OFFICIAL STATEMENT DATED FEBRUARY 23, 2010

New Issue – Book-Entry Only

Under existing law, 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 at all times from every kind and nature of taxation by the State of Maryland or by the political subdivisions, municipal corporations or public agencies of any kind of the State of Maryland. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest therefrom. 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 and interest on the Taxable Bonds will be includible in gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment and interest on the Tax-Exempt Bonds will be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. See "TAX EXEMPTION."

$106,530,000 General Obligation Bonds

Howard County
MARYLAND

RATINGS:
Fitch……………………………………AAA
Moody's…………………….....…………Aaa
Standard & Poor's……………………..AAA

$49,015,000 Consolidated Public Improvement Bonds, 2010 Series A (Tax-Exempt Bonds)
$12,590,000 Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds)
$39,405,000 Consolidated Public Improvement Bonds, 2010 Series C (Taxable-Build America Bonds-Direct Pay)
$5,520,000 Metropolitan District Bonds, 2010 Series A (Tax-Exempt Bonds)

Dated: Date of Delivery **Due:** February 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 Consolidated Public Improvement Bonds, 2010 Series A (Tax-Exempt Bonds) are subject to redemption prior to their respective maturities, at the option of the County, on or at any time after February 15, 2020, in whole or in part. The Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds) and the Consolidated Public Improvement Bonds, 2010 Series C (Taxable-Build America Bonds-Direct Pay) are subject to optional redemption on the dates and at the redemption prices set forth herein. The Metropolitan District Bonds, 2010 Series A (Tax-Exempt Bonds) are not subject to optional redemption.

Purpose: Proceeds of the Bonds and investment earnings thereon are being used to (1) pay the principal of certain of the County's outstanding notes described herein, (2) pay, or reimburse the County for the payment of, costs related to certain projects, and (3) pay costs of issuance of 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: February 15 and August 15

First Interest Payment Due: August 15, 2010

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. Public Financial Management, Inc. 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 March 16, 2010.

Maturity Schedules

$49,015,000 Consolidated Public Improvement Bonds, 2010 Series A (Tax-Exempt Bonds)

Due	Principal		Interest		Due	Principal		Interest		Due	Principal		Interest	
Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield
2011	$1,910,000	442565R90	3.000 %	0.250 %	2016	$3,615,000	442565S65	4.000 %	1.970 %	2021	$4,525,000	442565T31	4.000 %	3.100 %
2012	3,120,000	442565S24	3.000	0.600	2017	3,760,000	442565S73	5.000	2.250	2022	4,705,000	442565T49	4.000	3.190
2013	3,215,000	442565S32	4.000	0.880	2018	3,950,000	442565S81	5.000	2.520	2023	4,895,000	442565T56	4.000	3.250
2014	3,345,000	442565S40	4.000	1.150	2019	4,145,000	442565S99	5.000	2.730					
2015	3,475,000	442565S57	4.000	1.530	2020	4,355,000	442565T23	4.000	3.000					

$12,590,000 Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds)

Due	Principal		Interest		Due	Principal		Interest		Due	Principal		Interest	
Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield
2011	$1,735,000	442565U39	0.600 %	0.600 %	2014	$1,775,000	442565U62	2.400 %	2.340 %	2017	$1,930,000	442565U96	3.700 %	3.650 %
2012	1,720,000	442565U47	1.250	1.240	2015	1,815,000	442565U70	2.800	2.760					
2013	1,745,000	442565U54	1.850	1.820	2016	1,870,000	442565U88	3.250	3.220					

$39,405,000 Consolidated Public Improvement Bonds, 2010 Series C (Taxable-Build America Bonds-Direct Pay)

Due	Principal		Interest		Due	Principal		Interest		Due	Principal		Interest	
Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield
2024	$5,090,000	442565R25	5.000 %	4.830 %	2027	$5,610,000	442565R58	5.200 %	5.180 %	2030	$6,215,000	442565R82	5.550 %	5.530 %
2025	5,255,000	442565R33	5.000	4.930	2028	5,800,000	442565R66	5.350	5.330					
2026	5,430,000	442565R41	5.200	5.030	2029	6,005,000	442565R74	5.450	5.430					

$5,520,000 Metropolitan District Bonds, 2010 Series A (Tax-Exempt Bonds)

Due	Principal		Interest		Due	Principal		Interest		Due	Principal		Interest	
Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield	Feb. 15	Amount	CUSIP	Rate	Yield
2011	$1,055,000	442565T64	2.000 %	0.280 %	2013	$1,095,000	442565T80	3.000 %	0.880 %	2015	$1,175,000	442565U21	4.000 %	1.550 %
2012	1,065,000	442565T72	3.000	0.600	2014	1,130,000	442565T98	4.000	1.150					

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Mary Kay Sigaty, Vice *Chairperson*
Calvin Ball, *Council Member*
Greg Fox, *Council Member*
Jen Terrasa, *Council Member*

Certain Appointed Officials
Haskell Arnold, *County Auditor*
Jessica Feldmark, *Chief of Staff*
Sharon F. Greisz, *Director of Finance*
James M. Irvin, *Director of Public Works*
Stephen LeGendre, *Administrator to the County Council*
Margaret Ann Nolan, *County Solicitor*
Lonnie R. Robbins, *Chief Administrative Officer*
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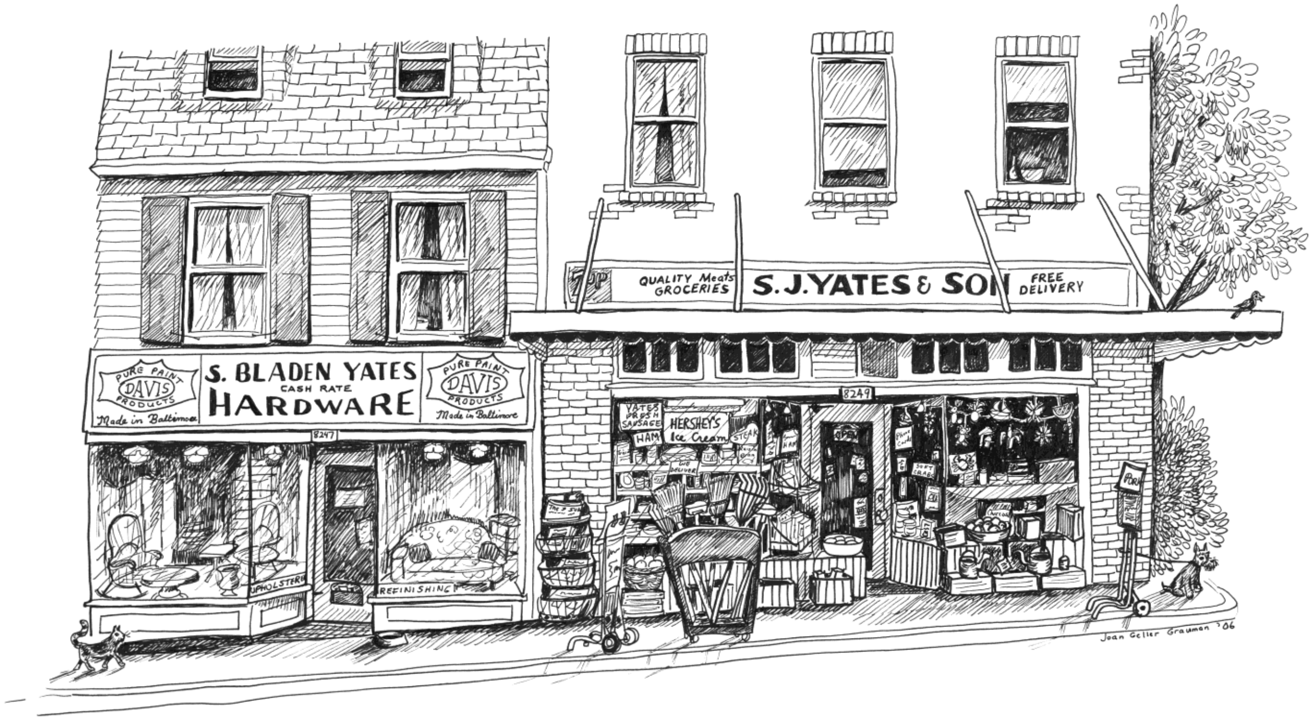
No dealer, broker, salesman or other person has been authorized by Howard County, Maryland to give any information or to make any representations with respect to Howard County, Maryland, or the Bonds, other than those contained in this Official Statement. If given or made, such other information or representations 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. 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 Howard County, Maryland 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 Howard County, Maryland 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.

