336   |
| Public facilities:                      |                |              |   |             |              |               |
| Public works                            | 331,785,012    | 185,572,822  | 657,054,789                             | 13,629,274  | —            | 1,188,041,897 |
| Planning and zoning                     | 13,476         | —            | 323,226                                 | 322,889     | —            | 659,591       |
| Inspections, licenses and permits       | —              | —            | —                                       | 2,788,579   | —            | 2,788,579     |
| Transportation                          | 2,679,368      | 12,146,655   | 283,461                                 | 14,401,917  | —            | 29,511,401    |
| Total public facilities                 | 334,477,856    | 197,719,477  | 657,661,476                             | 31,142,659  | —            | 1,221,001,468 |
| Legislative and judicial:               |                |              |   |             |              |               |
| Circuit court                           | —              | —            | 63,560                                  | 77,383      | —            | 140,943       |
| County council                          | —              | —            | —                                       | 32,616      | —            | 32,616        |
| State's attorney                        | —              | —            | —                                       | 59,229      | —            | 59,229        |
| Sheriff                                 | —              | 25,434       | —                                       | 206,677     | —            | 232,111       |
| Total legislative and judicial          | —              | 25,434       | 63,560                                  | 375,905     | —            | 464,899       |
| Community services:                     |                |              |   |             |              |               |
| Community Resources & Services          | —              | —            | 176,213                                 | 306,004     | —            | 482,217       |
| Health department                       | —              | —            | 374,202                                 | 1,486,968   | —            | 1,861,170     |
| Housing and community development       | 490,900        | 3,400,119    | —                                       | —           | —            | 3,891,019     |
| Library                                 | 3,164,668      | 94,991,306   | 6,667,280                               | 209,830     | —            | 105,033,084   |
| Total community services                | 3,655,568      | 98,391,425   | 7,217,695                               | 2,002,802   | —            | 111,267,490   |
| Recreation and parks:                   |                |              |   |             |              |               |
| Recreation and parks                    | 118,833,945    | 56,261,556   | 117,725,295                             | 5,082,509   | —            | 297,903,305   |
| Total recreation and parks              | 118,833,945    | 56,261,556   | 117,725,295                             | 5,082,509   | —            | 297,903,305   |
| Agricultural land preservation:         |                |              |   |             |              |               |
| Agricultural land easements             | 139,713,172    | —            | —                                       | —           | —            | 139,713,172   |
| Total agricultural land preservation    | 139,713,172    | —            | —                                       | —           | —            | 139,713,172   |
| Construction in progress                | —              | —            | —                                       | —           | 101,613,027  | 101,613,027   |
| Total governmental funds capital assets | \$ 602,390,872 | 409,799,998  | 831,759,720                             | 104,189,111 | 101,613,027  | 2,049,752,728 |

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, 2019**

| Function and Activity                          | Balances                | Assets             |                    | Balances             | Balances           | Allowance for Depreciation |                  | Balances           |
|--|-------------------------|--------------------|--------------------|----------------------|--------------------|----------------------------|------------------|--------------------|
|  | June 30, 2018           | Additions          | Deductions         | June 30, 2019        | June 30, 2018      | Additions                  | Deductions       | June 30, 2019      |
| <b>General government:</b>                     |                         |                    |                    |                      |                    |                            |                  |                    |
| County executive                               | \$ 7,314                | —                  | —                  | 7,314                | 5,846              | 488                        | —                | 6,334              |
| Technology and communication                   | 5,586,895               | —                  | —                  | 5,586,895            | 5,585,843          | 8,820                      | —                | 5,594,663          |
| Finance  | 2,033,222               | —                  | —                  | 2,033,222            | 1,978,695          | 5,842                      | —                | 1,984,537          |
| County administration                          | 33,097,600              | —                  | —                  | 33,097,600           | 29,682,760         | 1,600,182                  | —                | 31,282,942         |
| <b>Total general government</b>                | <b>40,725,031</b>       | <b>—</b>           | <b>—</b>           | <b>40,725,031</b>    | <b>37,253,144</b>  | <b>1,615,332</b>           | <b>—</b>         | <b>38,868,476</b>  |
| <b>Public safety:</b>                          |                         |                    |                    |                      |                    |                            |                  |                    |
| Corrections                                    | 383,615                 | 35,145             | 22,690             | 396,070              | 126,101            | 33,639                     | 4,017            | 155,723            |
| Fire   | 108,167,607             | 3,720,646          | 567,555            | 111,320,698          | 38,869,048         | 3,996,354                  | 486,861          | 42,378,541         |
| Police   | 23,968,843              | 1,598,660          | 219,935            | 25,347,568           | 11,279,485         | 1,119,834                  | 67,385           | 12,331,934         |
| <b>Total public safety</b>                     | <b>132,520,065</b>      | <b>5,354,451</b>   | <b>810,180</b>     | <b>137,064,336</b>   | <b>50,274,634</b>  | <b>5,149,827</b>           | <b>558,263</b>   | <b>54,866,198</b>  |
| <b>Public facilities:</b>                      |                         |                    |                    |                      |                    |                            |                  |                    |
| Public works                                   | 1,143,188,845           | 65,723,611         | 20,870,559         | 1,188,041,897        | 346,673,534        | 28,527,567                 | 3,093,818        | 372,107,283        |
| Planning and zoning                            | 659,591                 | —                  | —                  | 659,591              | 391,431            | 25,847                     | —                | 417,278            |
| Inspections, licenses and permits              | 2,788,579               | —                  | —                  | 2,788,579            | 2,742,292          | 6,545                      | —                | 2,748,837          |
| Transportation                                 | 28,795,822              | 2,536,961          | 1,821,382          | 29,511,401           | 8,545,402          | 1,585,715                  | 1,818,308        | 8,312,809          |
| <b>Total public facilities</b>                 | <b>1,175,432,837</b>    | <b>68,260,572</b>  | <b>22,691,941</b>  | <b>1,221,001,468</b> | <b>358,352,659</b> | <b>30,145,674</b>          | <b>4,912,126</b> | <b>383,586,207</b> |
| <b>Legislative and judicial:</b>               |                         |                    |                    |                      |                    |                            |                  |                    |
| County council                                 | 32,616                  | —                  | —                  | 32,616               | 4,271              | 4,659                      | —                | 8,930              |
| Circuit court                                  | 140,943                 | —                  | —                  | 140,943              | 68,271             | 8,678                      | —                | 76,949             |
| States attorney                                | 59,229                  | —                  | —                  | 59,229               | 59,230             | —                          | —                | 59,230             |
| Sheriff  | 255,302                 | —                  | 23,191             | 232,111              | 140,734            | 16,566                     | 9,019            | 148,281            |
| <b>Total legislative and judicial</b>          | <b>488,090</b>          | <b>—</b>           | <b>23,191</b>      | <b>464,899</b>       | <b>272,506</b>     | <b>29,903</b>              | <b>9,019</b>     | <b>293,390</b>     |
| <b>Community services:</b>                     |                         |                    |                    |                      |                    |                            |                  |                    |
| Community resources and services               | 366,367                 | 115,850            | —                  | 482,217              | 155,349            | 49,244                     | —                | 204,593            |
| Health department                              | 1,859,321               | 21,788             | 19,939             | 1,861,170            | 1,244,308          | 185,705                    | 19,939           | 1,410,074          |
| Housing and community development              | 3,891,019               | —                  | —                  | 3,891,019            | 2,242,061          | 68,003                     | —                | 2,310,064          |
| Library  | 104,714,532             | 318,552            | —                  | 105,033,084          | 21,237,527         | 2,575,473                  | —                | 23,813,000         |
| <b>Total community services</b>                | <b>110,831,239</b>      | <b>456,190</b>     | <b>19,939</b>      | <b>111,267,490</b>   | <b>24,879,245</b>  | <b>2,878,425</b>           | <b>19,939</b>    | <b>27,737,731</b>  |
| <b>Recreation and parks:</b>                   |                         |                    |                    |                      |                    |                            |                  |                    |
| Recreation and parks                           | 293,897,701             | 15,239,354         | 11,233,750         | 297,903,305          | 64,366,464         | 7,013,718                  | 324,342          | 71,055,840         |
| <b>Total recreation and parks</b>              | <b>293,897,701</b>      | <b>15,239,354</b>  | <b>11,233,750</b>  | <b>297,903,305</b>   | <b>64,366,464</b>  | <b>7,013,718</b>           | <b>324,342</b>   | <b>71,055,840</b>  |
| <b>Agricultural land preservation:</b>         |                         |                    |                    |                      |                    |                            |                  |                    |
| Agricultural land easements                    | 139,713,172             | —                  | —                  | 139,713,172          | —                  | —                          | —                | —                  |
| <b>Total agricultural land preservation</b>    | <b>139,713,172</b>      | <b>—</b>           | <b>—</b>           | <b>139,713,172</b>   | <b>—</b>           | <b>—</b>                   | <b>—</b>         | <b>—</b>           |
| <b>Total county government</b>                 | <b>1,893,608,135</b>    | <b>89,310,567</b>  | <b>34,779,001</b>  | <b>1,948,139,701</b> | <b>535,398,652</b> | <b>46,832,879</b>          | <b>5,823,689</b> | <b>576,407,842</b> |
| <b>Construction in progress</b>                | <b>70,541,932</b>       | <b>127,351,645</b> | <b>96,280,550</b>  | <b>101,613,027</b>   | <b>—</b>           | <b>—</b>                   | <b>—</b>         | <b>—</b>           |
| <b>Total governmental funds capital assets</b> | <b>\$ 1,964,150,067</b> | <b>216,662,212</b> | <b>131,059,551</b> | <b>2,049,752,728</b> | <b>535,398,652</b> | <b>46,832,879</b>          | <b>5,823,689</b> | <b>576,407,842</b> |

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

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



**Howard County, Maryland**  
**Schedule of Capital Assets and Depreciation**  
**Schedule of Capital Assets Used in the Operation of Enterprise Funds**  
**For the Year Ended June 30, 2019**

|   | Balances         | Assets     |            | Balances      | Balances      | Allowance for Depreciation |            | Balances      |
|---|------------------|------------|------------|---------------|---------------|----------------------------|------------|---------------|
|   | June 30, 2018    | Additions  | Deductions | June 30, 2019 | June 30, 2018 | Additions                  | Deductions | June 30, 2019 |
| <b>Land:</b>                              |                  |            |            |               |               |                            |            |               |
| Utility                                   | \$ 3,068,642     | —          | —          | 3,068,642     | —             | —                          | —          | —             |
| Watershed                                 | —                | 449,290    | —          | 449,290       | —             | —                          | —          | —             |
| Golf course                               | 8,684,896        | —          | —          | 8,684,896     | —             | —                          | —          | —             |
| Total land                                | 11,753,538       | 449,290    | —          | 12,202,828    | —             | —                          | —          | —             |
| <b>Buildings:</b>                         |                  |            |            |               |               |                            |            |               |
| Utility                                   | 236,808,771      | —          | —          | 236,808,771   | 87,549,526    | 4,659,730                  | —          | 92,209,256    |
| Golf course                               | 1,058,133        | —          | —          | 1,058,133     | 548,624       | 21,162                     | —          | 569,786       |
| Watershed                                 | 195,189          | —          | —          | 195,189       | 12,152        | 3,904                      | —          | 16,056        |
| Total buildings                           | 238,062,093      | —          | —          | 238,062,093   | 88,110,302    | 4,684,796                  | —          | 92,795,098    |
| <b>Improvements other than buildings:</b> |                  |            |            |               |               |                            |            |               |
| Utility                                   | 81,646,895       | 2,268,474  | 91,754     | 83,823,615    | 47,587,678    | 3,304,792                  | 91,754     | 50,800,716    |
| Watershed                                 | —                | 1,274,245  | —          | 1,274,245     | —             | 146,049                    | —          | 146,049       |
| Golf course                               | 2,368,920        | —          | —          | 2,368,920     | 215,117       | 118,446                    | —          | 333,563       |
| Total improvements                        | 84,015,815       | 3,542,719  | 91,754     | 87,466,780    | 47,802,795    | 3,569,287                  | 91,754     | 51,280,328    |
| <b>Infrastructure:</b>                    |                  |            |            |               |               |                            |            |               |
| Utility                                   | 727,249,909      | 30,535,863 | —          | 757,785,772   | 309,294,824   | 13,906,058                 | —          | 323,200,882   |
| Watershed                                 | —                | 29,746,575 | —          | 29,746,575    | —             | 839,597                    | —          | 839,597       |
| Broadband                                 | 14,181,540       | 16,152     | —          | 14,197,692    | 2,786,065     | 709,145                    | —          | 3,495,210     |
| Total infrastructure                      | 741,431,449      | 60,298,590 | —          | 801,730,039   | 312,080,889   | 15,454,800                 | —          | 327,535,689   |
| <b>Machinery and equipment:</b>           |                  |            |            |               |               |                            |            |               |
| Utility                                   | 14,445,660       | 2,129,790  | 973,653    | 15,601,797    | 5,998,727     | 1,144,048                  | 336,197    | 6,806,578     |
| Golf course                               | 326,646          | —          | —          | 326,646       | 301,510       | 7,531                      | —          | 309,041       |
| Watershed                                 | 1,114,107        | 49,900     | 162,173    | 1,001,834     | 226,203       | 101,656                    | 37,840     | 290,019       |
| Broadband                                 | 1,283,168        | —          | —          | 1,283,168     | 396,394       | 167,762                    | —          | 564,156       |
| Total machinery and equipment             | 17,169,581       | 2,179,690  | 1,135,826  | 18,213,445    | 6,922,834     | 1,420,997                  | 374,037    | 7,969,794     |
| Grand total                               | \$ 1,092,432,476 | 66,470,289 | 1,227,580  | 1,157,675,185 | 454,916,820   | 25,129,880                 | 465,791    | 479,580,909   |

Does not include \$127,333,464 of construction in progress.



## **Practice Howard**

Howard County Government and Howard County General Hospital have partnered for an innovative program to boost the number of primary care physicians in the county by offering funding and support to new doctors in exchange for five-year commitments to serve our community. In 2019, Howard County was named one of the Top Ten Healthiest Communities by U.S. News & World Report.

## **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, 2019**

| Type of Debt                                       | Maturity         | Rate of Interest   | Issued                  | Outstanding             | Interest Payable to Maturity | Total Due to Maturity |
|--|------------------|--------------------|-------------------------|-------------------------|------------------------------|-----------------------|
| <b>Consolidated Public Improvement Bonds</b>       |                  |                    |                         |                         |                              |                       |
| 02/12/2004   | 2006-2025        | 2.00 - 5.00        | \$ 112,305,000          | 7,995,000               | 199,875 *                    | 8,194,875             |
| 12/08/2009   | 2012-2023        | 2.00 - 5.00        | 85,860,000              | 13,940,000              | 348,500                      | 14,288,500            |
| 03/16/2010   | 2011-2030        | 3.00 - 5.55        | 88,420,000              | 43,760,000              | 17,193,163                   | 60,953,163            |
| 11/17/2011   | 2013-2032        | 3.00 - 5.00        | 182,055,000             | 90,040,000              | 18,446,240                   | 108,486,240           |
| 04/11/2012   | 2013-2032        | 2.00 - 4.00        | 37,370,000              | 1,640,000               | 65,600                       | 1,705,600             |
| 04/04/2013   | 2014-2033        | 2.375 - 5.00       | 97,910,000              | 3,925,000               | 196,250                      | 4,121,250             |
| 04/03/2014   | 2015-2034        | 3.00 - 5.00        | 117,125,000             | 27,875,000              | 3,509,000                    | 31,384,000            |
| 04/22/2015   | 2016-2035        | 3.00 - 5.00        | 184,195,000             | 120,330,000             | 33,146,462                   | 153,476,462           |
| 03/30/2016   | 2017-2036        | 2.00 - 5.00        | 96,260,000              | 88,180,000              | 30,436,100                   | 118,616,100           |
| 04/25/2017   | 2018-2037        | 3.25 - 5.00        | 274,310,000             | 264,750,000             | 98,768,488                   | 363,518,488           |
| 12/21/2017   | 2018-2034        | 3.00 - 5.00        | 184,440,000             | 183,405,000             | 79,543,700                   | 262,948,700           |
| 04/18/2018   | 2020-2038        | 3.25 - 5.00        | 129,890,001             | 129,890,001             | 57,127,938                   | 187,017,939           |
| 05/29/2019   | 2020-3039        | 2.75 - 5.00        | 131,295,477             | 131,295,477             | 43,953,307                   | 175,248,784           |
| <b>Total Consolidated Public Improvement Bonds</b> |                  |                    | <b>1,721,435,478</b>    | <b>1,107,025,478</b>    | <b>382,934,623</b>           | <b>1,489,960,101</b>  |
| <b>Tax increment financing bonds</b>               | <b>2017-2047</b> | <b>4.00 - 6.10</b> | <b>65,225,000</b>       | <b>65,100,000</b>       | <b>59,180,291</b>            | <b>124,280,291</b>    |
| <b>Compensated absences</b>                        | <b>n/a</b>       | <b>n/a</b>         | <b>n/a</b>              | <b>26,443,323</b>       | <b>n/a</b>                   | <b>26,443,323</b>     |
| <b>Capital leases</b>                              | <b>n/a</b>       | <b>n/a</b>         | <b>n/a</b>              | <b>31,603,394</b>       | <b>n/a</b>                   | <b>31,603,394</b>     |
| <b>Landfill closure obligations</b>                | <b>n/a</b>       | <b>n/a</b>         | <b>n/a</b>              | <b>23,430,000</b>       | <b>n/a</b>                   | <b>23,430,000</b>     |
| <b>Agricultural land preservation program</b>      | <b>2018-2037</b> | <b>2.19 - 8.60</b> | <b>n/a</b>              | <b>93,483,238</b>       | <b>18,987,374</b>            | <b>112,470,612</b>    |
| <b>Total debt</b>                                  |                  |                    | <b>\$ 1,786,660,478</b> | <b>1,347,085,433 **</b> | <b>461,102,288</b>           | <b>1,808,187,721</b>  |

\* Includes administrative fees.