In connection with the offering of the Bonds, the purchasers of the Bonds 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.

CUSIP numbers set forth herein are copyright 2010 by the American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., 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 the CUSIP Service Bureau.

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.



Credits: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

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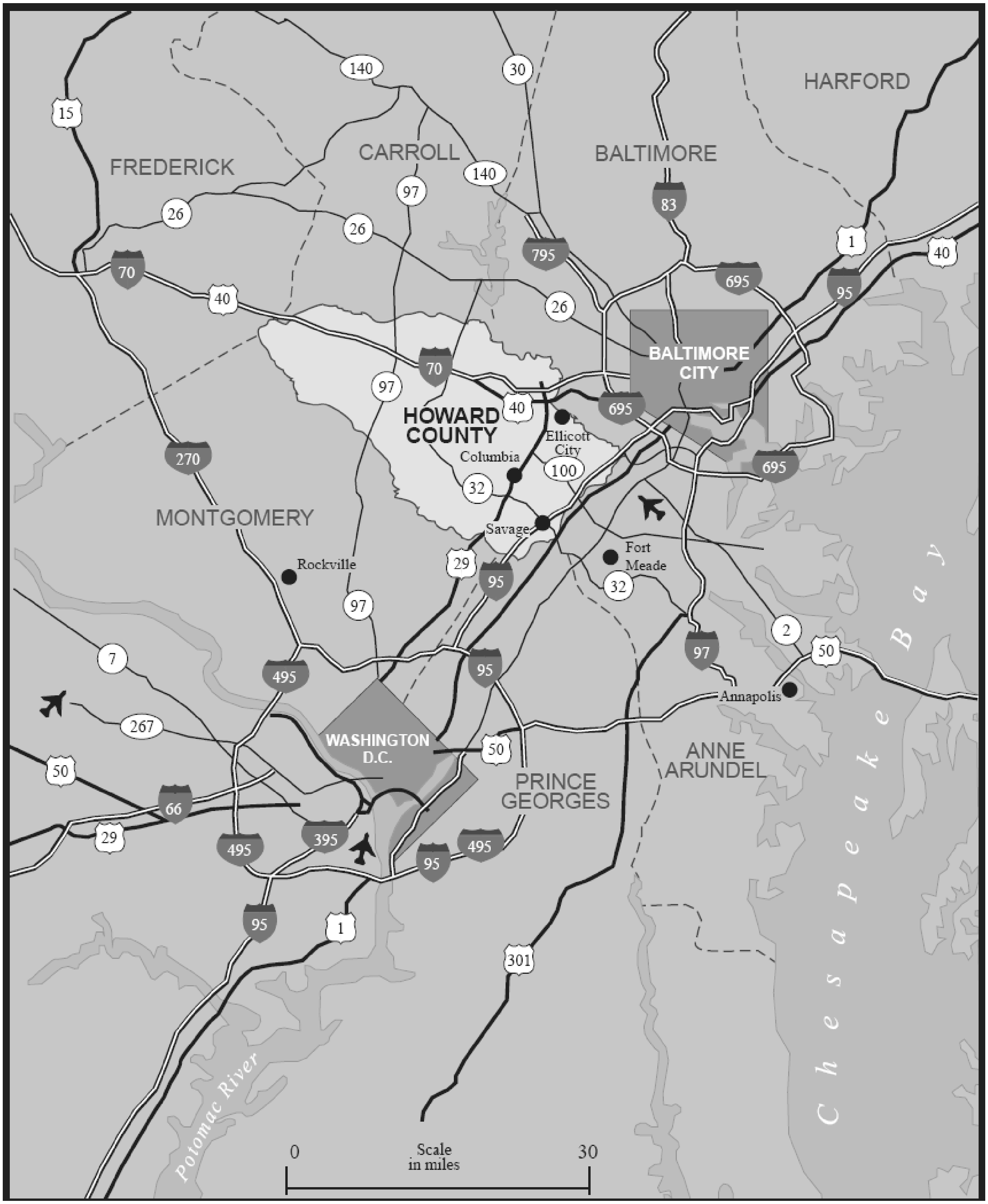
Howard County Regional Location



The Bonds

Purpose of Official Statement

This Official Statement provides information regarding Howard County, Maryland (the "County") and its offering of $106,530,000 general obligation bonds (the "Bonds"). The Bonds consist of the following:

- $49,015,000 Consolidated Public Improvement Bonds, 2010 Series A (Tax-Exempt Bonds) (the "Series A Public Improvement Bonds");

- $12,590,000 Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds) (the "Series B Public Improvement Bonds");

- $39,405,000 Consolidated Public Improvement Bonds, 2010 Series C (Taxable-Build America Bonds-Direct Pay) (the "Series C Public Improvement Bonds", and together with the Series A Public Improvement Bonds and the Series B Public Improvement Bonds, collectively, the "Public Improvement Bonds"); and

- $5,520,000 Metropolitan District Bonds, 2010 Series A (Tax-Exempt Bonds) (the "Metropolitan District Bonds").

The Series B Public Improvement Bonds and the Series C Public Improvement Bonds are collectively referred to herein as the "Taxable Bonds." The Series A Public Improvement Bonds and the Metropolitan District Bonds are collectively referred to herein as the "Tax-Exempt Bonds."

The County

Howard County, Maryland is 251 square miles in area and is home to approximately 284,952 residents. The County is located in the State of Maryland (the "State") between Baltimore, Maryland and Washington, D.C., and at its closest points 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 new town of Columbia. The County's population has grown an average of 1.8 percent annually since 2000, and is one of the 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 Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2009 Supplement) (the "Enabling Law"), the Howard County Charter (the "Charter"), Section 2C of Article 31 of the Annotated Code of Maryland (2003 Replacement Volume and 2009 Supplement), certain bond enabling ordinances of the County Council of Howard County, specifically Council Bill Nos. 28 and 29 enacted during the 2006 Legislative Session, Council Bill Nos. 20 and 22 enacted during the 2007 Legislative Session, Council Bill Nos. 28 and 30 enacted during the 2008 Legislative Session, and Council Bill Nos. 22, 24 and 35 enacted during the 2009 Legislative Session, Council Bill No. 41-2009 enacted during the 2009 Legislative Session (the "Ordinance") and Executive Order No. 2010-03, executed and delivered on February 23, 2010 (the "Executive Order").

The Metropolitan District Bonds are being issued pursuant to the authority of the Enabling Law, 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, certain bond enabling ordinances of the County Council of Howard County, specifically Council Bill

No. 23 enacted during the 2007 Legislative Session, Council Bill No. 31 enacted during the 2008 Legislative Session, and Council Bill No. 23 enacted during the 2009 Legislative Session, the Ordinance and the Executive Order.

Description

The Bonds are dated and bear interest from their date of delivery (the "Closing Date"), and pay interest semi-annually on February 15 and August 15 of each year, beginning August 15, 2010, 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.

Purpose of Financing

Public Improvement Bonds

The County has issued its Howard County, Maryland Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, Series D (the "Notes") in the outstanding aggregate principal amount of $12.6 million in order to defray a portion of the costs of general County capital projects, including storm drainage, police, road construction, bridge, library, recreation and parks, school, community college, sidewalk and curb, intersection and signal improvement, and urban renewal capital projects (collectively, "Public Improvement Capital Projects"). The County is issuing the Public Improvement Bonds to provide funds that will be sufficient to pay the outstanding principal amount of the Notes at their respective maturities, to defray a portion of the costs of certain County capital projects specified in the Ordinance, and to pay costs of issuance of the Public Improvement Bonds.

Metropolitan District Bonds

The County is issuing the Metropolitan District Bonds to defray a portion of the costs of County water and sewer capital projects and to pay costs of issuance of the Metropolitan District Bonds.

The American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), through the addition of Section 54AA to the Internal Revenue Code of 1986, as amended (the "Code"), allows the County (1) to issue "build America bonds" ("BABs") to finance capital expenditures for which the County could otherwise issue tax-exempt bonds and (2) to elect to receive a payment from the United States Treasury (the "Treasury") of 35% of the amount of the interest payable on the BABs (the "Subsidy Payments"). The County has elected to treat the Series C Public Improvement Bonds as BABs and receive the applicable Subsidy Payments.

The Subsidy Payments to be received from the Treasury with respect to the Series C Public Improvement Bonds pursuant to the provisions of the Recovery Act will be payable only to the County and does not constitute a guaranty by the United States of America of such bonds. To qualify to receive Subsidy Payments with respect to the Series C Public Improvement Bonds, the County must meet certain requirements under the Code with respect to such bonds. Any failure by the County to qualify for Subsidy Payments or any offset of such payments by the Treasury will not alter the obligation of the County to pay principal and interest on the Series C Public Improvement Bonds.

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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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.

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 or the Director of Finance of the County (the "Director of Finance"), or her successor as registrar for the Bonds (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 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 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

Optional Redemption

The Series A Public Improvement Bonds maturing on or before February 15, 2020 are not redeemable prior to their stated maturities. The Series A Public Improvement Bonds maturing on and after February 15, 2021 are subject to redemption prior to their respective maturities, at the option of the County, on or at any time after February 15, 2020, in whole or in part, at a redemption price of 100 percent of the principal amount thereof, together with interest accrued to the redemption date.

Taxable Bonds are subject to redemption prior to their respective maturities, at the option of the County, in whole or in part at any time, at the Make-Whole Redemption Price (as defined herein). The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Taxable Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Taxable Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Taxable Bonds are to be redeemed, discounted to the date on which the Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined herein), plus 30 basis points plus, in each case, accrued and unpaid interest on the Taxable Bonds to be redeemed on the redemption date.

"Treasury Rate" means, with respect to any redemption date for particular bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Statistical Release is no longer published, any publicly available source of similar market data most nearly equal to the period from the redemption date to the average maturity date of the bonds to be redeemed; provided, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The Metropolitan District Bonds are not subject to redemption prior to their respective maturities.

Extraordinary Redemption

The Series C Public Improvement Bonds are subject to redemption as a whole or in part at any time, in any order of maturities, at the option of the County, on at least 30 days' notice, upon the occurrence of an Extraordinary Event (as defined below), at a redemption price equal to the greater of:

(a) the issue price of such Bonds (but not less than 100%) of the principal amount of such Bonds to be redeemed; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year of twelve 30-day months, at the Treasury Rate plus 100 basis points;

plus, in each case, accrued interest on such Bonds to be redeemed to the redemption date.

An "Extraordinary Event" will have occurred if the County determines that a material adverse change has occurred to Sections 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act) or there is any guidance published by the Internal Revenue Service (the "IRS") or the Treasury with respect to such Sections of the Code or any other determination by the IRS or the Treasury, which determination is not the result of any act or omission by the County to satisfy the requirements to qualify to receive the Subsidy Payments from the Treasury, pursuant to which the County's payment from the Treasury is reduced or eliminated.

Selection of Bonds for Redemption

If less than all of the outstanding Bonds of any series are called for 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). 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 30 nor more than 45 days prior to the date fixed for redemption (the "Redemption Date"), and otherwise as provided in the 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 30 nor more than 45 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 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, money for payment being held by the Bond Registrar, any 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 its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such Bonds when due and payable.

Public Improvement Bonds

In each and every fiscal year during which any of the Public Improvement Bonds is 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 to pay the principal of the Public Improvement Bonds due and payable during the succeeding fiscal year. Without limiting the foregoing, portions of the Public Improvement Bonds are expected to be paid from transfer tax revenues, school facilities surcharges, building excise taxes on new construction, and Howard Community College fees.

Metropolitan District Bonds

The principal of and the interest on the Metropolitan District Bonds are payable from revenues obtained from: (1) special front foot benefit assessments collected by the County on all property in the Metropolitan District (hereinafter defined) 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 outstanding Metropolitan District Bonds and to pay the principal of the Metropolitan District 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.

Continuing Disclosure

In order to enable the bidders for the Bonds 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 a Continuing Disclosure Agreement on or before the date of issuance and delivery of the Bonds. The form of Continuing Disclosure Agreement is included in Appendix C of this Official Statement. The County has not failed to comply with the terms and provisions of previous continuing disclosure agreements entered into in order to comply with the requirements of Rule 15c2-12.

Additional Information

This Official Statement speaks only as of its 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 the inside of the cover page. The full text of the Ordinance and the County's latest comprehensive annual financial report and budget are available from the Director of Finance for the cost of reproducing such material.

Credits: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

Financial Information

Financial Reporting

Basis of Accounting

The County's audited basic financial statements for the fiscal year ended June 30, 2009 are included in Appendix A of this Official Statement. These statements were audited by Reznick Group, P.C., independent certified public accountants, to the extent stated in their report appearing in Appendix A. 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 and golf course operations, and (4) Capital Projects Funds, which account for construction or acquisition of fixed assets.

The financial data for the Board of Education of Howard County (the "Board of Education"), the Howard County Library (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, 2008 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 has submitted its CAFR for the fiscal year ended June 30, 2009 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 during and expenditures recommended for the ensuing fiscal year, surpluses or deficits estimated for the current fiscal year and debt service requirements. The operating budget also projects 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, 2009 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 1994.