\*\* Does not include deferred refunding premium liability of \$139,356,696, unamortized bond discount of \$(24,516), unpaid claims of \$20,215,850, net OPEB liability of \$353,228,214, net LOSAP liability of \$21,907,552 and net pension liability of \$150,671,742 and other non-current liabilities of \$9,132,933 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, 2019**

|  | Balance                 |                    |                   |                   | Balance                |
|--|-------------------------|--------------------|-------------------|-------------------|------------------------|
|  | June 30, 2018           | Issued             | Refunded          | Retired           | June 30, 2019          |
| <b>General county bonds:</b>           |                         |                    |                   |                   |                        |
| General improvement                    | \$ 353,719,803          | 62,521,492         | 6,702,993         | 18,304,287        | 391,234,015            |
| Storm drain                            | 35,949,116              | 1,498,890          | 450,785           | 1,928,312         | 35,068,909             |
| Police department                      | 6,519,037               | 395,097            | 149,703           | 443,843           | 6,320,588              |
| Fire department                        | 26,580,852              | 3,605,994          | 69,328            | 1,077,738         | 29,039,780             |
| Schools                                | 475,436,432             | 45,739,490         | 13,408,442        | 33,255,041        | 474,512,439            |
| Community renewal                      | 1,681,915               | 16,808             | 17,610            | 138,405           | 1,542,708              |
| Recreation and parks                   | 53,635,481              | 1,361,313          | 363,564           | 2,375,420         | 52,257,810             |
| Community college                      | 108,822,365             | 16,156,393         | 2,442,575         | 5,486,954         | 117,049,229            |
| <b>Total Bonds</b>                     | <b>1,062,345,001</b>    | <b>131,295,477</b> | <b>23,605,000</b> | <b>63,010,000</b> | <b>1,107,025,478</b>   |
| <b>Other long-term debt</b>            |                         |                    |                   |                   |                        |
| Tax increment financing                | 65,165,000              | —                  | —                 | 65,000            | 65,100,000             |
| Compensated absences                   | 26,336,346              | 3,845,962          | —                 | 3,738,985         | 26,443,323             |
| Capital Leases                         | 35,011,551              | 2,223,000          | —                 | 5,631,157         | 31,603,394             |
| Landfill closure obligation            | 23,085,000              | 345,000            | —                 | —                 | 23,430,000             |
| Agricultural land preservation program | 97,715,767              | —                  | —                 | 4,232,529         | 93,483,238             |
| <b>Total other long-term debt</b>      | <b>247,313,664</b>      | <b>6,413,962</b>   | <b>—</b>          | <b>13,667,671</b> | <b>240,059,955</b>     |
| <b>Total long-term debt</b>            | <b>\$ 1,309,658,665</b> | <b>137,709,439</b> | <b>23,605,000</b> | <b>76,677,671</b> | <b>1,347,085,433 *</b> |

\* Does not include deferred refunding premium liability of \$139,356,696, unamortized bond discount of (\$25,404), unpaid claims of (\$24,516) (including \$7,518,251 due within one year), other non-current liabilities of \$9,132,933, net OPEB liability of \$353,228,214, net LOSAP liability of \$21,907,552 and net pension liability of \$150,671,742 included in the Statement of Net Position.

**Howard County, Maryland**  
**Schedule of Bonded and Other Long-Term Debt**  
**Enterprise Fund**  
**June 30, 2019**

| Date of Issue                            | Maturity         | Rate of Interest | Amount Issued         | Outstanding           | Interest Payable to Maturity | Total Due to Maturity |
|--|------------------|------------------|-----------------------|-----------------------|------------------------------|-----------------------|
| <b>Metropolitan district bonds:</b>      |                  |                  |                       |                       |                              |                       |
| 12/08/2009                               | 2011-2031        | 1.00 - 4.00      | \$ 7,255,000          | 335,000               | 5,025                        | 340,025               |
| 11/17/2011                               | 2013-2042        | 3.00 - 5.00      | 36,245,000            | 15,110,000            | 5,875,725                    | 20,985,725            |
| 04/11/2012                               | 2013-2037        | 3.00 - 4.00      | 19,970,000            | 660,000               | 19,800                       | 679,800               |
| 04/04/2013                               | 2014-2038        | 2.375 - 4.00     | 39,155,000            | 15,390,000            | 5,845,450                    | 21,235,450            |
| 04/03/2014                               | 2015-2044        | 2.00 - 4.00      | 22,055,000            | 8,450,000             | 3,152,301                    | 11,602,301            |
| 04/22/2015                               | 2016-2045        | 2.00 - 5.00      | 31,015,000            | 22,990,000            | 12,322,628                   | 35,312,628            |
| 03/30/2016                               | 2017-2046        | 3.00 - 5.00      | 26,190,000            | 24,840,000            | 12,524,744                   | 37,364,744            |
| 04/25/2017                               | 2018-2047        | 3.00 - 5.00      | 81,515,000            | 79,970,000            | 37,819,702                   | 117,789,702           |
| 12/21/2017                               | 2018-2044        | 3.00 - 5.00      | 56,075,000            | 54,960,000            | 23,033,856                   | 77,993,856            |
| 04/18/2018                               | 2019-2048        | 3.125 - 5.00     | 38,150,000            | 37,250,000            | 25,084,432                   | 62,334,432            |
| 05/29/2019                               | 2020-2049        | 3.00 - 5.00      | 66,605,000            | 66,605,000            | 35,892,818                   | 102,497,818           |
| <b>Total metropolitan district bonds</b> |                  |                  | <b>424,230,000</b>    | <b>326,560,000</b>    | <b>161,576,481</b>           | <b>488,136,481</b>    |
| <b>MD water quality 10/18/00</b>         | <b>2003-2022</b> | <b>2.40</b>      | <b>34,000,000</b>     | <b>6,182,266</b>      | <b>608,666 *</b>             | <b>6,790,932</b>      |
| <b>MD water quality 01/29/02</b>         | <b>2005-2024</b> | <b>2.00</b>      | <b>21,329,363</b>     | <b>5,671,086</b>      | <b>613,960 *</b>             | <b>6,285,046</b>      |
| <b>MD water quality 10/1/08</b>          | <b>2009-2029</b> | <b>2.30</b>      | <b>1,197,362</b>      | <b>592,832</b>        | <b>109,994 *</b>             | <b>702,826</b>        |
| <b>MD water quality 11/19/09</b>         | <b>2010-2031</b> | <b>1.00</b>      | <b>3,443,711</b>      | <b>2,126,663</b>      | <b>246,763 *</b>             | <b>2,373,426</b>      |
| <b>Total water quality</b>               |                  |                  | <b>59,970,436</b>     | <b>14,572,847</b>     | <b>1,579,383</b>             | <b>16,152,230</b>     |
| <b>Watershed Protection 05-29-19</b>     | <b>2020-2039</b> | <b>2.75-5.00</b> | <b>2,334,523</b>      | <b>2,334,523</b>      | <b>898,904</b>               | <b>3,233,427</b>      |
| <b>Broadband 03/15/16</b>                | <b>2021</b>      | <b>2.00</b>      | <b>1,510,000</b>      | <b>1,510,000</b>      | <b>60,400</b>                | <b>1,570,400</b>      |
| <b>Broadband 04/18/18</b>                | <b>2023</b>      | <b>3.00</b>      | <b>1,025,000</b>      | <b>1,025,000</b>      | <b>123,000</b>               | <b>1,148,000</b>      |
| <b>Total Broadband</b>                   |                  |                  | <b>2,535,000</b>      | <b>2,535,000</b>      | <b>183,400</b>               | <b>2,718,400</b>      |
| <b>Special recreation facility bonds</b> | <b>2012-2022</b> | <b>2.48</b>      | <b>5,400,000</b>      | <b>2,217,000</b>      | <b>111,371</b>               | <b>2,328,371</b>      |
| <b>MDE Loan</b>                          | <b>2019-2028</b> | <b>2.95</b>      | <b>1,646,000</b>      | <b>1,559,884</b>      | <b>228,088</b>               | <b>1,787,972</b>      |
| <b>Compensated absences</b>              | <b>n/a</b>       | <b>n/a</b>       | <b>n/a</b>            | <b>891,193</b>        | <b>n/a</b>                   | <b>891,193</b>        |
| <b>Major water and sewer agreements</b>  | <b>n/a</b>       | <b>n/a</b>       | <b>n/a</b>            | <b>874,412</b>        | <b>n/a</b>                   | <b>874,412</b>        |
| <b>Total debt</b>                        |                  |                  | <b>\$ 496,115,959</b> | <b>351,544,859 **</b> | <b>164,577,627</b>           | <b>516,122,486</b>    |

\* Includes administrative fees.

\*\*Does not include deferred refunding premium of \$24,444,168, net OPEB liability of \$23,102,908, and net pension liability of \$2,037,339 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, 2019**

|  | Balance<br>June 30, 2018 | Issued            | Refunded         | Retired           | Balance<br>June 30, 2019 |
|--|--------------------------|-------------------|------------------|-------------------|--------------------------|
| <b>Metropolitan district bonds:</b>      |                          |                   |                  |                   |                          |
| 04/08/2009                               | \$ 1,255,000             | —                 | —                | 1,255,000         | —                        |
| 12/08/2009                               | 6,775,000                | —                 | 6,115,000        | 325,000           | 335,000                  |
| 03/09/2011                               | 1,140,000                | —                 | —                | 1,140,000         | —                        |
| 11/17/2011                               | 17,480,000               | —                 | —                | 2,370,000         | 15,110,000               |
| 04/11/2012                               | 1,300,000                | —                 | —                | 640,000           | 660,000                  |
| 04/04/2013                               | 17,190,000               | —                 | —                | 1,800,000         | 15,390,000               |
| 04/03/2014                               | 9,490,000                | —                 | —                | 1,040,000         | 8,450,000                |
| 04/22/2015                               | 23,645,000               | —                 | —                | 655,000           | 22,990,000               |
| 03/15/2016                               | 25,270,000               | —                 | —                | 430,000           | 24,840,000               |
| 04/25/2017                               | 80,460,000               | —                 | —                | 490,000           | 79,970,000               |
| 12/21/2017                               | 55,425,000               | —                 | —                | 465,000           | 54,960,000               |
| 04/18/2018                               | 38,150,000               | —                 | —                | 900,000           | 37,250,000               |
| 05/15/2019                               | —                        | 66,605,000        | —                | —                 | 66,605,000               |
| <b>Total Bonds</b>                       | <b>277,580,000</b>       | <b>66,605,000</b> | <b>6,115,000</b> | <b>11,510,000</b> | <b>326,560,000</b>       |
| <b>Other long-term debt</b>              |                          |                   |                  |                   |                          |
| MD water quality 10/18/00                | 8,147,187                | —                 | —                | 1,964,921         | 6,182,266                |
| MD water quality 01/29/02                | 6,865,803                | —                 | —                | 1,194,719         | 5,671,084                |
| MD water quality 10/1/08                 | 646,177                  | —                 | —                | 53,353            | 592,824                  |
| MD water quality 11/19/09                | 2,297,093                | —                 | —                | 170,420           | 2,126,673                |
| <b>Total other long-term debt</b>        | <b>17,956,260</b>        | <b>—</b>          | <b>—</b>         | <b>3,383,413</b>  | <b>14,572,847</b>        |
| <b>Watershed Protection</b>              | <b>—</b>                 | <b>2,334,523</b>  | <b>—</b>         | <b>—</b>          | <b>2,334,523</b>         |
| <b>Broadband 03/15/16</b>                | <b>1,510,000</b>         | <b>—</b>          | <b>—</b>         | <b>—</b>          | <b>1,510,000</b>         |
| <b>Broadband 04/18/18</b>                | <b>1,025,000</b>         | <b>—</b>          | <b>—</b>         | <b>—</b>          | <b>1,025,000</b>         |
| <b>Total Broadband</b>                   | <b>2,535,000</b>         | <b>—</b>          | <b>—</b>         | <b>—</b>          | <b>2,535,000</b>         |
| <b>Special recreation facility bonds</b> | <b>2,714,000</b>         | <b>—</b>          | <b>—</b>         | <b>497,000</b>    | <b>2,217,000</b>         |
| <b>MDE Loan</b>                          | <b>—</b>                 | <b>1,646,000</b>  | <b>—</b>         | <b>86,116</b>     | <b>1,559,884</b>         |
| <b>Compensated absences</b>              | <b>889,638</b>           | <b>84,319</b>     | <b>—</b>         | <b>82,764</b>     | <b>891,193</b>           |
| <b>Major water and sewer agreements</b>  | <b>922,923</b>           | <b>49,000</b>     | <b>—</b>         | <b>97,511</b>     | <b>874,412</b>           |
| <b>Total long-term debt</b>              | <b>\$ 302,597,821</b>    | <b>70,718,842</b> | <b>6,115,000</b> | <b>15,656,804</b> | <b>351,544,859 *</b>     |

\*Does not include deferred refunding premium of \$24,444,168, net OPEB liability of \$23,102,908, and net pension liability of \$2,037,339 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)**

|  | 2010                   | 2011                   | 2012                   | 2013               | 2014                    | 2015                | 2016                 | 2017                 | 2018                | 2019                |
|--|------------------------|------------------------|------------------------|--------------------|-------------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
| <b>Governmental activities</b>                           |                        |                        |                        |                    |                         |                     |                      |                      |                     |                     |
| Net investment in capital assets                         | \$ 735,346,804         | 780,074,223            | 716,222,072            | 740,258,162        | 755,904,065             | 754,407,588         | 772,350,290          | 834,114,554          | 826,399,982         | 841,929,843         |
| Restricted   | 163,458,570            | 83,470,483             | 82,432,184             | 94,955,786         | 109,207,649             | 99,723,862          | 109,620,128          | 114,206,491          | 153,326,501         | 142,249,607         |
| Unrestricted (a)   | (629,621,547)          | (619,606,891)          | (620,794,431)          | (727,260,025)      | (905,160,838)           | (950,355,750)       | (991,153,043)        | (1,207,393,428)      | (1,003,960,300)     | (997,456,851)       |
| <b>Subtotal governmental activities net position (b)</b> | <b>269,183,827 (c)</b> | <b>243,937,815 (d)</b> | <b>177,859,825 (e)</b> | <b>107,953,923</b> | <b>(40,049,124) (f)</b> | <b>(96,224,300)</b> | <b>(109,182,625)</b> | <b>(259,072,383)</b> | <b>(24,233,817)</b> | <b>(13,277,401)</b> |
| <b>Business-type activities</b>                          |                        |                        |                        |                    |                         |                     |                      |                      |                     |                     |
| Net investment in capital assets                         | 391,047,153            | 412,443,596            | 352,371,984            | 343,029,639        | 349,976,408             | 410,168,067         | 410,561,263          | 414,126,888          | 419,010,628         | 456,887,408         |
| Restricted   | 120,266,910            | 132,071,680            | 60,755,862             | 54,677,366         | 48,248,364              | 48,241,852          | 42,470,585           | 27,949,207           | 24,709,724          | 21,823,966          |
| Unrestricted   | 719,135                | 1,877,926              | 85,856,157             | 114,065,506        | 115,007,448             | 107,862,198         | 138,508,000          | 157,835,870          | 151,054,737         | 146,526,725         |
| <b>Subtotal business-type activities net position</b>    | <b>512,033,198 (c)</b> | <b>546,393,202 (d)</b> | <b>498,984,003 (e)</b> | <b>511,772,511</b> | <b>513,232,220 (f)</b>  | <b>566,272,117</b>  | <b>591,539,848</b>   | <b>599,911,965</b>   | <b>594,775,089</b>  | <b>625,238,099</b>  |
| <b>Primary government</b>                                |                        |                        |                        |                    |                         |                     |                      |                      |                     |                     |
| Net investment in capital assets                         | 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        | 1,245,410,610       | 1,298,817,251       |
| Restricted   | 283,725,480            | 143,188,046            | 149,633,152            | 157,456,013        | 147,965,714             | 147,965,714         | 152,090,713          | 142,155,698          | 178,036,225         | 164,073,573         |
| Unrestricted   | (628,902,412)          | (534,938,274)          | (613,194,519)          | (790,153,390)      | (842,493,552)           | (842,493,552)       | (852,645,043)        | (1,049,557,558)      | (852,905,563)       | (850,930,126)       |
| <b>Total primary government net position</b>             | <b>\$ 781,217,025</b>  | <b>676,843,828</b>     | <b>619,726,434</b>     | <b>473,183,096</b> | <b>470,047,817</b>      | <b>470,047,817</b>  | <b>482,357,223</b>   | <b>340,839,582</b>   | <b>570,541,272</b>  | <b>611,960,698</b>  |

(a) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Public School.