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 a “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

In 2002, the County implemented Statement No. 34 issued by the Governmental Accounting Standards Board (“GASB Statement 34”). One of the key requirements of GASB Statement 34 is the preparation of government-wide financial statements on a full accrual accounting basis. The positive total net assets shown below as of June 30, 2009, reflect the County’s commitment to maintaining infrastructure assets and its tradition of providing substantial pay-go funding for capital outlays.

Summary of Net Assets (000)

	Governmental Activities	Business-type Activities	Total
NET ASSETS			
Invested in capital assets, net of related debt	$ 669,410,210	$ 338,277,158	$1,007,687,368
Restricted	161,806,930	151,228,040	313,034,970
Unrestricted	(442,781,138)	1,928,964	(440,852,174)
Total net assets	$ 388,436,002	$ 491,434,162	$ 879,870,164

The negative unrestricted net assets for governmental activities results from County issuance of debt to construct schools that are owned by the Board of Education. Ownership of school buildings no longer needed for educational purposes reverts to the County. At June 30, 2009 the outstanding debt for school buildings was $379.1 million. The net value of buildings and improvements owned by the Board of Education was $632.5 million. If those assets were included in the County’s financial statements, the unrestricted net assets for governmental activities would go from negative $442.8 million to positive $189.7 million.

The schedule below shows the value of net assets resulting from operations in fiscal year 2009 for governmental and business activities combined.

Changes in Net Assets (000)

	Governmental Activities	Business-type Activities	Total
Revenues	$ 950,545,728	$ 84,402,601	$1,034,948,329
Expenses	1,003,815,458	60,960,858	1,064,776,316
Increase in net assets before transfers	(53,269,730)	23,441,743	(29,827,987)
Transfers	1,695,504	(1,695,504)	0
Increase in net assets before transfers	(51,574,226)	21,746,239	(29,827,987)
Net Assets - July 1, 2008	440,010,228	469,687,923	909,698,151
Net Assets - June 30, 2009	388,436,002	491,434,162	879,870,164

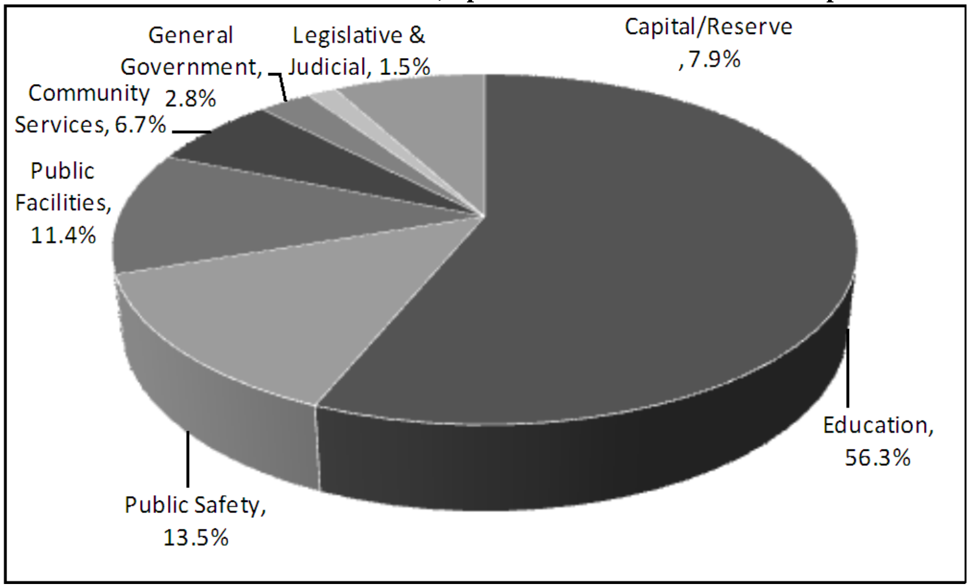
Overview of Revenues and Expenditures

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.

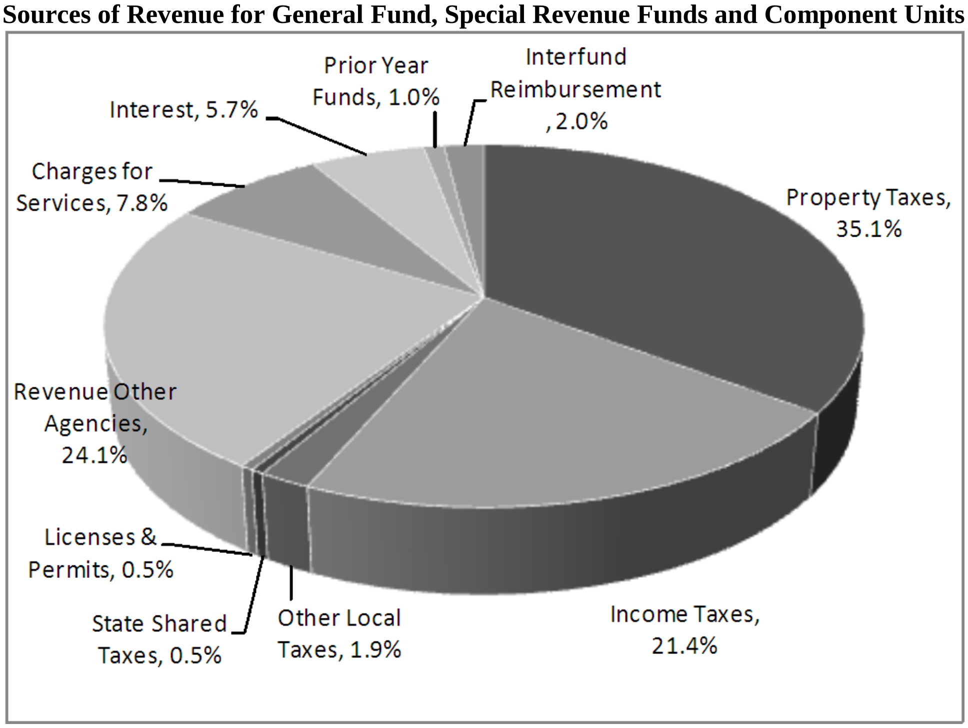
Special Revenue Funds account for specific revenues that by law are designated for particular functions or activities. The County uses Special Revenue Funds as a way of linking fees or taxes paid by residents with benefits or services received by them. Special Revenue Funds deal with management and construction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

The charts below present the composition of services funded from the General Fund and Special Revenue Funds, budgeted in fiscal year 2010, and the sources of funding for such services.