(b) System and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.

(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)**

|  | 2010                  | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Expenses</b>                                  |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental activities:</b>                  |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                               | \$ 40,551,179         | 50,599,944           | 84,025,615 (a)       | 87,405,901           | 104,520,136          | 75,558,318           | 66,234,421           | 66,948,584           | 58,020,097           | 65,241,233           |
| Public safety                                    | 154,381,502           | 167,113,492          | 184,324,533          | 196,950,283          | 198,590,882          | 208,298,711          | 207,170,029          | 230,134,183          | 217,378,984          | 249,887,935          |
| Public works                                     | 101,682,165           | 102,947,974          | 115,231,452          | 130,500,653          | 148,889,651          | 179,349,488          | 156,707,838          | 168,834,876          | 194,980,993          | 207,843,230          |
| Recreation and parks                             | 26,909,791            | 27,086,201           | 29,974,257           | 29,210,799           | 35,764,376           | 37,193,427           | 42,880,875           | 47,094,291           | 25,923,502           | 54,344,080           |
| Legislative and judicial                         | 19,917,865            | 21,684,657           | 22,248,551           | 23,682,923           | 23,259,531           | 27,110,955           | 26,070,345           | 27,693,094           | 27,484,681           | 30,139,996           |
| Community services                               | 38,203,641            | 38,522,217           | 45,302,315           | 38,506,895           | 45,311,763           | 48,650,488           | 45,928,376           | 44,497,229           | 47,215,901           | 50,250,870           |
| State highways                                   | 2,450,937             | 1,917,170            | 2,900,053            | 7,225,028            | 6,634,669            | 763,353              | 3,341,087            | 5,842,868            | 4,934,098            | 9,286,446            |
| Education  | 557,205,570           | 605,557,506          | 610,774,387          | 639,025,259          | 637,839,632          | 669,067,653          | 717,742,080          | 739,013,105          | 701,633,749          | 710,311,491          |
| Interest on long-term debt                       | 32,759,477            | 37,102,195           | 53,851,903           | 47,729,955           | 50,489,693           | 43,648,543           | 49,977,613           | 57,494,607           | 61,452,013           | 51,541,615           |
| Total governmental activities expenses           | 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        | 1,339,024,018        | 1,428,846,896        |
| <b>Business-type activities:</b>                 |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water and sewer                                  | 64,845,285            | 66,636,363           | 67,635,638           | 87,569,376           | 98,795,678           | 97,764,211           | 95,781,698           | 101,312,345          | 105,229,515          | 113,056,969          |
| Golf course                                      | 1,791,000             | 1,762,425            | 1,921,518            | 1,885,101            | —                    | —                    | —                    | —                    | —                    | —                    |
| Other (b)  | —                     | —                    | —                    | —                    | 3,094,253            | 5,977,330            | 6,551,799            | 7,356,981            | 6,585,542            | 7,163,586            |
| Total business-type activities expenses          | 66,636,285            | 68,398,788           | 69,557,156           | 89,454,477           | 101,889,931          | 103,741,541          | 102,333,497          | 108,669,326          | 111,815,057          | 120,220,555          |
| <b>Total primary government expenses</b>         | <b>1,040,698,412</b>  | <b>1,120,930,144</b> | <b>1,218,190,222</b> | <b>1,289,692,173</b> | <b>1,353,190,264</b> | <b>1,393,382,477</b> | <b>1,418,386,161</b> | <b>1,496,222,163</b> | <b>1,450,839,075</b> | <b>1,549,067,451</b> |
| <b>Program revenues</b>                          |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental activities:</b>                  |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                             |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                               | 29,198,040            | 33,914,325           | 42,534,975           | 46,065,885           | 49,312,264           | 40,365,251           | 41,462,547           | 52,783,407           | 47,092,030           | 48,266,394           |
| Public works                                     | 42,937,855            | 41,652,829           | 46,145,115           | 43,476,909           | 44,007,973           | 48,319,370           | 50,419,335           | 48,313,166           | 49,740,333           | 49,166,390           |
| Recreation and parks                             | 12,621,042            | 13,361,672           | 13,591,958           | 14,420,583           | 16,481,357           | 17,471,881           | 18,231,380           | 20,182,293           | 19,791,578           | 20,905,820           |
| Other  | 7,079,677             | 8,665,495            | 22,407,037           | 10,725,120           | 12,538,229           | 25,188,353           | 13,987,065           | 10,672,780           | 13,053,507           | 14,129,641           |
| Operating grants and contributions               | 26,732,848            | 26,559,373           | 46,323,888           | 27,837,622           | 33,472,335           | 35,864,017           | 40,094,831           | 39,402,540           | 43,351,124           | 40,559,501           |
| Capital grants and contributions                 | 22,998,508            | 24,715,975           | 68,472,451 (c)       | 42,575,352           | 10,215,527           | 16,814,899           | 27,792,294           | 18,163,355           | 24,455,008           | 18,377,194           |
| Total governmental activities program revenues   | 141,567,970           | 148,869,669          | 239,475,424          | 185,101,471          | 166,027,685          | 184,023,771          | 191,987,452          | 189,517,541          | 197,483,580          | 191,404,940          |
| <b>Business-type activities:</b>                 |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                             |                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water and sewer                                  | 44,355,147            | 48,606,394           | 50,729,734           | 54,712,858           | 59,641,881           | 64,133,085           | 64,965,916           | 64,761,724           | 64,642,532           | 64,833,505           |
| Golf course                                      | 2,149,442             | 2,056,408            | 2,134,912            | 2,069,082            | —                    | —                    | —                    | —                    | —                    | —                    |
| Other (b)  | —                     | —                    | —                    | —                    | 12,310,600           | 14,129,334           | 14,256,985           | 13,906,569           | 13,712,093           | 11,544,895           |
| Operating grants and contributions               | 32,395,714            | 30,884,327           | 29,880,497           | 29,006,605           | 29,196,783           | 30,010,057           | 31,339,509           | 32,669,952           | 33,958,088           | 35,349,018           |
| Capital grants and contributions                 | 9,666,912             | 24,331,033           | 21,109,099           | 16,285,260           | 11,361,621           | 51,939,661           | 14,728,750           | 10,262,423           | 11,976,929           | 43,164,177           |
| Total business-type activities program revenues  | 88,567,215            | 105,878,162          | 103,854,242          | 102,073,805          | 112,510,885          | 160,212,137          | 125,291,160          | 121,600,668          | 124,289,642          | 154,891,595          |
| <b>Total primary government program revenues</b> | <b>\$ 230,135,185</b> | <b>254,747,831</b>   | <b>343,329,666</b>   | <b>287,175,276</b>   | <b>278,538,570</b>   | <b>344,235,908</b>   | <b>317,278,612</b>   | <b>311,118,209</b>   | <b>321,773,222</b>   | <b>346,296,535</b>   |

(continued)

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

|   | 2010            | 2011          | 2012          | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            |
|---|-----------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net (expenses)/revenue</b>                             |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                   | \$(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) | (1,141,540,438) | (1,237,441,956) |
| Business-type activities                                  | 21,930,930      | 37,479,374    | 34,297,086    | 12,619,328      | 10,620,954      | 54,470,596      | 22,957,663      | 12,931,342      | 12,474,585      | 34,671,040      |
| Total primary government net expenses                     | (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) | (1,185,103,954) | (1,129,065,853) | (1,202,770,916) |
| <b>General revenues and other changes in net position</b> |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| <b>Governmental activities:</b>                           |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| Taxes   |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| Property taxes  | 494,218,364     | 504,884,233   | 504,771,008   | 523,266,142     | 539,731,584     | 559,405,539     | 586,123,532     | 608,458,370     | 630,762,037     | 654,794,565     |
| Local income taxes  | 266,953,624     | 331,334,252   | 358,356,561   | 360,251,116     | 400,455,701     | 412,674,188     | 431,743,893     | 436,993,783     | 466,935,173     | 496,679,385     |
| Other local taxes   | 47,911,642      | 46,357,182    | 54,343,807    | 61,337,101      | 61,035,196      | 68,300,957      | 72,656,951      | 77,911,373      | 77,122,059      | 69,739,135      |
| Intergovernmental, unrestricted                           | 790,181 (d)     | 1,089,121     | 780,358       | 1,422,086       | 1,466,960       | 1,553,636       | 1,836,227       | 1,763,063       | 1,590,437       | 1,673,415       |
| Unrestricted investment income                            | 6,481,902       | 2,890,191     | 9,636,106     | (552,647) (e)   | 2,230,944       | 2,840,722       | 5,054,711       | 1,206,178       | 4,998,389       | 13,585,602      |
| Miscellaneous   | 861,084         | 816,830       | 1,216,774     | 1,195,039       | 1,102,401       | 970,104         | 3,347,590       | 90,510          | 2,700,739       | 2,513,727       |
| Transfers   | (587,000)       | 2,995,034     | (586,842)     | —               | 7,345,000       | 3,696,843       | 2,318,086       | 5,389,399       | 9,151,633       | 9,412,543       |
| Subtotal governmental activities                          | 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   | 1,193,260,467   | 1,248,398,372   |
| <b>Business-type activities:</b>                          |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| Unrestricted investment income                            | 395,605         | 196,349       | 170,617       | 169,180         | 135,292         | 242,826         | 823,902         | 830,024         | 2,434,920       | 5,998,775       |
| Miscellaneous   | —               | —             | —             | —               | —               | 23,318          | 3,804,252       | 150             | 53,351          | (794,262)       |
| Transfers   | 587,000         | (2,995,034)   | 586,842       | —               | (7,345,000)     | (3,696,843)     | (2,318,086)     | (5,389,399)     | (9,151,633)     | (9,412,543)     |
| Subtotal business-type activities                         | 982,605         | (2,798,685)   | 757,459       | 169,180         | (7,209,708)     | (3,430,699)     | 2,310,068       | (4,559,225)     | (6,663,362)     | (4,208,030)     |
| Total primary government                                  | 817,612,402     | 887,568,158   | 929,275,231   | 947,088,017     | 1,006,158,078   | 1,046,011,290   | 1,105,391,058   | 1,127,253,451   | 1,186,597,105   | 1,244,190,342   |
| <b>Net position balances</b>                              |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| <b>Governmental activities:</b>                           |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| Change in net position, governmental activities           | (15,864,360)    | (13,294,844)  | 19,360,130    | (68,217,388)    | (71,904,862)    | (48,149,278)    | (20,984,222)    | (66,222,620)    | 51,720,029      | 10,956,416      |
| Net position, beginning-governmental activities           | 388,436,002     | 377,349,272   | 254,510,988   | 263,297,945     | 107,953,923     | 36,049,061      | (88,198,403)    | (131,849,763)   | (198,072,383)   | (24,233,817)    |
| Restatement   | 4,777,630       | (109,543,440) | (10,573,173)  | (87,126,634)    | —               | (76,098,186)    | —               | —               | 122,118,537     | —               |
| Net position, ending-governmental activities              | 377,349,272     | 254,510,988   | 263,297,945   | 107,953,923     | 36,049,061      | (88,198,403)    | (109,182,625)   | (198,072,383)   | (24,233,817)    | (13,277,401)    |
| <b>Business-type activities:</b>                          |                 |               |               |                 |                 |                 |                 |                 |                 |                 |
| Change in net position, business-type activities          | 22,913,535      | 34,680,689    | 35,054,545    | 12,788,508      | 3,411,246       | 53,039,897      | 25,267,731      | 8,372,117       | 5,811,223       | 30,463,010      |
| Net position, beginning-business-type activities          | 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     | 594,775,089     |
| Restatement   | —               | (2,314,499)   | (320,685)     | (82,463,744)    | —               | (1,951,537)     | —               | —               | (10,948,099)    | —               |
| Net position, ending-business-type activities             | 514,347,697     | 546,713,887   | 581,447,747   | 511,772,511     | 515,183,757     | 566,272,117     | 591,539,848     | 599,911,965     | 594,775,089     | 625,238,099     |
| Total primary government                                  | \$ 891,696,969  | 801,224,875   | 844,745,692   | 619,726,434     | 551,232,818     | 478,073,714     | 482,357,223     | 401,839,582     | 570,541,272     | 611,960,698     |

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

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

(c) The increase from prior period is due to recognizing significant Federal grant monies for the ICBN Project.

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

(e) 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)

|   | 2010                  | 2011               | 2012                   | 2013                   | 2014               | 2015                   | 2016               | 2017               | 2018               | 2019               |
|---|-----------------------|--------------------|------------------------|------------------------|--------------------|------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>General fund</b>                       |                       |                    |                        |                        |                    |                        |                    |                    |                    |                    |
| Nonspendable                              | \$ —                  | —                  | —                      | —                      | 3,319              | 8,140,178              | 7,632,118          | 9,045,255          | 12,600,473         | 12,265,039         |
| Restricted                                | —                     | —                  | —                      | —                      | —                  | —                      | 1,972,282          | 2,070,419          | 1,024,450          | —                  |
| Committed                                 | —                     | 56,803,611         | 56,258,912             | 57,209,710             | 59,271,162         | 61,260,575             | 64,172,639         | 67,382,973         | 71,338,939         | 73,958,202         |
| Assigned                                  | —                     | 27,137,601         | 45,003,053             | 67,354,332             | 64,171,013         | 34,992,177             | 53,577,009         | 31,953,418         | 49,382,483         | 35,997,183         |
| Unassigned                                | —                     | 8,732,004          | 10,616,787             | 9,095,856              | 2,831,645          | 3,295,630              | 12,015,718         | 26,239,270         | 7,898,186          | 18,387,493         |
| Reserved                                  | 61,447,806            | —                  | —                      | —                      | —                  | —                      | —                  | —                  | —                  | —                  |
| Unreserved (a)                            | 10,324,543            | —                  | —                      | —                      | —                  | —                      | —                  | —                  | —                  | —                  |
| <b>Total general fund</b>                 | <b>71,772,349</b>     | <b>92,673,216</b>  | <b>(b) 111,878,752</b> | <b>(b) 133,659,898</b> | <b>126,277,139</b> | <b>(c) 107,688,560</b> | <b>139,369,766</b> | <b>136,691,335</b> | <b>142,244,531</b> | <b>140,607,917</b> |
| <b>All other governmental funds</b>       |                       |                    |                        |                        |                    |                        |                    |                    |                    |                    |
| Nonspendable                              |                       | 14,244,327         | 14,620,132             | 14,929,252             | 16,636,383         | 22,166,070             | 648,352            | 644,176            | 656,721            | 671,042            |
| Restricted                                |                       | 83,470,483         | 82,432,184             | 94,955,786             | 97,656,784         | 100,314,009            | 107,647,846        | 112,136,072        | 152,302,051        | 142,249,607        |
| Committed                                 |                       | 39,463,332         | 46,521,229             | 47,867,222             | 38,602,234         | 35,555,303             | 46,729,075         | 48,677,180         | 52,857,796         | 54,474,185         |
| Assigned                                  |                       | 77,104,933         | 72,761,301             | 62,934,694             | 63,615,900         | 63,398,155             | 63,361,371         | 60,075,902         | 56,117,487         | 62,387,719         |
| Unassigned                                |                       | (106,842,248)      | (82,621,664)           | (77,809,341)           | (67,616,626)       | (72,262,418)           | (125,621,490)      | (119,153,788)      | (88,731,324)       | (110,672,917)      |
| Reserved                                  | 94,605,498            | —                  | —                      | —                      | —                  | —                      | —                  | —                  | —                  | —                  |
| <b>Unreserved reported in:</b>            |                       |                    |                        |                        |                    |                        |                    |                    |                    |                    |
| Special revenue funds                     | 102,795,989           | —                  | —                      | —                      | —                  | —                      | —                  | —                  | —                  | —                  |
| Capital projects funds                    | (54,747,305)          | —                  | —                      | —                      | —                  | —                      | —                  | —                  | —                  | —                  |
| <b>Total all other governmental funds</b> | <b>142,654,182</b>    | <b>107,440,827</b> | <b>133,713,182</b>     | <b>142,877,613</b>     | <b>148,894,675</b> | <b>149,171,119</b>     | <b>92,765,154</b>  | <b>102,379,542</b> | <b>173,202,731</b> | <b>149,109,636</b> |
| <b>Total governmental funds</b>           | <b>\$ 214,426,531</b> | <b>200,114,043</b> | <b>245,591,934</b>     | <b>276,537,511</b>     | <b>275,171,814</b> | <b>256,859,679</b>     | <b>232,134,920</b> | <b>239,070,877</b> | <b>315,447,262</b> | <b>289,717,553</b> |

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

(a) Decrease in the general fund - unreserved fund balance from fiscal years 2007 to 2010 were the result of downturns in the national economy.