Services Funded from General Fund, Special Revenue Funds and Component Units

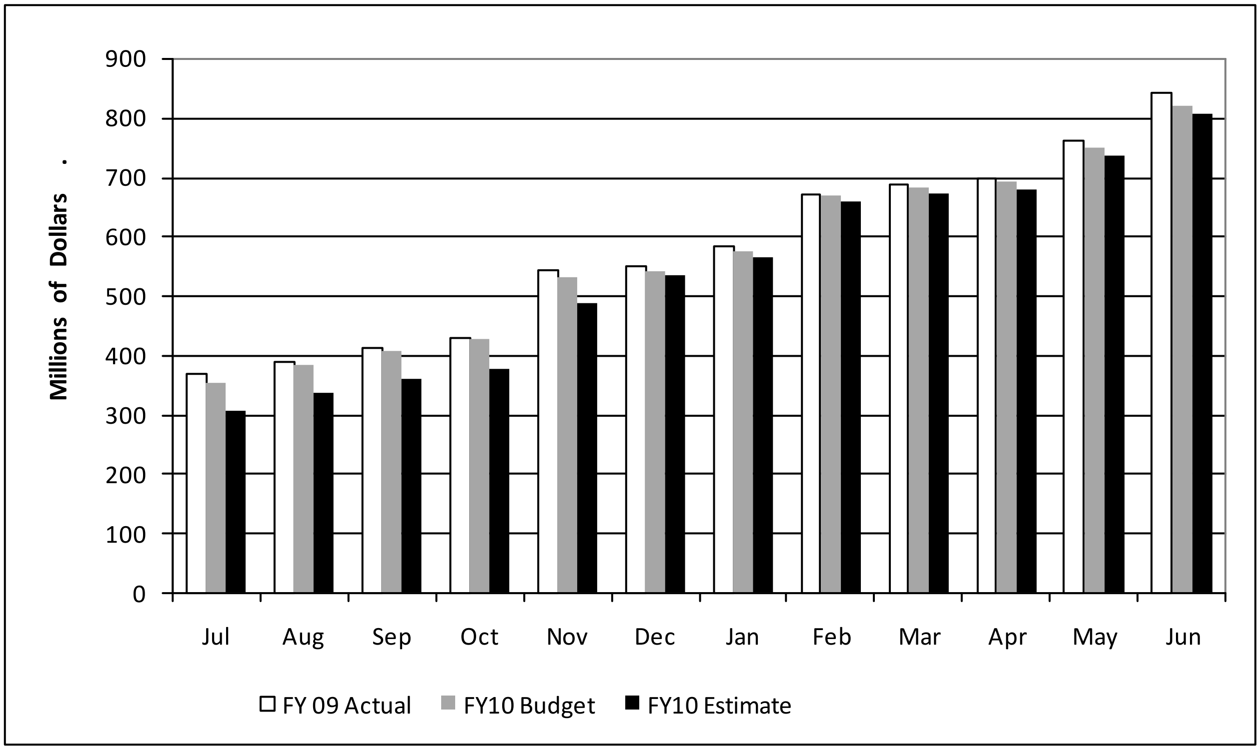


Sources of Revenue for General Fund, Special Revenue Funds and Component Units



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 budgeted for the current fiscal year, audited revenues for the past fiscal year and estimated monthly revenues during fiscal year 2010.

Cumulative Collection of General Fund Revenues



Source: Howard County Budget Office

As a result of cutbacks in State aid and a shortfall from the local income tax, the County is projecting as much as a $13 million revenue shortfall this fiscal year. In response, the County Executive has reviewed five percent cutback plans that his departments prepared, which are expected to save $6.7 million. In addition, the County Executive has suspended the road resurfacing program in the Capital Budget funded with pay - go funds. The $8.7 million may be returned to the General Fund to assist in covering the shortfall. The County also recognized a savings of $1.3 million in debt service as a result of a bond refunding in December 2009. As a final action, the County may also use a portion of the General Fund fund balance designated to the County's Rainy Day Fund to eliminate the revenue shortfall.

There is no assurance that the State will continue its funding of local aid at current levels. The Governor presented his proposed FY 2011 Budget to the General Assembly on January 19, 2010. The budget includes "flat funding" at the current reduced level for counties and municipalities. No further cuts in State Aid were proposed, but there is still potential for reduction by the State legislature. The Maryland General Assembly is scheduled to adopt the FY2011 Budget in mid-March 2010.

The following table presents the activity in the General Fund for the last five fiscal years on a budgetary basis, along with the annual budget adopted for fiscal year 2010.

Statement of General Fund Revenues and Expenditures (Budgetary Basis) (000) [(1)]

	Fiscal Year Ended June 30					Annual Budget
	2005	2006	2007	2008	2009	2010
Tax Revenues						
Local property taxes	288,765	313,062	337,533	367,835	401,089	423,603
Local income taxes	252,525	283,065	293,307	316,725	317,213	300,650
Other local taxes	30,452	33,672	28,635	24,130	18,751	20,000
State shared taxes	12,541	15,299	15,955	15,513	13,409	6,642
Total Taxes	**584,283**	**645,098**	**675,430**	**724,203**	**750,462**	**750,895**
Other Revenues						
State grants	5,053	5,312	6,045	5,684	6,313	6,987
Charges for services	10,532	10,751	10,987	12,893	9,918	10,006
Interest on investments	2,499	6,274	10,647	10,861	4,499	1,938
Licenses and permits	7,808	7,790	7,047	6,312	4,923	5,264
Interfund reimbursements	20,650	21,128	20,509	27,875	33,773	27,678
Fines and forfeitures	2,466	2,668	3,112	3,356	3,566	3,260
Appropriation from fund balance	-	11,190	21,282	37,740	22,692	14,197
Return of funding from component units	53	51	48	508	590	-
Miscellaneous revenues	567	357	963	993	2,409	-
Total Revenues	**633,911**	**710,619**	**756,070**	**830,425**	**839,144**	**820,225**
Expenditures						
General government	18,307	19,130	20,714	22,362	20,553	21,806
Legislative and judicial	15,173	16,062	18,111	20,064	19,773	20,381
Public works [(2)]	50,693	55,732	59,214	69,834	65,358	62,560
Public safety	65,454	72,255	81,312	87,361	90,666	94,727
Recreation and parks	10,394	11,454	12,865	13,101	13,795	13,039
Health	6,679	6,875	7,529	8,296	9,464	9,550
Community services	9,286	13,581	7,912	12,578	12,108	14,595
Education	350,516	379,651	419,777	451,677	475,360	482,756
Libraries	10,838	11,731	13,086	14,374	15,554	15,253
Debt service:						
Principal payment on debt	40,175	40,595	41,580	44,950	48,615	49,950
Interest payment on debt	20,554	22,181	26,218	29,325	30,322	29,964
Capital improvements	4,446	13,393	21,278	18,370	22,692	5,644
OPEB funding[(3)]	-	-	-	15,466	11,157	-
Total Expenditures	**602,515**	**662,640**	**729,596**	**807,758**	**835,418**	**820,225**
Excess Revenues over Expenditures	31,396	47,979	26,474	22,666	3,726	0
Less Appropriation from Fund Balance	-	(11,190)	(21,282)	(37,740)	(22,692)	(14,197)
Beginning Fund Balance	42,593	73,988	110,777	115,969	100,896	81,930
Ending Fund Balance	**73,988**	**110,777**	**115,969**	**100,896**	**81,930**	**67,733**

(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 included in Appendix A of this Official Statement.

(2) Beginning in FY 2009, the revenues and expenditures of the County recycling program are accounted for in the Environmental Services Special Revenue Fund rather than the General Fund.

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

The following table presents the activity in all Special Revenue Funds for the last five fiscal years on a budgetary basis, along with the annual budget adopted for fiscal year 2010.