(b) 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.

(c) 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)**

|  | 2010           | 2011            | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          |
|--|----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>REVENUES</b>  |                |                 |               |               |               |               |               |               |               |               |
| Property taxes (a)   | \$ 494,641,029 | 504,030,717     | 504,228,502   | 524,942,040   | 539,320,074   | 559,393,599   | 586,906,599   | 608,790,864   | 630,002,471   | 654,226,577   |
| Other local taxes  | 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   | 523,874,099   | 533,151,563   |
| State shared taxes   | 790,181        | (c) 1,089,121   | 780,358       | 1,422,086     | 1,247,317     | 1,531,596     | 2,077,909     | 1,818,048     | 1,595,662     | 1,673,415     |
| Revenues from other agencies (grants)                          | —              | —               | —             | —             | —             | —             | —             | —             | —             | —             |
| Revenues from other governments                                | 30,866,154     | 40,479,177      | 80,612,132    | 73,118,716    | 37,436,410    | 35,645,234    | 30,616,053    | 53,144,527    | 46,881,676    | 43,490,797    |
| Charges for services   | 47,153,092     | 49,916,981      | 49,498,494    | 51,204,711    | 53,168,180    | 54,693,447    | 55,954,266    | 57,428,448    | 58,820,287    | 59,537,731    |
| Interest on investments  | 6,435,344      | 2,394,644       | 9,487,997     | (712,942)     | (e) 2,010,668 | 2,574,475     | 4,970,717     | 4,878,623     | 7,961,507     | 13,567,305    |
| Decrease in fair value of investments                          | —              | —               | —             | —             | —             | —             | —             | (3,699,638)   | (3,203,311)   | (496,321)     |
| Installment interest from housing loans                        | —              | 495,546         | 148,109       | 160,296       | 220,274       | 268,410       | 83,994        | 27,190        | 53,025        | 60,540        |
| Licenses and permits   | 5,839,006      | 5,651,511       | 5,754,961     | 6,455,619     | 6,696,288     | 6,586,220     | 7,200,241     | 7,090,791     | 6,874,461     | 6,641,437     |
| Recoveries for interfund services                              | 11,457,728     | 11,734,246      | 11,720,813    | 11,553,101    | 11,633,284    | 14,133,304    | 15,706,180    | —             | —             | —             |
| Fines and forfeitures  | 2,983,119      | 3,393,723       | 3,534,706     | 3,462,342     | 3,863,722     | 4,024,120     | 4,356,639     | 4,481,676     | 4,315,875     | 4,071,307     |
| Developer contributions (d)                                    | 1,665,829      | 1,363,545       | 1,556,906     | 1,767,910     | 1,446,618     | 4,561,155     | 4,612,357     | 9,070,823     | 2,372,712     | 852,987       |
| Rental of property (d)   | 206,754        | 197,100         | 196,214       | 159,373       | 177,814       | 111,853       | —             | —             | —             | —             |
| Payments from component units (d)                              | 861,084        | 816,830         | 817,842       | 818,144       | 818,167       | 351,439       | 2,588,330     | 2,076,568     | 2,095,129     | 1,546,337     |
| Sale of property   | —              | —               | —             | —             | —             | 3,464,497     | —             | —             | —             | —             |
| Miscellaneous program revenues                                 | 8,189,651      | 8,645,463       | 8,752,216     | 22,328,003    | 13,318,287    | 14,594,154    | 25,441,734    | 15,406,458    | 17,149,954    | 16,880,092    |
| Total revenues   | 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 | 1,298,793,547 | 1,335,203,767 |
| <b>EXPENDITURES</b>  |                |                 |               |               |               |               |               |               |               |               |
| <b>Current:</b>  |                |                 |               |               |               |               |               |               |               |               |
| General government   | 21,822,449     | 23,691,385      | 25,227,536    | 33,612,637    | 45,526,306    | 50,754,551    | 54,918,742    | 48,703,477    | 51,307,571    | 60,629,770    |
| Legislative & judicial   | 19,370,470     | 20,263,005      | 20,919,318    | 21,547,432    | 22,684,466    | 24,165,800    | 25,893,292    | 26,315,797    | 27,175,301    | 28,520,391    |
| Public works   | 87,553,902     | 84,173,380      | 92,598,067    | 90,672,711    | 97,867,406    | 104,503,144   | 102,894,102   | 104,307,451   | 112,420,109   | 113,436,661   |
| Public safety  | 148,773,884    | 156,336,439     | 168,832,385   | 175,555,967   | 191,882,471   | 205,038,450   | 208,774,567   | 219,541,903   | 228,466,896   | 235,952,000   |
| Recreation and parks   | 24,363,103     | 23,856,314      | 27,999,911    | 30,906,131    | 35,432,626    | 36,911,248    | 38,473,557    | 39,667,818    | 41,877,752    | 43,171,463    |
| Community services   | 37,096,762     | 36,935,327      | 36,671,787    | 37,503,416    | 45,406,497    | 46,474,576    | 44,631,695    | 42,267,451    | 44,819,301    | 47,391,787    |
| Education  | 542,819,926    | 572,584,372     | 584,322,887   | 603,534,562   | 606,673,692   | 651,103,285   | 651,837,577   | 699,206,963   | 704,546,696   | 707,246,000   |
| Capital improvements (d)                                       | 79,441,474     | 129,566,744     | 146,521,532   | 101,470,657   | 106,355,030   | 112,042,331   | 133,208,954   | 134,994,751   | 114,284,257   | 140,460,747   |
| <b>Debt service:</b>   |                |                 |               |               |               |               |               |               |               |               |
| Principal  | 50,192,000     | 52,461,000      | 58,381,930    | 54,262,375    | 60,433,375    | 61,185,578    | 68,484,249    | 74,766,641    | 66,443,603    | 69,728,497    |
| Interest   | 33,465,400     | 37,179,040      | 40,178,908    | 43,795,819    | 45,176,541    | 45,595,837    | 45,384,247    | 47,438,207    | 47,177,499    | 57,055,983    |
| Total expenditures   | 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 | 1,493,230,012 | 1,503,593,299 |
| Excess (deficiency) of revenues over expenditures              | (91,856,218)   | (145,127,544)   | (112,598,213) | (60,110,218)  | (132,098,585) | (171,936,381) | (127,166,109) | (162,240,355) | (194,436,465) | (168,389,532) |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                |                 |               |               |               |               |               |               |               |               |
| Bond premium   | 18,974,053     | 4,604,998       | 30,560,868    | 9,283,948     | 11,979,779    | 17,522,949    | 13,541,018    | 43,899,251    | 49,340,059    | 12,219,992    |
| Capital lease proceeds   | 4,909,012      | 186,598         | —             | —             | —             | 12,562,393    | 10,058,351    | 3,368,036     | 11,936,898    | 2,223,000     |
| Capital related debt issued                                    | 101,010,000    | 111,115,000     | 109,310,002   | 91,930,000    | 117,315,277   | 100,180,000   | 76,490,000    | 133,925,001   | 128,380,000   | 108,710,477   |
| Tax increment financing bonds                                  | —              | —               | —             | —             | —             | —             | —             | —             | 48,225,000    | —             |
| Refunding bonds issued   | 85,860,000     | —               | 110,115,000   | 5,980,000     | 16,809,723    | 84,015,000    | 21,280,000    | 140,385,000   | 184,440,000   | 22,585,000    |
| Capital lease  | (4,909,012)    | —               | —             | —             | —             | —             | —             | —             | —             | —             |
| Installment purchase agreements issued (d)                     | —              | 10,274,400      | 25,253,100    | —             | 4,951,615     | 3,448,120     | 4,817,735     | 10,756,470    | 3,095,670     | —             |
| Payment to bond refunding escrow agent                         | (99,078,896)   | —               | (128,985,283) | (6,714,081)   | (32,958,802)  | (93,816,818)  | (26,600,367)  | (169,143,917) | (219,985,848) | (24,024,558)  |
| Transfers in   | 35,705,614     | 39,835,317      | 38,465,384    | 45,403,189    | 66,149,637    | 53,153,609    | 27,765,305    | 47,227,975    | 58,254,689    | 64,806,430    |
| Transfers out  | (36,246,056)   | (36,788,523)    | (40,218,754)  | (45,378,817)  | (54,790,208)  | (47,084,255)  | (24,910,692)  | (41,241,503)  | (47,584,645)  | (43,860,518)  |
| Total other financing sources and uses                         | 106,224,715    | 129,227,790     | 144,500,317   | 100,504,239   | 129,457,021   | 129,980,998   | 102,441,350   | 169,176,313   | 216,101,823   | 142,659,823   |
| Net change in fund balances                                    | \$ 14,368,497  | (15,899,754)    | 31,902,104    | 40,394,021    | (2,641,564)   | (41,955,383)  | (24,724,759)  | 6,935,958     | 21,665,358    | (25,729,709)  |
| <b>Debt service as a percentage of noncapital expenditures</b> |                |                 |               |               |               |               |               |               |               |               |
|  | 8.35%          | 8.67%           | 8.87%         | 8.92%         | 8.61%         | 8.91%         | 8.71% (f)     | 8.94%         | 8.60%         | 9.10%         |

- (a) Increase in real property taxes is due to steady increases in property values in the County.
- (b) Other local taxes decreased due to declines in the quantity and value of real estate transactions.
- (c) Decrease in State shared taxes is due to drastic decline in State highways funding.
- (d) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.
- (e) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.
- (f) Capital outlay used in FY16 calculation reported incorrectly.

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

| Fiscal Year | Real Property              |                           |                    |                           | Personal Property  |                           | Total          |
|-------------|----------------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|----------------|
|             | Residential Assessed Value | Commercial Assessed Value | Assessed Value (a) | Total Direct Tax Rate (b) | Assessed Value (a) | Total Direct Tax Rate (b) | Assessed Value |
| 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 |
| 2018        | 40,976,007,300 (c)         | 8,845,776,496 (c)         | 49,821,783,796     | 1.014                     | 1,696,221,380      | 2.535                     | 51,518,005,176 |
| 2019        | 42,313,103,881             | 9,366,459,559             | 51,679,563,440     | 1.014                     | 1,733,052,800      | 2.535                     | 53,412,616,240 |

(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.

(c) Residential and commercial assessed value amounts were revised for FY18

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

| <b>Howard County Direct Rates</b> |                      |                          |
|-----------------------------------|----------------------|--------------------------|
| <b>Fiscal Year</b>                | <b>Real Property</b> | <b>Personal Property</b> |
| 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                    |
| 2018                              | 1.014                | 2.535                    |
| 2019                              | 1.014                | 2.535                    |

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

| 2019                              |                                  |   | 2010                              |                                  |   |
|-----------------------------------|----------------------------------|---|-----------------------------------|----------------------------------|---|
| Taxpayer                          | Taxable<br>Assessed<br>Valuation | Percentage of<br>Total County<br>Assessed Valuation | Taxpayer                          | Taxable<br>Assessed<br>Valuation | Percentage of<br>Total County<br>Assessed Valuation |
| Baltimore Gas & Electric Company  | \$ 458,256,170                   | 0.86%   | Baltimore Gas & Electric Company  | \$ 319,284,746                   | 0.64%   |
| Parcel D Property LLC             | 276,187,367                      | 0.52%   | Mall in Columbia Business Trust   | 179,702,000                      | 0.36%   |
| Mall in Columbia Business Trust   | 143,429,033                      | 0.27%   | Verizon-Maryland Inc.             | 167,551,260                      | 0.33%   |
| Howard Properties Howard Crossing | 128,384,010                      | 0.24%   | Magazine Howard Crossing LLC      | 120,280,100                      | 0.24%   |
| Verizon-Maryland Inc.             | 124,848,114                      | 0.23%   | Sprint Communications Company LLC | 99,760,250                       | 0.20%   |
| Seasons of Laurel LLC             | 100,299,266                      | 0.19%   | Seasons of Laurel LLC             | 78,184,964                       | 0.16%   |
| API Columbia Town Center LLC      | 99,483,367                       | 0.19%   | Liberty Property LTD Partnership  | 76,856,466                       | 0.15%   |
| KMF Sherwood Crossing LLC         | 80,161,333                       | 0.15%   | Sherwood Crossing Apts LLCAP      | 69,779,400                       | 0.14%   |
| Cellco Partnership                | 79,114,700                       | 0.15%   | API Columbia Town Center LLC      | 67,101,400                       | 0.13%   |
| New Cingular Wireless PCS LLC     | 73,930,059                       | 0.14%   | New Cingular Wireless PCS LLC     | 34,354,830                       | 0.07%   |
| <b>Total</b>                      | <b>\$ 1,564,093,419</b>          | <b>2.94%</b>  | <b>Total</b>                      | <b>\$ 1,212,855,416</b>          | <b>2.42%</b>  |

Source: Howard County Department of Finance, Bureau of Revenue



**Howard County, Maryland  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

| Fiscal Year | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Subsequent tax<br>Collections | Total Collection to Date |                       |
|-------------|--|---|-----------------------|-------------------------------|--------------------------|-----------------------|
|             |  | Amount  | Percentage<br>of Levy |                               | Amount                   | Percentage<br>of Levy |
| 2010        | \$ 601,068,331                         | 599,327,223                                     | 99.7%                 | 1,273,293                     | 600,600,516              | 99.9%                 |
| 2011        | 577,633,399                            | 574,828,923                                     | 99.5%                 | 2,627,076                     | 577,455,999              | 100.0%                |
| 2012        | 541,972,687                            | 540,659,569                                     | 99.8%                 | 1,070,239                     | 541,729,808              | 100.0%                |
| 2013        | 551,716,941                            | 547,732,006                                     | 99.3%                 | 3,889,326                     | 551,621,332              | 100.0%                |
| 2014        | 555,254,638                            | 550,755,917                                     | 99.2%                 | 4,241,759                     | 554,997,676              | 100.0%                |
| 2015        | 569,892,160                            | 568,111,915                                     | 99.7%                 | 1,427,707                     | 569,539,622              | 99.9%                 |
| 2016        | 594,757,776                            | 593,510,182                                     | 99.8%                 | 816,953                       | 594,327,135              | 99.9%                 |
| 2017        | 616,633,669                            | 612,695,057                                     | 99.4%                 | 3,333,271                     | 616,028,328              | 99.9%                 |
| 2018        | 639,933,124                            | 635,257,806                                     | 99.3%                 | 4,143,773                     | 639,401,579              | 99.9%                 |
| 2019        | 663,038,666                            | 656,951,368                                     | 99.1%                 | —                             | 656,951,368              | 99.1%                 |

Source: Howard County Department of Finance, Bureau of Revenue

Subsequent tax collections for fiscal years 2010-2018, updated per Howard County Department of Finance, Bureau of Revenue.