Statement of Special Revenue Funds Revenues and Expenditures (Budgetary Basis)(000)[1]

	Fiscal Year Ended June 30 2005	2006	2007	2008	2009	Annual Budget 2010
Revenues						
Property taxes	$ 35,515	$ 40,134	$ 46,704	$ 58,354	$ 65,833	$ 69,150
Other local taxes	13,341	15,307	13,490	10,559	7,413	7,793
Revenues from other govt. agencies	20,843	16,608	18,998	18,335	22,531	45,281
Charges for services	28,150	28,523	28,907	29,595	35,601	38,098
Interest on investments[2]	6,552	(582)	3,917	7,578	4,201	5,379
Rental of property [3]	757	1,026	991	510	717	-
Miscellaneous revenues	334	278	304	147	435	1,451
Total Revenues	**$ 105,493**	**$101,294**	**$113,312**	**$125,079**	**$136,731**	**$167,152**
Other Sources of Financial Resources						
Operating transfers in	6,773	17,327	19,869	21,719	21,602	25,601
Appropriation from fund balance	0	0	0	0	0	44,852
Total Revenues and Other Sources of Financial Resources	**$ 112,266**	**$118,621**	**$133,181**	**$146,798**	**$158,333**	**$237,604**
Expenditures and Encumbrances						
Public safety	$ 36,259	$ 41,908	$ 47,406	$ 51,000	$ 56,842	$ 72,626
Recreation and parks	9,280	11,198	11,122	12,149	11,748	13,100
Health	10,793	10,901	11,403	10,828	12,236	21,157
Environmental [4]	12,793	14,737	13,218	14,383	19,039	21,071
Community services and intergovt.	20,110	24,535	28,802	33,606	36,038	90,234
Capital improvements	301	3,689	0	-	70	6,061
Debt service:						
Principal payment on debt	136	227	136	232	235	447
Interest payment on debt	4,141	4,130	4,113	4,371	4,586	4,664
Total Expenditures and Encumbrances	**$ 93,813**	**$111,326**	**$116,199**	**$126,570**	**$140,794**	**$229,360**
Other Uses of Financial Resources						
Operating transfers out	4,543	3,490	3,383	13,405	11,258	8,244
Total Expenditures and Other Uses of Financial Resources	**$ 98,356**	**$114,816**	**$119,582**	**$139,975**	**$152,053**	**$237,604**
Excess Revenues and Other Sources of Financial Resources over Expenditures and Encumbrances and Other Uses of Financial Resources	13,910	3,805	13,599	6,822	6,281	-
Less Appropriation from Fund Balance	0	0	0	0	0	(44,852)
Beginning Fund Balance [5]	54,905	68,815	72,620	86,220	95,523	101,803
Ending Fund Balance	**$ 68,815**	**$ 72,620**	**$ 86,220**	**$ 93,042**	**$101,803**	**$ 56,952**

(1) The information in this table should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.
(2) Fluctuation is the result of recognizing change in market value of U.S. Treasury Strips in the Agricultural Land Preservation Fund in accordance with GASB 31.
(3) Beginning in FY 2010, property rental revenue will be collected by the Housing Commission.
(4) Beginning in FY 2009, the revenues and expenditures of the County's recycling program are accounted for in the Environmental Services Fund rather than the General Fund.
(5) The FY2009 beginning fund balance was adjusted for unrecorded loans in the Community Renewal Program Fund.

The following table presents the Component Units' (including the Community College Current Funds) 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)(1)

	Fiscal Year Ended June 30				
	2005	**2006**	**2007**	**2008**	**2009**
Revenues:					
Revenues from other agencies	$282,562	$314,532	$329,986	$ 370,566	$ 359,356
Charges for services	27,880	30,831	42,871	48,055	65,048
Interest on investments	740	1,801	3,558	2,571	332
Fines and forfeitures	673	638	734	728	662
Miscellaneous	6,369	9,873	12,989	14,370	29,228
Total Revenues	**$318,224**	**$357,675**	**$390,138**	**$ 436,290**	**$ 454,626**
Other Sources of Financial Resources:					
Proceeds of long-term debt	3,756	10,003	1,355	-	-
Sale of property	165	2,593	(6)	758	-
Operating transfers from primary government	363,478	392,013	418,702	465,185	495,543
Total Revenues and Other Sources of Financial Resources	**$685,623**	**$762,284**	**$810,189**	**$ 902,233**	**$ 950,170**
Expenditures:					
Education	569,753	618,584	677,018	730,557	815,752
Libraries	13,179	13,974	14,999	16,449	18,540
Housing	14,697	22,065	14,996	16,044	21,362
Capital improvements	85,967	104,788	91,375	71,339	54,178
Total Expenditures	**$683,596**	**$759,411**	**$798,388**	**$ 834,389**	**$ 909,831**
Excess (Deficiency) of Revenues and Other Sources of Financial Resources over Expenditures (2)	2,027	2,873	11,801	67,844	40,339
Beginning Net Assets	932,884	934,911	937,784	949,585	1,017,429
Adjustment to restate net assets	-	-	-	-	-
Ending Net Assets, GAAP Basis	**$934,911**	**$937,784**	**$949,585**	**$1,017,429**	**$1,057,767**

(1) Excludes the Internal Service Funds.

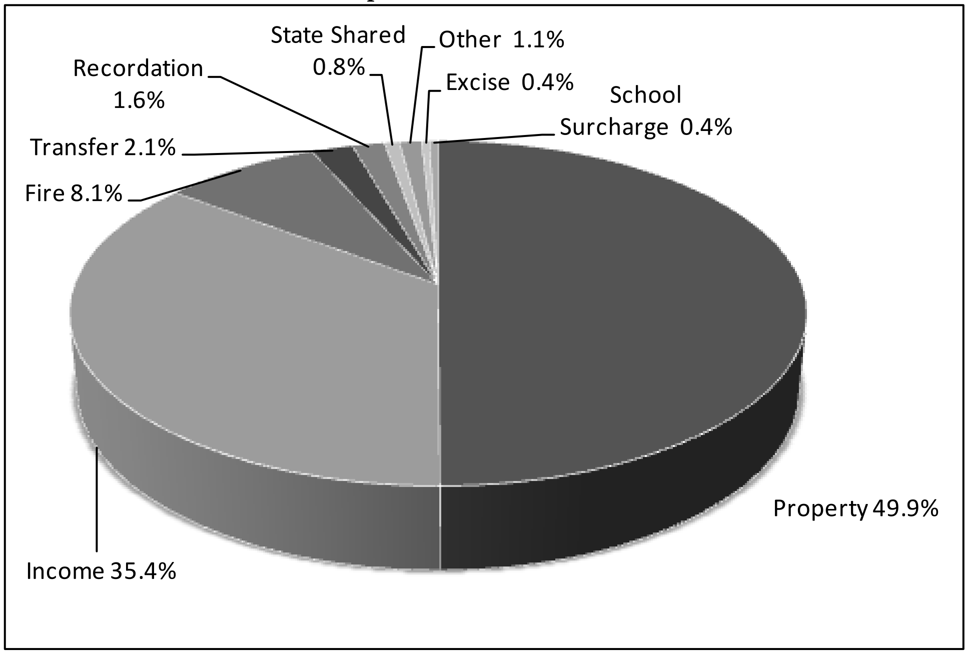
(2) FY2008 and FY2009 increase due to unspent County appropriation for capital improvements.

Sources of Revenue

Overview of Tax Revenues

The chart below presents the composition of the County's tax revenues budgeted for fiscal year 2010.