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

| Fiscal Year | Governmental Activities |               |             |           |         |              | Business-Type Activities |               |           |               |            |       | Percentage of Personal Income (b) | Portion of Per Capita Personal Income (b) |
|-------------|-------------------------|---------------|-------------|-----------|---------|--------------|--------------------------|---------------|-----------|---------------|------------|-------|-----------------------------------|---|
|             |                         |               |             |           |         | Special      | State                    |               |           |               |            |       |                                   |   |
|             | General                 | Water Quality | Installment | Tax       | Total   | Metropolitan | Facility                 | Water Quality | Total     | Total         |            |       |                                   |   |
|             | Obligation              | Revolving     | Purchase    | Increment | Capital | Governmental | District                 | Revenue       | Revolving | Business-Type | Primary    |       |                                   |   |
|             | Bonds (a)               | Loans         | Agreements  | Bonds     | Leases  | Activities   | Bonds (a)                | Bonds         | Loans     | Activities    | Government |       |                                   |   |
| 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                  | 3,240         | 24,508    | 279,711       | 1,470,535  | 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                               |   |
| 2018        | 1,205,838               | —             | 97,716      | 65,165    | 35,012  | 1,403,731    | 301,619                  | 2,714         | 17,956    | 322,289       | 1,726,020  | n/a   | n/a                               |   |
| 2019        | 1,246,358               | —             | 93,483      | 65,100    | 31,603  | 1,436,544    | 351,004                  | 2,217         | 14,573    | 367,794       | 1,804,338  | 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)

| <b>Fiscal<br/>Year</b> | <b>Estimated<br/>Population</b> | <b>General<br/>Obligation<br/>Debt (a)</b> | <b>Percentage of<br/>Estimated<br/>Actual Taxable<br/>Value of<br/>Property (b)</b> | <b>General<br/>Obligation<br/>Debt<br/>per Capita (c)</b> |
|------------------------|---------------------------------|--|---|---|
| 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                                  | 2.2%  | 3,690   |
| 2018                   | 321,113                         | 1,306,015                                  | 2.5%  | 4,067   |
| 2019                   | 326,286                         | 1,343,061                                  | 2.5%  | 4,116   |

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)**

|  | 2010          | 2011        | 2012        | 2013        | 2014        | 2015        | 2016       | 2017       | 2018       | 2019       |
|--|---------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|
| Assessed value   |               |             |             |             |             |             |            |            | (a)        |            |
| Real property  | \$ 48,664,260 | 46,518,265  | 43,621,862  | 42,639,732  | 42,990,610  | 44,112,719  | 45,939,083 | 47,976,024 | 49,821,784 | 51,679,563 |
| Personal property  | 1,588,890     | 1,623,786   | 1,555,658   | 1,561,355   | 1,561,532   | 1,618,446   | 1,702,530  | 1,650,785  | 1,696,221  | 1,733,053  |
| Total assessed value   | 50,253,150    | 48,142,051  | 45,177,520  | 44,201,087  | 44,552,142  | 45,731,165  | 47,641,613 | 49,626,809 | 51,518,005 | 53,412,616 |
| Legal debt margin  |               |             |             |             |             |             |            |            |            |            |
| Debt limit (4.8% of assessed value of real property and personal property) | 2,412,151     | 2,310,818   | 2,168,521   | 2,121,652   | 2,138,503   | 2,195,096   | 2,286,797  | 2,382,087  | 2,472,864  | 2,563,806  |
| Total debt limit   | \$ 2,412,151  | 2,310,818   | 2,168,521   | 2,121,652   | 2,138,503   | 2,195,096   | 2,286,797  | 2,382,087  | 2,472,864  | 2,563,806  |
| Debt applicable to limit   |               |             |             |             |             |             |            |            |            |            |
| General county   | \$ 728,194    | 788,800 (b) | 832,318 (b) | 871,701 (b) | 911,842 (b) | 936,199 (b) | 984,119    | 1,037,717  | 1,099,892  | 1,203,729  |
| State Water Quality Revolving Loan   | 5,795         | 4,050       | 2,850       | 2,840       | 2,830       | 2,475       | —          | —          | —          | —          |
| Total debt applicable to limit   | 733,989       | 792,850     | 835,168     | 874,541     | 914,672     | 938,674     | 984,119    | 1,037,717  | 1,099,892  | 1,203,729  |
| Legal debt margin  | \$ 1,678,162  | 1,517,968   | 1,333,353   | 1,247,111   | 1,223,831   | 1,256,422   | 1,302,678  | 1,344,370  | 1,372,972  | 1,360,077  |
| Total debt applicable to the limit as a percentage of debt limit           | 30.43%        | 34.31%      | 38.51%      | 41.22%      | 42.77%      | 42.76%      | 43.03%     | 43.56%     | 44.48%     | 46.95%     |

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

(a) Revised to include capital leases

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

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

| Fiscal<br>Year | Gross<br>Revenues | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |          | Coverage |
|----------------|-------------------|--------------------------------|-----------------------------|--------------|----------|----------|
|                |                   |                                |                             | Principal    | Interest |          |
| 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    |
| 2018           | 1,089,224         | 945,289                        | 143,935                     | 485,000      | 73,710   | 0.26     |
| 2019           | 300,000           | 825,765                        | (525,765)                   | 497,000      | 117,747  | -0.86    |

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

**Howard County, Maryland  
Pledged Revenue Coverage  
Annapolis Junction Special Taxing District  
Last Ten Fiscal Years**

| <b>Fiscal<br/>Year</b> | <b>Gross<br/>Revenues</b> | <b>Less:<br/>Operating<br/>Expenses</b> | <b>Net<br/>Available<br/>Revenue</b> | <b>Debt Service</b> |                      | <b>Coverage</b> |
|------------------------|---------------------------|---|--------------------------------------|---------------------|----------------------|-----------------|
|                        |                           |   |                                      | <b>Principal</b>    | <b>Interest</b>      |                 |
| <b>2014</b>            | <b>\$ 6,110</b>           | <b>340</b>                              | <b>5,770</b>                         | <b>—</b>            | <b>—</b>             | <b>—</b>        |
| <b>2015</b>            | <b>63,097</b>             | <b>733</b>                              | <b>62,365</b>                        | <b>—</b>            | <b>939,435 (a)</b>   | <b>0.07</b>     |
| <b>2016</b>            | <b>69,604</b>             | <b>14,340</b>                           | <b>55,264</b>                        | <b>—</b>            | <b>1,012,565 (a)</b> | <b>0.05</b>     |
| <b>2017</b>            | <b>593,746</b>            | <b>11,744</b>                           | <b>582,002</b>                       | <b>20,000</b>       | <b>1,012,605 (a)</b> | <b>0.56</b>     |
| <b>2018</b>            | <b>1,423,528</b>          | <b>18,884</b>                           | <b>1,404,644</b>                     | <b>40,000</b>       | <b>1,011,605</b>     | <b>1.34</b>     |
| <b>2019</b>            | <b>1,066,225</b>          | <b>18,541</b>                           | <b>1,047,684</b>                     | <b>65,000</b>       | <b>1,009,686</b>     | <b>0.97</b>     |

Note: Information for FY2013 and earlier not available.

Gross revenues include incremental tax, special tax and interest earnings. Gross revenues do not include the capitalized interest account funded with bond proceeds. Operating expenses do not include depreciation or interest paid as part of debt service.

(a) The interest was paid from the capitalized account held by the Trustee.

**Howard County, Maryland  
Pledged Revenue Coverage  
Crescent Special Taxing District  
Last Ten Fiscal Years**

| Fiscal<br>Year | Gross<br>Revenues | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |           | Coverage |
|----------------|-------------------|--------------------------------|-----------------------------|--------------|-----------|----------|
|                |                   |                                |                             | Principal    | Interest  |          |
| 2018           | \$ 2,297,099      | 84,510                         | 2,212,589                   | —            | 677,382   | 3.27     |
| 2019           | 4,137,520         | 244,394                        | 3,893,126                   | —            | 2,102,219 | 1.85     |

Note: Information for FY2017 and earlier not available.  
 Gross revenues include incremental tax, special tax and interest earnings. Gross revenues do not include the capitalized interest account funded with bond proceeds.  
 Operating expenses do not include depreciation or interest paid as part of debt service.  
 (a) The interest was paid from the capitalized account held by the Trustee.

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

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| <b>Fiscal<br/>Year</b> | <b>Estimated<br/>Population (a)</b> | <b>Personal<br/>Income (b)<br/>(thousands of dollars)</b> | <b>Per Capita<br/>Personal<br/>Income (b)</b> | <b>Public School<br/>Enrollment (c)</b> | <b>Unemployment<br/>Rate (d)</b> |
|------------------------|-------------------------------------|---|---|---|----------------------------------|
| 2010                   | 288,605                             | \$18,452,859  | \$63,938                                      | 49,683                                  | 5.8%                             |
| 2011                   | 293,858                             | 19,987,372  | 68,017  | 49,991                                  | 5.7%                             |
| 2012                   | 299,552                             | 20,778,363  | 69,365  | 50,997                                  | 5.6%                             |
| 2013                   | 304,210                             | 20,499,507  | 67,386  | 51,190                                  | 5.5%                             |
| 2014                   | 307,784                             | 21,158,756  | 68,745  | 51,701                                  | 4.8%                             |
| 2015                   | 312,400                             | 22,203,989  | 71,076  | 52,511                                  | 4.5%                             |
| 2016                   | 316,966                             | 23,070,751  | 72,786  | 54,870                                  | 3.5%                             |
| 2017                   | 321,113                             | 24,063,585  | 74,938  | 55,638                                  | 3.5%                             |
| 2018                   | 323,293                             | n/a   | n/a   | 58,019                                  | 3.6%                             |
| 2019                   | 326,286                             | n/a   | n/a   | 58,284                                  | 2.8%                             |

**Sources:**

- (a) Estimated Population, Personal Income, and Per Capita Personal Income revised and restated for 2010- 2017 per Bureau of Economic Analysis, U.S. Dept. of Commerce.
- (b) Estimated Populations for 2018 -2019 are from Howard County Department of Planning and Zoning for April 2018 and April 2019
- (c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.
- (d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.



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

| Employer                                       | 2019          |      |   | 2010          |      |   |
|--|---------------|------|---|---------------|------|---|
|  | Employees     | Rank | Percentage<br>of Total County<br>Employment | Employees     | Rank | Percentage<br>of Total County<br>Employment |
| Howard County Public Schools                   | 8,297         | 1    | 4.83%                                       | 7,850         | 1    | 5.29%                                       |
| Johns Hopkins Applied Physics Laboratory       | 5,000         | 2    | 4.11%                                       | 4,400         | 2    | 2.96%                                       |
| Howard County Government                       | 3,256         | 3    | 1.76%                                       | 2,869         | 3    | 1.93%                                       |
| Verizon  | 1,700         | 6    | 1.00%                                       | 2,028         | 4    | 1.37%                                       |
| Howard County General Hospital                 | 1,827         | 5    | 1.04%                                       | 1,720         | 6    | 1.16%                                       |
| Lorien Health Systems                          | 2,000         | 4    | 0.70%                                       |               |      |   |
| Coastal Sunbelt Produce                        | 1,050         | 8    | 0.62%                                       |               |      |   |
| Giant Food                                     | 1,050         | 8    | 0.62%                                       | 1,953         | 5    | 1.32%                                       |
| Columbia Association                           |               |      |   | 1,600         | 7    | 1.08%                                       |
| SAIC   |               |      |   | 1,058         | 8    | 0.71%                                       |
| Wells Fargo Securities Administrative Services | 842           | 9    | 0.47%                                       | 842           | 9    | 0.57%                                       |
| MICROS   |               |      |   | 815           | 10   | 0.55%                                       |
| Howard Community College                       | 1,438         | 7    | 0.43%                                       |               |      |   |
| <b>Total</b>                                   | <b>26,460</b> |      | <b>15.58%</b>                               | <b>25,135</b> |      | <b>16.94%</b>                               |

Source: Howard County Economic Development Authority

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

|                                 | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Function/program</b>         |       |       |       |       |       |       |       |       |       |       |
| <b>General government</b>       | 287   | 288   | 292   | 299   | 312   | 335   | 341   | 349   | 354   | 348   |
| <b>Public safety</b>            |       |       |       |       |       |       |       |       |       |       |
| Police                          | 624   | 624   | 634   | 635   | 651   | 672   | 667   | 677   | 691   | 697   |
| Fire                            | 417   | 419   | 419   | 461   | 463   | 472   | 465   | 468   | 491   | 530   |
| Corrections                     | 144   | 145   | 144   | 144   | 148   | 152   | 153   | 153   | 154   | 154   |
| <b>Public works</b>             | 579   | 575   | 572   | 577   | 599   | 612   | 611   | 614   | 617   | 619   |
| <b>Recreation and parks</b>     | 246   | 252   | 256   | 261   | 268   | 281   | 283   | 295   | 304   | 300   |
| <b>Legislative and judicial</b> | 202   | 202   | 202   | 202   | 204   | 206   | 208   | 212   | 216   | 219   |
| <b>Community services</b>       | 358   | 341   | 343   | 299   | 307   | 324   | 325   | 330   | 341   | 367   |
| <b>Total</b>                    | 2,857 | 2,846 | 2,862 | 2,878 | 2,952 | 3,054 | 3,053 | 3,098 | 3,168 | 3,234 |

Source: Howard County Budget Office

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

| Function/program                     | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019   |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| <b>General Government</b>            |       |       |       |       |       |       |       |       |       |        |
| Buildings                            | 19    | 20    | 23    | 38    | 40    | 44    | 44    | 45    | 44    | 48     |
| Vehicles                             | 65    | 54    | 57    | 45    | 43    | 51    | 51    | 64    | 60    | 105    |
| <b>Legislative and judicial</b>      |       |       |       |       |       |       |       |       |       |        |
| Vehicles                             | 67    | 66    | 70    | 70    | 77    | 71    | 71    | 78    | 81    | 72     |
| <b>Public safety</b>                 |       |       |       |       |       |       |       |       |       |        |
| Police:                              |       |       |       |       |       |       |       |       |       |        |
| Stations                             | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2      |
| Patrol units (vehicles)              | 265   | 265   | 286   | 292   | 291   | 292   | 284   | 274   | 275   | 274    |
| Other vehicles                       | 237   | 212   | 250   | 264   | 226   | 214   | 214   | 271   | 282   | 295    |
| Fire:                                |       |       |       |       |       |       |       |       |       |        |
| Stations (a)                         | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 7     | 11     |
| Pumpers/tankers                      | 28    | 28    | 29    | 25    | 28    | 29    | 29    | 28    | 29    | 31     |
| Ladder trucks                        | 5     | 5     | 6     | 6     | 6     | 7     | 8     | 8     | 8     | 8      |
| Paramedic units                      | 30    | 30    | 32    | 34    | 32    | 32    | 37    | 35    | 39    | 39     |
| Vehicles                             | 128   | 133   | 119   | 118   | 119   | 120   | 120   | 211   | 193   | 193    |
| <b>Public Works</b>                  |       |       |       |       |       |       |       |       |       |        |
| Buildings (b)                        | 31    | 31    | 36    | 40    | 40    | 40    | 42    | 42    | 42    | 44     |
| Transit buses                        | 67    | 58    | 57    | 52    | 57    | 42    | 42    | 68    | 62    | 65     |
| Vehicles                             | 385   | 339   | 354   | 355   | 354   | 367   | 367   | 395   | 446   | 393    |
| Streets (miles) (c)                  | 1,014 | 1,015 | 1,030 | 1,035 | 1,044 | 1,062 | 1,066 | 1,066 | 1,066 | 1,042  |
| Streetlights (d)                     | 6,944 | 7,048 | 7,315 | 7,558 | 7,750 | 7,941 | 8,131 | 8,447 | 8,720 | 10,149 |
| Stormwater management facilities (e) | 850   | 908   | 933   | 983   | 1,011 | 1,127 | 1,216 | 1,250 | 1,313 | 1,343  |
| <b>Recreation and parks</b>          |       |       |       |       |       |       |       |       |       |        |
| Buildings                            | 45    | 44    | 59    | 62    | 62    | 62    | 65    | 65    | 65    | 64     |
| Parks and open space acreage         | 8,846 | 8,850 | 9,097 | 9,116 | 9,173 | 9,227 | 9,255 | 9,493 | 9,579 | 9,647  |
| Playgrounds                          | 42    | 40    | 39    | 41    | 43    | 44    | 44    | 44    | 44    | 44     |
| Vehicles                             | 76    | 78    | 85    | 96    | 99    | 103   | 103   | 159   | 120   | 115    |
| <b>Water and sewer</b>               |       |       |       |       |       |       |       |       |       |        |
| Wastewater treatment plants          | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1      |
| Water mains (miles)                  | 1,005 | 1,024 | 1,028 | 1,041 | 1,054 | 1,089 | 1,100 | 1,078 | 1,078 | 1,107  |
| Sanitary sewers (miles)              | 962   | 971   | 980   | 987   | 999   | 1,018 | 1,026 | 1,026 | 1,026 | 1,030  |
| <b>Golf course</b>                   |       |       |       |       |       |       |       |       |       |        |
|                                      | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1      |

Sources: Various Howard County Departments

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

(a) Prior period 2010 through 2014 restated to exclude non County-owned fire stations

(b) Prior periods 2009 through 2014 restated to exclude nonbuilding structures.

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

(d) Prior periods 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, Maryland**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

|  | Date of incorporation        |         | 1851              |         |         |         |         |         |         |         |
|--|------------------------------|---------|-------------------|---------|---------|---------|---------|---------|---------|---------|
|  | Form of government           |         | Executive/Council |         |         |         |         |         |         |         |
|  | Date present charter adopted |         | 1968              |         |         |         |         |         |         |         |
|  | Area in square miles         |         | 215               |         |         |         |         |         |         |         |
| Function/program                                       | 2010                         | 2011    | 2012              | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    |
| <b>General Government</b>                              |                              |         |                   |         |         |         |         |         |         |         |
| <b>Finance:</b>  |                              |         |                   |         |         |         |         |         |         |         |
| Real property tax accounts billed                      | 95,846                       | 97,099  | 98,023            | 98,884  | 99,034  | 105,692 | 105,692 | 107,342 | 108,292 | 108,952 |
| Business personal property tax accounts billed         | 9,833                        | 11,658  | 9,809             | 9,829   | 8,831   | 10,628  | 13,232  | 14,803  | 11,323  | 9,822   |
| <b>Public Safety</b>                                   |                              |         |                   |         |         |         |         |         |         |         |
| <b>Police:</b>   |                              |         |                   |         |         |         |         |         |         |         |
| Physical arrests                                       | 10,383                       | 10,451  | 10,810            | 10,315  | 10,885  | 10,016  | 9,351   | 8,379   | 7,527   | 6,627   |
| Parking violations                                     | 6,919                        | 5,445   | 4,415             | 9,052   | 9,439   | 7,180   | 7,180   | 7,545   | 7,104   | 8,624   |
| Traffic violations                                     | 80,735                       | 81,588  | 84,306            | 85,682  | 88,987  | 99,963  | 92,314  | 82,917  | 75,402  | 69,180  |
| <b>Fire:</b>   |                              |         |                   |         |         |         |         |         |         |         |
| Emergency responses                                    | 65,362                       | 60,183  | 59,887            | 58,129  | 56,925  | 58,369  | 58,484  | 60,997  | 69,074  | 68,897  |
| Inspections  | 1,425                        | 1,217   | 2,173             | 2,516   | 2,203   | 2,742   | 2,865   | 3,274   | 2,498   | 2,969   |
| <b>Corrections:</b>                                    |                              |         |                   |         |         |         |         |         |         |         |
| Average daily prison population                        | 287                          | 308     | 320               | 340     | 348     | 304     | 284     | 285     | 319     | 318     |
| <b>Public Works</b>                                    |                              |         |                   |         |         |         |         |         |         |         |
| <b>Inspections, licenses and permits:</b>              |                              |         |                   |         |         |         |         |         |         |         |
| Construction permits issued                            | 5,047                        | 5,249   | 5,583             | 6,293   | 6,007   | 6,379   | 7,145   | 6,599   | 5,575   | 5,249   |
| <b>Environmental services:</b>                         |                              |         |                   |         |         |         |         |         |         |         |
| Refuse collected (tons per year)                       | 102,492                      | 103,749 | 102,249           | 101,912 | 103,120 | 115,941 | 103,719 | 109,313 | 109,397 | 118,247 |
| Recyclables collected (tons per year)                  | 61,993                       | 63,100  | 64,619            | 61,974  | 58,197  | 55,704  | 57,815  | 67,006  | 59,024  | 59,689  |
| <b>Recreation and parks</b>                            |                              |         |                   |         |         |         |         |         |         |         |
| Programs operated                                      | 4,328                        | 3,998   | 4,479             | 5,723   | 6,792   | 7,250   | 7,324   | 6,562   | 7,441   | 6,746   |
| Registrations processed                                | 113,354                      | 85,598  | 84,420            | 89,345  | 102,305 | 103,731 | 105,522 | 77,682  | 80,410  | 105,826 |
| <b>Legislative and judicial</b>                        |                              |         |                   |         |         |         |         |         |         |         |
| Circuit court cases filed                              | 957                          | 985     | 1,021             | 1,007   | 1,057   | 1,064   | 1,238   | 1,203   | 1,069   | 1,198   |
| District court cases filed                             | 13,193                       | 13,379  | 13,867            | 12,685  | 10,730  | 9,296   | 9,527   | 10,131  | 9,346   | 11,055  |
| <b>Community services</b>                              |                              |         |                   |         |         |         |         |         |         |         |
| 50+ centers operated (a)                               | 9                            | 9       | 7                 | 7       | 7       | 7       | 7       | 7       | 7       | 7       |
| Consumer affairs - cases closed                        | 225                          | 210     | 278               | 246     | 319     | 282     | 287     | 271     | 313     | 295     |
| Community service partnership grants                   | 36                           | 33      | 33                | 28      | 28      | 30      | 30      | 29      | 29      | 32      |
| Assisted living monitoring visits                      | 172                          | 418     | 183               | 205     | 543     | 461     | 535     | 622     | 774     | 876     |
| <b>Water and sewer</b>                                 |                              |         |                   |         |         |         |         |         |         |         |
| Water main breaks                                      | 185                          | 174     | 172               | 189     | 176     | 186     | 170     | 119     | 275     | 156     |
| Average daily water consumption (thousands of gallons) | 23,910                       | 24,930  | 22,610            | 22,370  | 23,580  | 21,870  | 22,100  | 23,600  | 23,470  | 24,016  |
| Number of water customers                              | 70,646                       | 70,062  | 72,229            | 73,121  | 74,153  | 74,991  | 74,206  | 75,266  | 75,933  | 76,586  |
| Average daily sewage treatment (thousands of gallons)  | 26,530                       | 24,628  | 26,350            | 26,860  | 26,980  | 27,500  | 27,660  | 24,880  | 24,850  | 29,100  |
| Number of sewer customers                              | 66,862                       | 68,163  | 68,872            | 69,727  | 70,714  | 71,547  | 72,474  | 73,537  | 74,215  | 74,872  |
| <b>Golf course</b>                                     |                              |         |                   |         |         |         |         |         |         |         |
| Rounds played  | 35,525                       | 34,309  | 36,142            | 35,432  | 34,197  | 31,260  | 31,271  | 23,003  | 30,196  | 31,997  |

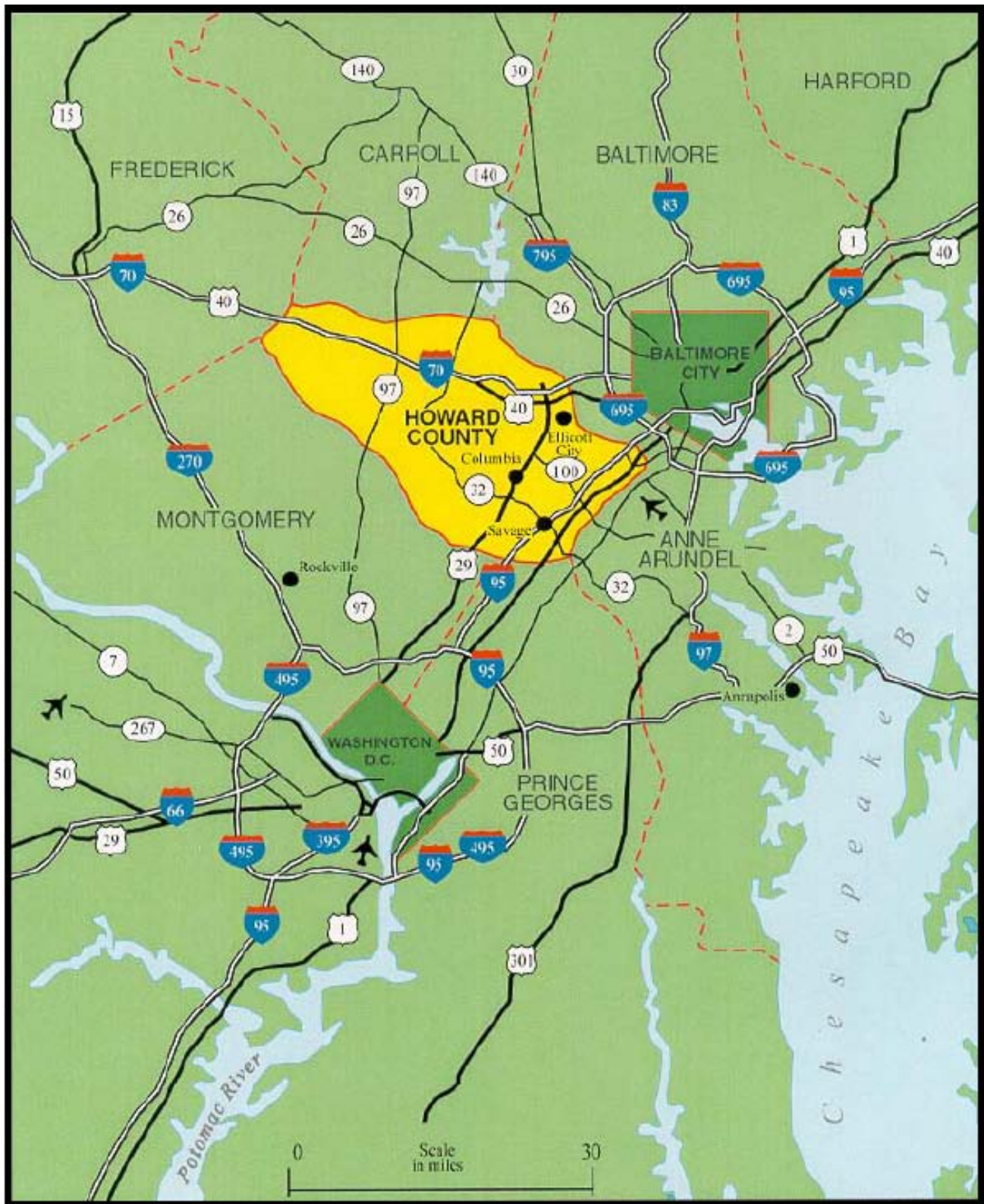
Sources: Various Howard County Departments

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

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



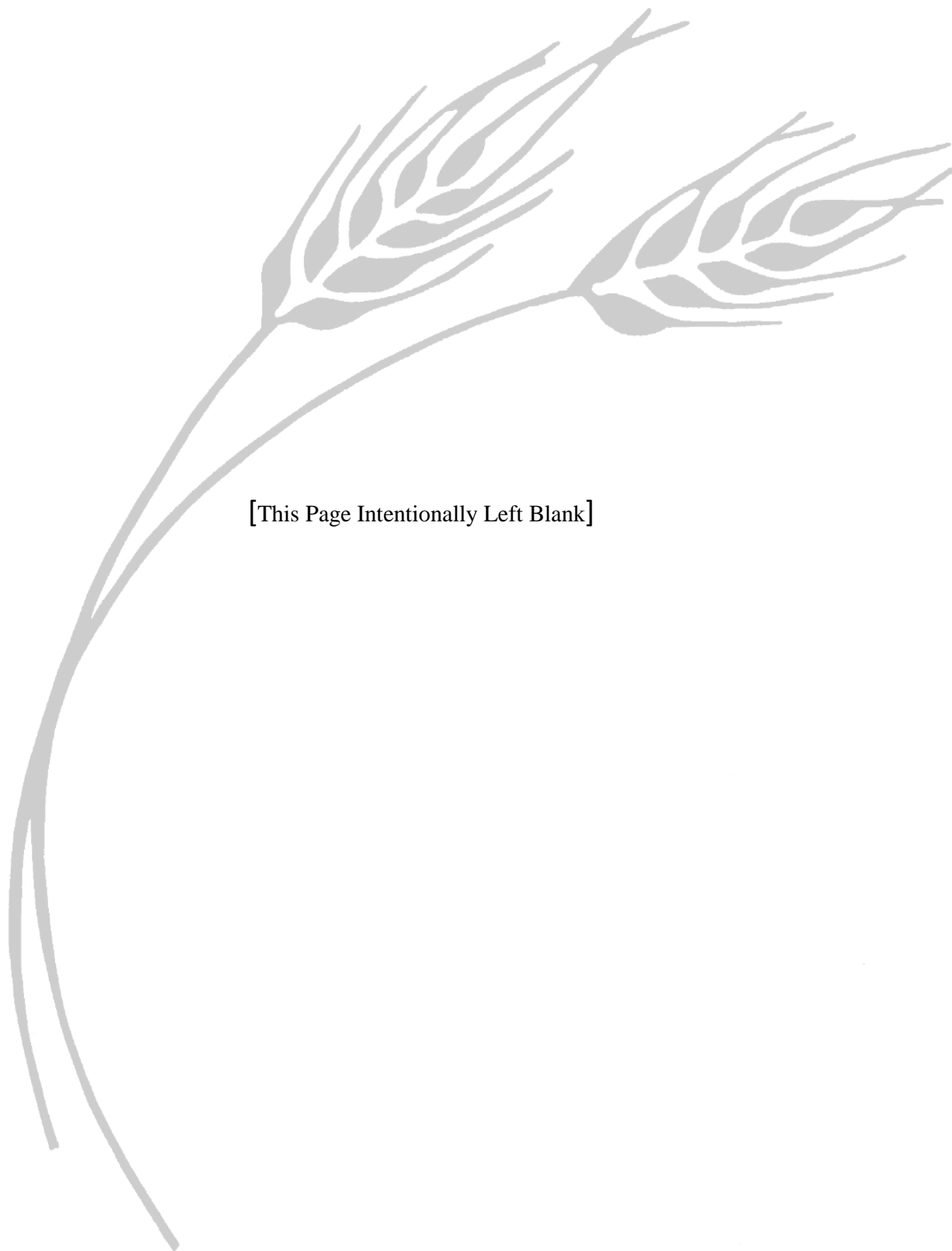
# Howard County Regional Location





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



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## Appendix B

### Forms of Bond Counsel Opinions

[Closing Date]

County Executive and County Council  
of Howard County, Maryland  
3430 Court House Drive  
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the “County”) of its Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt) (the “Bonds”).

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (collectively, the “Enabling Law”), Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (the “Consolidating Act”), the County Charter (the “Charter”), certain bond enabling ordinances of the County Council of the County (the “Enabling Ordinances”), Council Bill No. 44-2019 enacted during the 2019 Legislative Session (the “Bond Ordinance”), and Executive Order No. 2020-\_\_, executed and delivered on \_\_\_\_\_, 2020 (the “Executive Order”).

In rendering this opinion, we have relied without investigation on the County’s Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, and under existing statutes, regulations, and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Charter, the Consolidating Act, the Enabling Ordinances, the Bond Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes unlimited as to rate and amount upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, any of its political subdivision, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), there are certain restrictions that must be met subsequent to the delivery of the

Bonds, including restrictions that must be complied with throughout the term of the issue of bonds of which the Bonds are a part in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the issue of bonds of which the Bonds are a part and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the issue of bonds of which the Bonds are a part and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest income on the Bonds will be includable in the applicable tax base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

We express no opinion with respect to any other federal or state tax consequences under the present law or any proposed legislation resulting from the receipt of interest on, or the acquisition or disposal of the Bonds.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

[Closing Date]

County Executive and County Council  
of Howard County, Maryland  
3430 Court House Drive  
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the “County”) of its Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt) (the “Bonds”).

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (collectively, the “Enabling Law”), the County Charter (the “Charter”), Chapter 991 of the Acts of the General Assembly of Maryland of 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended (collectively, the “Acts”), certain bond enabling ordinances of the County Council of the County (the “Enabling Ordinances”), Council Bill No. 44-2019 enacted during the 2019 Legislative Session (the “Bond Ordinance”), and Executive Order No. 2020-\_\_, executed and delivered on \_\_\_\_\_, 2020 (the “Executive Order”).