Composition of Tax Revenues



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

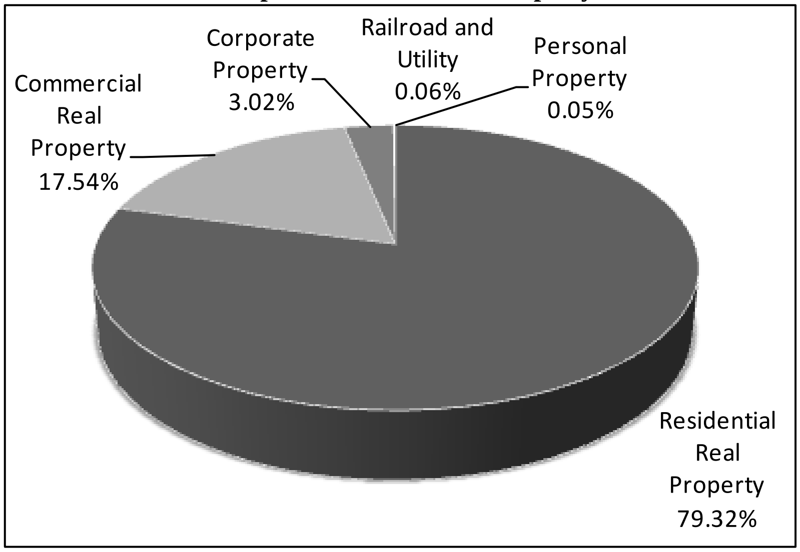
Under State law, certain owners who occupy residential property receive tax credits against local property taxes. The effect of the homestead property tax credit is to limit property tax increases payable as a result of increases in assessed values. State law permits a maximum increase of 10 percent in assessed value annually, but the County has elected to reduce that percentage to five percent. The County granted $102.4 million of such tax credits in fiscal year 2009.

A State-mandated tax credit is granted to certain property owners with lower incomes. These credits are calculated using a scale that establishes a maximum property tax liability for various income levels. These credits are reimbursed to the County by the State; for fiscal year 2009, the County received $2,657,578 as reimbursement for such tax credits. In fiscal year 2009 the County granted a supplemental credit to certain property owners with lower incomes. This credit amounted to $11,291. In FY 2008, the County implemented a tax credit for homeowners 70 years of age and older who fell into certain income and asset categories. In the fiscal year 2009, 827 senior credits were issued in the amount of $448,245.

Assessed Value, Property Tax Rates and Property Tax Levies

The chart below presents the composition of the County's assessable base of property in fiscal year 2009.

Composition of Assessed Property



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 $2.7 billion as of June 30, 2009, are not included in the table below.

Assessed Values, Tax Rates and Tax Levies

	Fiscal Year Ended June 30				
	2005	**2006**	**2007**	**2008**	**2009**
Assessed Value(000)					
Real property	$ 25,944,951	$ 29,852,994	$ 34,926,898	$ 40,762,013	$ 46,141,787
Personal property	32,800	35,060	35,088	26,041	25,684
Railroads and public utilities	26,922	27,231	24,752	30,598	30,888
Corporations	1,271,307	1,329,422	1,408,428	1,439,551	1,440,868
Total Assessable Base	$ 27,275,980	$ 31,244,707	$ 36,395,166	$ 42,258,202	$ 47,639,226
County Tax Rate:					
Real Property	1.044	1.044	1.014	1.014	1.014
Personal Property	2.61	2.61	2.535	2.535	2.535
County Tax Levy (000)(1)	303,196	344,559	388,917	448,806	504,431
Fire District Tax Rate					
Real property	.12550/.10550	.12550/.10550	.12550/.10550	.13550/.11550	.13550/.11550
Personal property	.31375/.26375	.31375/.26375	.31375/.26375	.33875/.28875	.33875/.28875
Fire Tax Levy (000)	35,400	40,313	46,586	58,314	58,314

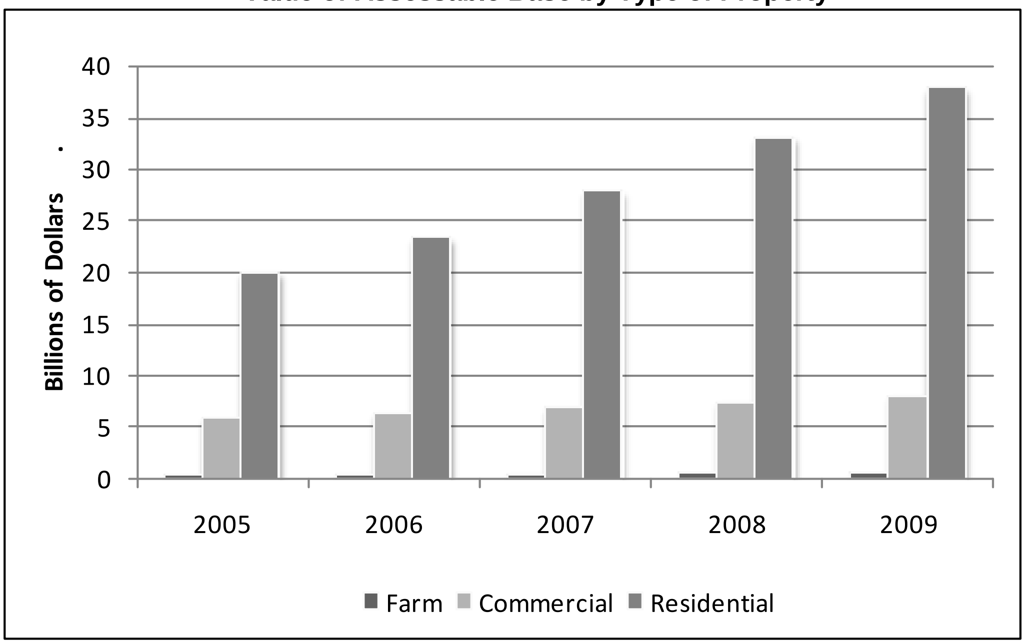
(1) Excludes payments in lieu of taxes, additions and abatements, interest on taxes, discounts on taxes, various tax credits and tax levies on any tax-exempt property.

The fire district tax is levied on the assessable base within each of the County's two fire districts. Proceeds of the tax are distributed to the Fire Tax Reserve Fund, a Special Revenue Fund, to fund operations, equipment and buildings. The two districts are divided by the western boundary of the area to which the County currently provides or plans to provide water and sewer service.

The County estimates that the average home (including townhouses and condominiums) in the County for fiscal year 2010 has an assessed value of $473,943. At current tax rates, the owner of this average home would incur a County property tax bill of approximately $5,800, before credits described below.

The growth in the County's assessable base reflects the County's balanced economy. As presented in the following chart, the value of commercial/industrial property increased approximately 37 percent over the last five fiscal years, while residential real property values grew approximately 90 percent.

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, 2010 will be approximately $48.4 billion. The County's real property tax rate for fiscal year 2010 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 2010, the total property tax levy budgeted for the General Fund is $423.6 million, or nearly eight percent more than budgeted in FY 2009.

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 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 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 the last five fiscal years.

Total Property Tax Levies and Collections

Fiscal Year Ended June 30	Total Tax Levy (000)[1]	Current Year's Taxes Collection Year of Levy Amount (000)	%	Taxes Collected (Current and Delinquent) Amount (000)	%	Delinquent Taxes Amount (000)	Delinquent Taxes as % of Current Year's Tax Levy
2009	$562,745	$ 561,004	99.69	$ 561,004	99.69	$1,741	0.31
2008	507,120	505,466	99.67	505,466	99.67	1,654	0.33
2007	435,503	433,853	99.62	434,922	99.87	581	0.13
2006	384,872	382,411	99.36	384,484	99.90	388	0.10
2005	338,596	336,809	99.47	338,429	99.95	166	0.05

(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

Ownership of property in the County is widely diffused, with the 25 largest taxpayers accounting for less than five percent of the County's assessed value. The following table presents the 10 largest property taxpayers on June 30, 2009, the total taxes paid by such taxpayers during fiscal year 2009 and the assessed value of real and personal property owned by each taxpayer during fiscal year 2009.