In rendering this opinion, we have relied without investigation on the County’s Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, and under existing statutes, regulations and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Charter, the Acts, the Enabling Ordinances, the Bond Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, payable primarily from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all taxable property within the Metropolitan District of the County, together with benefit assessments and other available funds, but if not so paid, are payable as to both principal and interest, as general obligations, ultimately from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange shall be exempt from taxation of any kind by the State of Maryland, any of its political subdivision, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances;

(ii) other requirements applicable to the investment of the proceeds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the issue of bonds of which the Bonds are a part and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the issue of bonds of which the Bonds are a part and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest income on the Bonds will be includable in the applicable tax base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

We express no opinion with respect to any other federal or state tax consequences under the present law or any proposed legislation resulting from the receipt of interest on, or the acquisition or disposal of the Bonds.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

[Closing Date]

County Executive and County Council  
of Howard County, Maryland  
3430 Court House Drive  
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the "County") of its Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable) (the "Bonds").

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (collectively, the "Enabling Law"), Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (the "Refunding Act"), Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume, 2019 Supplement) ("Section 19-101"), the County Charter (the "Charter"), certain bond enabling ordinances of the County Council of the County (the "Enabling Ordinances"), Council Bill No. 44-2019 enacted during the 2019 Legislative Session (the "Bond Ordinance"), Council Bill No. 45-2019 enacted during the 2019 Legislative Session (the "Refunding Ordinance") and Executive Order No. 2020-\_\_\_\_, executed and delivered on \_\_\_\_\_, 2020 (the "Executive Order").

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, and under existing statutes, regulations, and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Refunding Act, Section 19-101, the Charter, the Enabling Ordinances, the Bond Ordinance, the Refunding Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes unlimited as to rate and amount upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) Interest on the Bonds, and profit realized from their sale or exchange, will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Interest on the Bonds will be includable in gross income for federal income tax purposes.

We express no opinion with respect to any other federal or state tax consequences under the present law or any proposed legislation resulting from the receipt of interest on, or the acquisition or disposal of the Bonds.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

[Closing Date]

County Executive and County Council  
of Howard County, Maryland  
3430 Court House Drive  
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the “County”) of its Metropolitan District Refunding Bonds, 2020 Series D (Taxable) (the “Bonds”).

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of \$5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (collectively, the “Enabling Law”), Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2019 Supplement) (the “Refunding Act”), the County Charter (the “Charter”), Chapter 991 of the Acts of the General Assembly of Maryland of 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended (collectively, the “Acts”), certain bond enabling ordinances of the County Council of the County (the “Enabling Ordinances”), Council Bill No. 45-2019 enacted during the 2019 Legislative Session (the “Refunding Ordinance”) and Executive Order No. 2020-\_\_\_, executed and delivered on \_\_\_\_\_, 2020 (the “Executive Order”).

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, and under existing statutes, regulations, and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Refunding Act, the Charter, the Acts, the Enabling Ordinances, the Refunding Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, payable primarily from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all taxable property within the Metropolitan District of the County, together with benefit assessments and other available funds, but if not so paid, are payable as to both principal and interest, as general obligations, ultimately from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

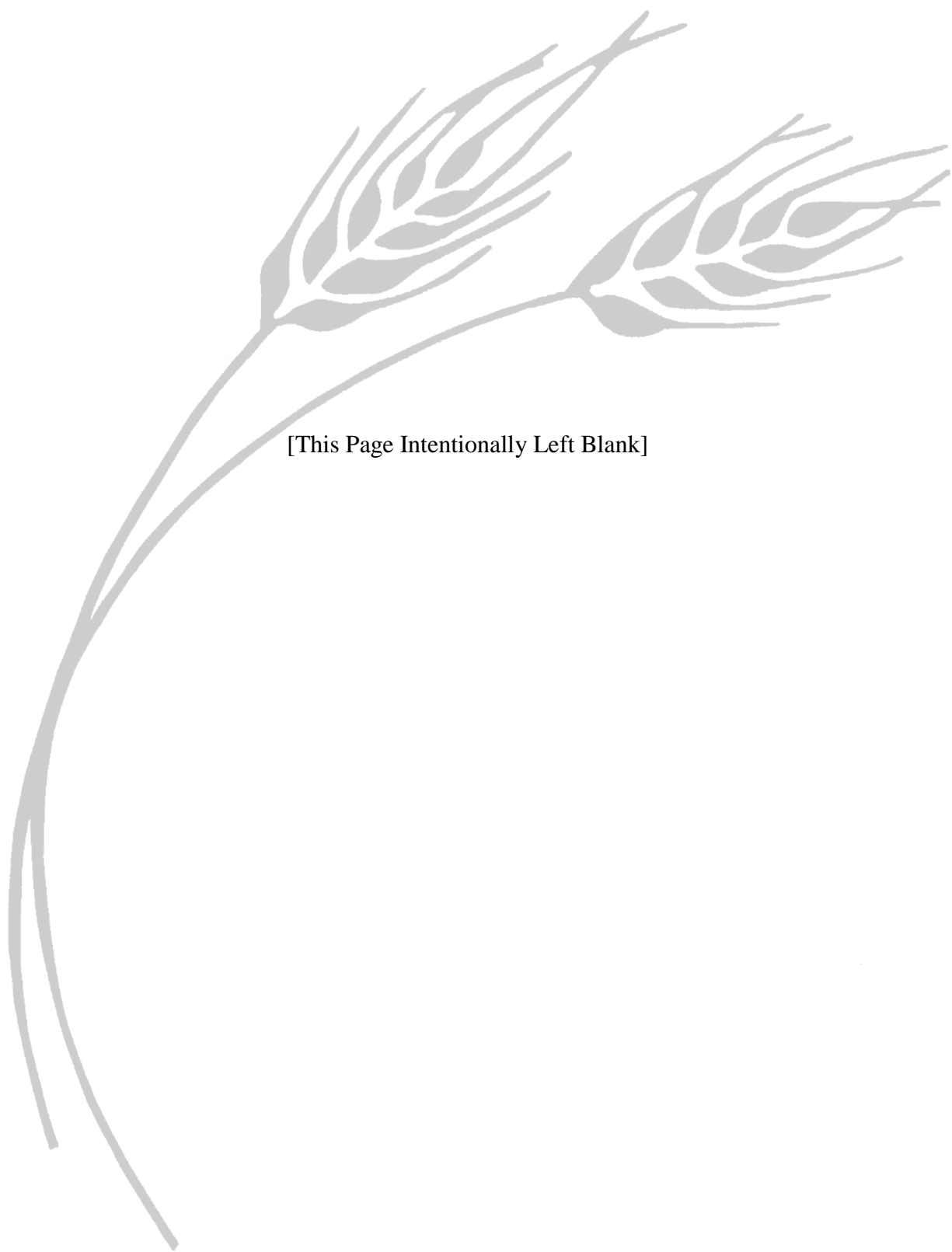
(d) Interest on the Bonds, and profit realized from their sale or exchange, will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Interest on the Bonds will be includable in gross income for federal income tax purposes.

We express no opinion with respect to any other federal or state tax consequences under the present law or any proposed legislation resulting from the receipt of interest on, or the acquisition or disposal of the Bonds.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,



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## Appendix C

# Continuing Disclosure Agreement

This **CONTINUING DISCLOSURE AGREEMENT** (the “Disclosure Agreement”) is executed and delivered by Howard County, Maryland (the “County”) in connection with the issuance of its Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt), its Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt), its Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable) and its Metropolitan District Refunding Bonds, 2020 Series D (Taxable) (collectively, the “Bonds”). The County, intending to be legally bound hereby and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

### Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the County for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

### Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Dissemination Agent**” shall mean the County, acting as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County.

“**EMMA**” shall mean Electronic Municipal Market Access System maintained by the MSRB.

“**Financial Obligation**” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Listed Events**” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“**Participating Underwriter**” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State**” shall mean the State of Maryland.

### Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The County shall provide to the MSRB annual financial information and operating data set forth in the “Financial Information” Section of the Official Statement under the heading “Total Property Tax Levies and Collections,” and information regarding assessed accrual value of and county direct tax rate on real and personal property set forth in the “Financial Information” section of the Official Statement under the heading “Assessed Values, Tax Rates and Tax Levies”, each to be updated as of the end of the preceding fiscal year, utilizing the same accounting principles as were used in preparing such information for the Official Statement subject to changes in Generally Accepted Accounting Principles, and shall be made available within 275 days after the end of the County’s fiscal year.

(b) The County shall provide to the MSRB annual audited financial statements for the County, such information to be made available within 275 days after the end of the County's fiscal year, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County's fiscal year, the County will provide unaudited financial statements within said time period.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds, provided that the County may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 7 hereof. Changes in Generally Accepted Accounting Principles, where applicable to financial information to be provided by the County, shall not require the County to amend this Disclosure Agreement.

(d) If the County is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the County shall send in a timely manner a notice of such failure to the MSRB.

#### **Section 4. Reporting of Significant Events.**

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County;<sup>1</sup>
- (13) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (14) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of

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<sup>1</sup> For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County

business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect bondholders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflects financial difficulties.

(b) In a timely manner, not in excess of ten business days after the occurrence of an event listed in Section 4(a) above, the County shall file a notice of such occurrence with the MSRB.

#### **Section 5. Filing with EMMA.**

Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by identifying information as prescribed by the MSRB.

#### **Section 6. Termination of Reporting Obligation.**

The County obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of Securities and Exchange Commission Rule 15c2-12.

#### **Section 7. Amendment.**

The County may provide further or additional assurances that will become part of the County's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion provided that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County as the obligated person with respect to the Bonds, or type of business conducted; (ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined either by counsel selected by the County that is expert in federal securities law matters, or by an approving vote of the holders of 25% of the outstanding aggregate principal amount of Bonds. The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

#### **Section 8. Additional Information.**

Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event.

#### **Section 9. Dissemination Agent.**

The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

**Section 10. Law of Maryland.**

This Disclosure Agreement, and any claim made with respect to the performance by the County of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State.

**Section 11. Limitation of Forum.**

Any suit or other proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court of Howard County, Maryland.

**Section 12. Limitation on Remedies.**

The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under the Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to the Director of Finance at 3540 Court House Drive, Ellicott City, Maryland 21043 or at such alternate address as shall be specified by the County with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

**Section 13. Relationship to Bonds.**

This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Bonds; any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

**Section 14. Beneficiaries.**

This Disclosure Agreement shall inure solely to the benefit of the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed on behalf of Howard County, Maryland by the Director of Finance, as of this \_\_\_\_ day of \_\_\_\_\_, 2020.

HOWARD COUNTY, MARYLAND

By: \_\_\_\_\_  
Janet R. Irvin  
Director of Finance

## Appendix D

# Bond Amortization Tables

**\$117,230,000 Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt)**

| <b>Date</b>  | <b>Principal Maturity</b> | <b>Interest Rate</b> | <b>Semiannual Interest</b> | <b>Semiannual Debt Service</b> | <b>Annual Debt Service</b> |
|--------------|---------------------------|----------------------|----------------------------|--------------------------------|----------------------------|
| 8/15/2020    | \$ 4,705,000              | 5.000%               | \$ 1,468,516               | \$ 6,173,516                   |                            |
| 2/15/2021    |                           |                      | 2,579,650                  | 2,579,650                      | \$ 8,753,166               |
| 8/15/2021    | 3,685,000                 | 5.000%               | 2,579,650                  | 6,264,650                      |                            |
| 2/15/2022    |                           |                      | 2,487,525                  | 2,487,525                      | 8,752,175                  |
| 8/15/2022    | 3,875,000                 | 5.000%               | 2,487,525                  | 6,362,525                      |                            |
| 2/15/2023    |                           |                      | 2,390,650                  | 2,390,650                      | 8,753,175                  |
| 8/15/2023    | 4,075,000                 | 5.000%               | 2,390,650                  | 6,465,650                      |                            |
| 2/15/2024    |                           |                      | 2,288,775                  | 2,288,775                      | 8,754,425                  |
| 8/15/2024    | 4,285,000                 | 5.000%               | 2,288,775                  | 6,573,775                      |                            |
| 2/15/2025    |                           |                      | 2,181,650                  | 2,181,650                      | 8,755,425                  |
| 8/15/2025    | 4,505,000                 | 5.000%               | 2,181,650                  | 6,686,650                      |                            |
| 2/15/2026    |                           |                      | 2,069,025                  | 2,069,025                      | 8,755,675                  |
| 8/15/2026    | 4,735,000                 | 5.000%               | 2,069,025                  | 6,804,025                      |                            |
| 2/15/2027    |                           |                      | 1,950,650                  | 1,950,650                      | 8,754,675                  |
| 8/15/2027    | 4,975,000                 | 5.000%               | 1,950,650                  | 6,925,650                      |                            |
| 2/15/2028    |                           |                      | 1,826,275                  | 1,826,275                      | 8,751,925                  |
| 8/15/2028    | 5,230,000                 | 5.000%               | 1,826,275                  | 7,056,275                      |                            |
| 2/15/2029    |                           |                      | 1,695,525                  | 1,695,525                      | 8,751,800                  |
| 8/15/2029    | 5,500,000                 | 5.000%               | 1,695,525                  | 7,195,525                      |                            |
| 2/15/2030    |                           |                      | 1,558,025                  | 1,558,025                      | 8,753,550                  |
| 8/15/2030    | 5,780,000                 | 5.000%               | 1,558,025                  | 7,338,025                      |                            |
| 2/15/2031    |                           |                      | 1,413,525                  | 1,413,525                      | 8,751,550                  |
| 8/15/2031    | 6,080,000                 | 5.000%               | 1,413,525                  | 7,493,525                      |                            |
| 2/15/2032    |                           |                      | 1,261,525                  | 1,261,525                      | 8,755,050                  |
| 8/15/2032    | 6,390,000                 | 5.000%               | 1,261,525                  | 7,651,525                      |                            |
| 2/15/2033    |                           |                      | 1,101,775                  | 1,101,775                      | 8,753,300                  |
| 8/15/2033    | 6,715,000                 | 5.000%               | 1,101,775                  | 7,816,775                      |                            |
| 2/15/2034    |                           |                      | 933,900                    | 933,900                        | 8,750,675                  |
| 8/15/2034    | 7,025,000                 | 4.000%               | 933,900                    | 7,958,900                      |                            |
| 2/15/2035    |                           |                      | 793,400                    | 793,400                        | 8,752,300                  |
| 8/15/2035    | 7,315,000                 | 4.000%               | 793,400                    | 8,108,400                      |                            |
| 2/15/2036    |                           |                      | 647,100                    | 647,100                        | 8,755,500                  |
| 8/15/2036    | 7,610,000                 | 4.000%               | 647,100                    | 8,257,100                      |                            |
| 2/15/2037    |                           |                      | 494,900                    | 494,900                        | 8,752,000                  |
| 8/15/2037    | 7,920,000                 | 4.000%               | 494,900                    | 8,414,900                      |                            |
| 2/15/2038    |                           |                      | 336,500                    | 336,500                        | 8,751,400                  |
| 8/15/2038    | 8,245,000                 | 4.000%               | 336,500                    | 8,581,500                      |                            |
| 2/15/2039    |                           |                      | 171,600                    | 171,600                        | 8,753,100                  |
| 8/15/2039    | 8,580,000                 | 4.000%               | 171,600                    | 8,751,600                      |                            |
| 2/15/2040    |                           |                      | -                          | -                              | 8,751,600                  |
| <b>TOTAL</b> | <b>\$117,230,000</b>      |                      | <b>\$57,832,466</b>        | <b>\$175,062,466</b>           | <b>\$175,062,466</b>       |

**\$51,130,000 Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt)**

| <b>Date</b>  | <b>Principal</b>    | <b>Maturity</b> | <b>Interest Rate</b> | <b>Semiannual Interest</b> | <b>Semiannual Debt Service</b> | <b>Annual Debt Service</b> |
|--------------|---------------------|-----------------|----------------------|----------------------------|--------------------------------|----------------------------|
| 8/15/2020    | \$                  | 1,260,000       | 5.000%               | \$ 530,316                 | \$ 1,790,316                   |                            |
| 2/15/2021    |                     |                 |                      | 942,550                    | 942,550                        | \$ 2,732,866               |
| 8/15/2021    |                     | 870,000         | 5.000%               | 942,550                    | 1,812,550                      |                            |
| 2/15/2022    |                     |                 |                      | 920,800                    | 920,800                        | 2,733,350                  |
| 8/15/2022    |                     | 915,000         | 5.000%               | 920,800                    | 1,835,800                      |                            |
| 2/15/2023    |                     |                 |                      | 897,925                    | 897,925                        | 2,733,725                  |
| 8/15/2023    |                     | 960,000         | 5.000%               | 897,925                    | 1,857,925                      |                            |
| 2/15/2024    |                     |                 |                      | 873,925                    | 873,925                        | 2,731,850                  |
| 8/15/2024    |                     | 1,010,000       | 5.000%               | 873,925                    | 1,883,925                      |                            |
| 2/15/2025    |                     |                 |                      | 848,675                    | 848,675                        | 2,732,600                  |
| 8/15/2025    |                     | 1,060,000       | 5.000%               | 848,675                    | 1,908,675                      |                            |
| 2/15/2026    |                     |                 |                      | 822,175                    | 822,175                        | 2,730,850                  |
| 8/15/2026    |                     | 1,115,000       | 5.000%               | 822,175                    | 1,937,175                      |                            |
| 2/15/2027    |                     |                 |                      | 794,300                    | 794,300                        | 2,731,475                  |
| 8/15/2027    |                     | 1,175,000       | 5.000%               | 794,300                    | 1,969,300                      |                            |
| 2/15/2028    |                     |                 |                      | 764,925                    | 764,925                        | 2,734,225                  |
| 8/15/2028    |                     | 1,235,000       | 5.000%               | 764,925                    | 1,999,925                      |                            |
| 2/15/2029    |                     |                 |                      | 734,050                    | 734,050                        | 2,733,975                  |
| 8/15/2029    |                     | 1,300,000       | 5.000%               | 734,050                    | 2,034,050                      |                            |
| 2/15/2030    |                     |                 |                      | 701,550                    | 701,550                        | 2,735,600                  |
| 8/15/2030    |                     | 1,365,000       | 5.000%               | 701,550                    | 2,066,550                      |                            |
| 2/15/2031    |                     |                 |                      | 667,425                    | 667,425                        | 2,733,975                  |
| 8/15/2031    |                     | 1,435,000       | 5.000%               | 667,425                    | 2,102,425                      |                            |
| 2/15/2032    |                     |                 |                      | 631,550                    | 631,550                        | 2,733,975                  |
| 8/15/2032    |                     | 1,510,000       | 5.000%               | 631,550                    | 2,141,550                      |                            |
| 2/15/2033    |                     |                 |                      | 593,800                    | 593,800                        | 2,735,350                  |
| 8/15/2033    |                     | 1,585,000       | 5.000%               | 593,800                    | 2,178,800                      |                            |
| 2/15/2034    |                     |                 |                      | 554,175                    | 554,175                        | 2,732,975                  |
| 8/15/2034    |                     | 1,665,000       | 5.000%               | 554,175                    | 2,219,175                      |                            |
| 2/15/2035    |                     |                 |                      | 512,550                    | 512,550                        | 2,731,725                  |
| 8/15/2035    |                     | 1,735,000       | 3.000%               | 512,550                    | 2,247,550                      |                            |
| 2/15/2036    |                     |                 |                      | 486,525                    | 486,525                        | 2,734,075                  |
| 8/15/2036    |                     | 1,785,000       | 3.000%               | 486,525                    | 2,271,525                      |                            |
| 2/15/2037    |                     |                 |                      | 459,750                    | 459,750                        | 2,731,275                  |
| 8/15/2037    |                     | 1,840,000       | 3.000%               | 459,750                    | 2,299,750                      |                            |
| 2/15/2038    |                     |                 |                      | 432,150                    | 432,150                        | 2,731,900                  |
| 8/15/2038    |                     | 1,895,000       | 3.000%               | 432,150                    | 2,327,150                      |                            |
| 2/15/2039    |                     |                 |                      | 403,725                    | 403,725                        | 2,730,875                  |
| 8/15/2039    |                     | 1,955,000       | 3.000%               | 403,725                    | 2,358,725                      |                            |
| 2/15/2040    |                     |                 |                      | 374,400                    | 374,400                        | 2,733,125                  |
| 8/15/2040    |                     | 2,015,000       | 3.000%               | 374,400                    | 2,389,400                      |                            |
| 2/15/2041    |                     |                 |                      | 344,175                    | 344,175                        | 2,733,575                  |
| 8/15/2041    |                     | 2,080,000       | *                    | 344,175                    | 2,424,175                      |                            |
| 2/15/2042    |                     |                 |                      | 308,825                    | 308,825                        | 2,733,000                  |
| 8/15/2042    |                     | 2,150,000       | *                    | 308,825                    | 2,458,825                      |                            |
| 2/15/2043    |                     |                 |                      | 272,275                    | 272,275                        | 2,731,100                  |
| 8/15/2043    |                     | 2,225,000       | *                    | 272,275                    | 2,497,275                      |                            |
| 2/15/2044    |                     |                 |                      | 234,400                    | 234,400                        | 2,731,675                  |
| 8/15/2044    |                     | 2,305,000       | *                    | 234,400                    | 2,539,400                      |                            |
| 2/15/2045    |                     |                 |                      | 195,150                    | 195,150                        | 2,734,550                  |
| 8/15/2045    |                     | 2,385,000       | *                    | 195,150                    | 2,580,150                      |                            |
| 2/15/2046    |                     |                 |                      | 154,500                    | 154,500                        | 2,734,650                  |
| 8/15/2046    |                     | 2,460,000       | 3.000%               | 154,500                    | 2,614,500                      |                            |
| 2/15/2047    |                     |                 |                      | 117,600                    | 117,600                        | 2,732,100                  |
| 8/15/2047    |                     | 2,535,000       | 3.000%               | 117,600                    | 2,652,600                      |                            |
| 2/15/2048    |                     |                 |                      | 79,575                     | 79,575                         | 2,732,175                  |
| 8/15/2048    |                     | 2,615,000       | 3.000%               | 79,575                     | 2,694,575                      |                            |
| 2/15/2049    |                     |                 |                      | 40,350                     | 40,350                         | 2,734,925                  |
| 8/15/2049    |                     | 2,690,000       | 3.000%               | 40,350                     | 2,730,350                      |                            |
| 2/15/2050    |                     |                 |                      | -                          | -                              | 2,730,350                  |
| <b>TOTAL</b> | <b>\$51,130,000</b> |                 |                      | <b>\$30,857,866</b>        | <b>\$81,987,866</b>            | <b>\$81,987,866</b>        |

\*Interest rates for the Metropolitan District Bonds Mandatory Sinking Fund Redemptions maturing on August 15, 2045 and 2049 are 4.00% and 3.00% respectively.

**\$63,050,000 Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable)**

| <b>Date</b>  | <b>Principal Maturity</b> | <b>Interest Rate</b> | <b>Semiannual Interest</b> | <b>Semiannual Debt Service</b> | <b>Annual Debt Service</b> |
|--------------|---------------------------|----------------------|----------------------------|--------------------------------|----------------------------|
| 8/15/2020    | \$ 220,000                | 1.224%               | \$ 275,882                 | \$ 495,882                     |                            |
| 2/15/2021    |                           |                      | 505,375                    | 505,375                        | \$ 1,001,257               |
| 8/15/2021    | 200,000                   | 1.224%               | 505,375                    | 705,375                        |                            |
| 2/15/2022    |                           |                      | 504,151                    | 504,151                        | 1,209,527                  |
| 8/15/2022    | 10,615,000                | 1.224%               | 504,151                    | 11,119,151                     |                            |
| 2/15/2023    |                           |                      | 439,187                    | 439,187                        | 11,558,339                 |
| 8/15/2023    | 13,070,000                | 1.337%               | 439,187                    | 13,509,187                     |                            |
| 2/15/2024    |                           |                      | 351,815                    | 351,815                        | 13,861,002                 |
| 8/15/2024    | 10,540,000                | 1.454%               | 351,815                    | 10,891,815                     |                            |
| 2/15/2025    |                           |                      | 275,189                    | 275,189                        | 11,167,003                 |
| 8/15/2025    | 6,810,000                 | 1.554%               | 275,189                    | 7,085,189                      |                            |
| 2/15/2026    |                           |                      | 222,275                    | 222,275                        | 7,307,464                  |
| 8/15/2026    | 3,090,000                 | 1.763%               | 222,275                    | 3,312,275                      |                            |
| 2/15/2027    |                           |                      | 195,037                    | 195,037                        | 3,507,312                  |
| 8/15/2027    | 3,150,000                 | 1.913%               | 195,037                    | 3,345,037                      |                            |
| 2/15/2028    |                           |                      | 164,907                    | 164,907                        | 3,509,944                  |
| 8/15/2028    | 3,215,000                 | 1.960%               | 164,907                    | 3,379,907                      |                            |
| 2/15/2029    |                           |                      | 133,400                    | 133,400                        | 3,513,307                  |
| 8/15/2029    | 3,275,000                 | 1.990%               | 133,400                    | 3,408,400                      |                            |
| 2/15/2030    |                           |                      | 100,814                    | 100,814                        | 3,509,214                  |
| 8/15/2030    | 3,345,000                 | 2.060%               | 100,814                    | 3,445,814                      |                            |
| 2/15/2031    |                           |                      | 66,360                     | 66,360                         | 3,512,174                  |
| 8/15/2031    | 3,415,000                 | 2.160%               | 66,360                     | 3,481,360                      |                            |
| 2/15/2032    |                           |                      | 29,478                     | 29,478                         | 3,510,838                  |
| 8/15/2032    | 240,000                   | 2.310%               | 29,478                     | 269,478                        |                            |
| 2/15/2033    |                           |                      | 26,706                     | 26,706                         | 296,184                    |
| 8/15/2033    | 245,000                   | 2.410%               | 26,706                     | 271,706                        |                            |
| 2/15/2034    |                           |                      | 23,754                     | 23,754                         | 295,460                    |
| 8/15/2034    | 250,000                   | 2.510%               | 23,754                     | 273,754                        |                            |
| 2/15/2035    |                           |                      | 20,616                     | 20,616                         | 294,370                    |
| 8/15/2035    | 260,000                   | 2.590%               | 20,616                     | 280,616                        |                            |
| 2/15/2036    |                           |                      | 17,249                     | 17,249                         | 297,866                    |
| 8/15/2036    | 265,000                   | 3.108%               | 17,249                     | 282,249                        |                            |
| 2/15/2037    |                           |                      | 13,131                     | 13,131                         | 295,381                    |
| 8/15/2037    | 275,000                   | 3.108%               | 13,131                     | 288,131                        |                            |
| 2/15/2038    |                           |                      | 8,858                      | 8,858                          | 296,989                    |
| 8/15/2038    | 280,000                   | 3.108%               | 8,858                      | 288,858                        |                            |
| 2/15/2039    |                           |                      | 4,507                      | 4,507                          | 293,364                    |
| 8/15/2039    | 290,000                   | 3.108%               | 4,507                      | 294,507                        |                            |
| 2/15/2040    |                           |                      | -                          | -                              | 294,507                    |
| <b>TOTAL</b> | <b>\$63,050,000</b>       |                      | <b>\$6,481,500</b>         | <b>\$69,531,500</b>            | <b>\$69,531,500</b>        |

**\$24,060,000 Metropolitan District Refunding Bonds, 2020 Series D (Taxable)**

| <b>Date</b>  | <b>Principal Maturity</b> | <b>Interest Rate</b> | <b>Semiannual Interest</b> | <b>Semiannual Debt Service</b> | <b>Annual Debt Service</b> |
|--------------|---------------------------|----------------------|----------------------------|--------------------------------|----------------------------|
| 8/15/2020    | \$ 275,000                | 1.224%               | \$ 145,679                 | \$ 420,679                     |                            |
| 2/15/2021    |                           |                      | 265,891                    | 265,891                        | \$ 686,571                 |
| 8/15/2021    | 580,000                   | 1.224%               | 265,891                    | 845,891                        |                            |
| 2/15/2022    |                           |                      | 262,342                    | 262,342                        | 1,108,233                  |
| 8/15/2022    | 735,000                   | 1.224%               | 262,342                    | 997,342                        |                            |
| 2/15/2023    |                           |                      | 257,844                    | 257,844                        | 1,255,186                  |
| 8/15/2023    | 1,075,000                 | 1.337%               | 257,844                    | 1,332,844                      |                            |
| 2/15/2024    |                           |                      | 250,657                    | 250,657                        | 1,583,501                  |
| 8/15/2024    | 950,000                   | 1.454%               | 250,657                    | 1,200,657                      |                            |
| 2/15/2025    |                           |                      | 243,751                    | 243,751                        | 1,444,408                  |
| 8/15/2025    | 970,000                   | 1.554%               | 243,751                    | 1,213,751                      |                            |
| 2/15/2026    |                           |                      | 236,214                    | 236,214                        | 1,449,965                  |
| 8/15/2026    | 960,000                   | 1.763%               | 236,214                    | 1,196,214                      |                            |
| 2/15/2027    |                           |                      | 227,752                    | 227,752                        | 1,423,965                  |
| 8/15/2027    | 740,000                   | 1.913%               | 227,752                    | 967,752                        |                            |
| 2/15/2028    |                           |                      | 220,673                    | 220,673                        | 1,188,425                  |
| 8/15/2028    | 670,000                   | 1.960%               | 220,673                    | 890,673                        |                            |
| 2/15/2029    |                           |                      | 214,107                    | 214,107                        | 1,104,781                  |
| 8/15/2029    | 1,375,000                 | 1.990%               | 214,107                    | 1,589,107                      |                            |
| 2/15/2030    |                           |                      | 200,426                    | 200,426                        | 1,789,534                  |
| 8/15/2030    | 1,495,000                 | 2.060%               | 200,426                    | 1,695,426                      |                            |
| 2/15/2031    |                           |                      | 185,028                    | 185,028                        | 1,880,454                  |
| 8/15/2031    | 1,530,000                 | 2.160%               | 185,028                    | 1,715,028                      |                            |
| 2/15/2032    |                           |                      | 168,504                    | 168,504                        | 1,883,531                  |
| 8/15/2032    | 1,390,000                 | 2.310%               | 168,504                    | 1,558,504                      |                            |
| 2/15/2033    |                           |                      | 152,449                    | 152,449                        | 1,710,953                  |
| 8/15/2033    | 2,705,000                 | 2.410%               | 152,449                    | 2,857,449                      |                            |
| 2/15/2034    |                           |                      | 119,854                    | 119,854                        | 2,977,303                  |
| 8/15/2034    | 2,615,000                 | 2.510%               | 119,854                    | 2,734,854                      |                            |
| 2/15/2035    |                           |                      | 87,036                     | 87,036                         | 2,821,890                  |
| 8/15/2035    | 2,685,000                 | 2.590%               | 87,036                     | 2,772,036                      |                            |
| 2/15/2036    |                           |                      | 52,265                     | 52,265                         | 2,824,301                  |
| 8/15/2036    | 510,000                   | 3.158%               | 52,265                     | 562,265                        |                            |
| 2/15/2037    |                           |                      | 44,212                     | 44,212                         | 606,477                    |
| 8/15/2037    | 525,000                   | 3.158%               | 44,212                     | 569,212                        |                            |
| 2/15/2038    |                           |                      | 35,922                     | 35,922                         | 605,134                    |
| 8/15/2038    | 540,000                   | 3.158%               | 35,922                     | 575,922                        |                            |
| 2/15/2039    |                           |                      | 27,396                     | 27,396                         | 603,318                    |
| 8/15/2039    | 560,000                   | 3.158%               | 27,396                     | 587,396                        |                            |
| 2/15/2040    |                           |                      | 18,553                     | 18,553                         | 605,949                    |
| 8/15/2040    | 580,000                   | 3.158%               | 18,553                     | 598,553                        |                            |
| 2/15/2041    |                           |                      | 9,395                      | 9,395                          | 607,948                    |
| 8/15/2041    | 595,000                   | 3.158%               | 9,395                      | 604,395                        |                            |
| 2/15/2042    |                           |                      | -                          | -                              | 604,395                    |
| <b>TOTAL</b> | <b>\$24,060,000</b>       |                      | <b>\$6,706,221</b>         | <b>\$30,766,221</b>            | <b>\$30,766,221</b>        |





## Official Statement

\$117,230,000 Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt)

\$51,130,000 Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt)

\$63,050,000 Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable)

\$24,060,000 Metropolitan District Refunding Bonds, 2020 Series D (Taxable)



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