Ten Largest Property Taxpayers (1)

Name of Taxpayer	Type of Business	Total Taxes Paid (000)	Taxable Assessed Valuation Amount (000)	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	Gas and Electric Utility	$ 9,017	$ 313,818	0.66
Mall in Columbia Business Trust	Rental Real Estate	2,358	175,785	0.37
Verizon - Maryland	Telephone Communicatons	3,714	128,755	0.27
Magazine Howard Crossing LLC	Apartment Rentals	1,421	105,892	0.22
Liberty Property Ltd Partnership	Rental Real Estate	1,075	79,465	0.17
API Columbia Town Center LLC	Rental Real Estate	1,095	79,265	0.17
Seasons of Laurel LLC	Apartment Rentals	956	71,105	0.15
Sherwood Crossing Apartments LLC	Apartment Rentals	997	70,425	0.15
Sprint Communications	Telephone Communications	1,524	52,567	0.11
New Cingular Wireless PCS, LLC	Cellular Communications	1,030	35,854	0.08
Totals		$ 23,188	$ 1,112,933	2.34%

(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. In calendar year 2007, the rate of tax was 4.75 percent of taxable income. Legislation recently enacted by the State provides that beginning in calendar year 2008, the rate of tax remained at 4.75 percent for individuals making less than $150,000 a year and couples making less than $200,000. The rate increased to 5 percent on taxable income above $150,000 a year for individuals and $200,000 for couples, 5.25 percent on taxable income above $300,000 a year for individuals and $350,000 a year for couples, and 5.5 percent for taxable income above $500,000 a year. The legislation also provides that the individual exemption for taxpayers earning up to $150,000 a year increased by $800 to $3,200, but that, depending on their taxable income, other taxpayers receive the current exemption of $2,400 or have their exemption reduced.

Pursuant to State law, each county and Baltimore City may levy a local income tax at the rate of at least one 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 three with local income tax rates set at the maximum.

The following table presents the total amount of income tax budgeted for the last six fiscal years and received for fiscal years 2005 through 2009.

Income Tax Revenues (000)

Fiscal Year Ended June 30	Budget	Actual
2010	$ 300,650	
2009	331,352	$ 317,213
2008	314,191	316,725
2007	293,636	293,307
2006	264,000	283,065
2005	240,000	252,525

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, and 25 percent for the Agricultural Land Preservation Program and 12.5 percent to the Community Renewal Special Revenue Funds. In fiscal year 2009, the total amount of transfer tax collected was $18.4 million and $18 million is budgeted in fiscal year 2010.

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 $58.7 million of these general obligation bonds since 2000. In addition, $56.8 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 tax collected was $3.7 million in fiscal year 2009 and $3.4 million is budgeted in fiscal year 2010.

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 $88.95 million of County general obligation bonds whose debt service will be paid from the surcharge. The County has issued $82.69 million of these general obligation bonds. The total amount of school facilities surcharge collected in fiscal year 2009 were $3.8 million and $3.8 million is budgeted in fiscal year 2010.

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 2009, the total amount of other taxes collected were $18.8 million. Of this amount, $13 million was attributable to the recordation tax. The fiscal year 2010 recordation tax budget is $14 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 building-license fees, development-review fees, cable television franchise fees and charges for boarding prisoners. In fiscal year 2009, the total amount of charges and fees collected in the General Fund were $18.4 million. The fiscal year 2010 budget is $18.5 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 2009 were $35.6 million and $ 38.1 million is budgeted in fiscal year 2010.

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 2009 were $13.4 million, while $6.6 million is budgeted in fiscal year 2010 the County expects to receive $656,000.

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 2009 were $6.3 million and $7 million is budgeted in fiscal year 2010.

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 2009 was $18.7 million and $76.5 million is budgeted in fiscal year 2010. FY 2010 includes a $30 million contingency appropriation to allow the County to accept stimulus funded grants mid-year.

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 2009, the total amount of grants collected by the Component Units was $291.4 million. Of that amount $265.7 million was used for operations by the Board of Education, $23.3 million was used for operations by the Community College and $2.4 million funded the Howard County Library.

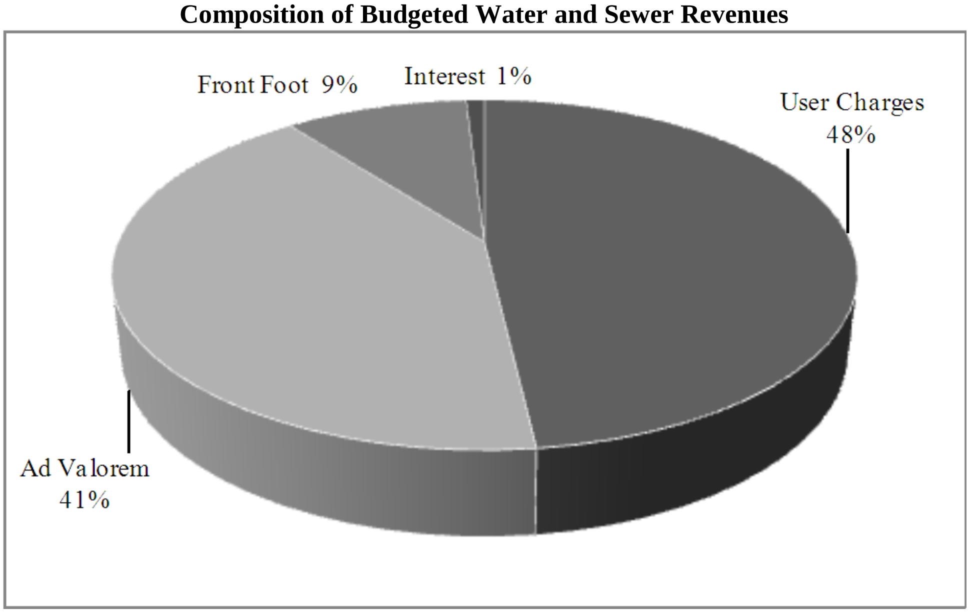
Water and Sewer Enterprise Fund

The County provides water and sewer services primarily to areas of heavy residential and industrial 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 2010 is approximately $151. Effective July 1, 2009 user charges were increased 6% to offset the increase in the cost of water purchased from Baltimore City and the cost of sewage sent to Baltimore County for treatment.

Composition of Budgeted Water and Sewer Revenues



Capital costs related to provision of water and sewer services are financed primarily with ad valorem, front-foot, and in-aid-of-construction charges. For fiscal year 2010, an ad valorem charge of $0.08 per $100 assessed value was levied upon all real property and railroad property, and $0.20 on public utilities 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 total commitment under these agreements over the next five fiscal years is $34.9 million and such obligation is included in the County's capital program.

The following table presents the revenues, expenses and changes in net assets of the water and sewer enterprise fund for the last five fiscal years.

Water & Sewer Enterprise Fund Statement of Revenues, Expenses & Changes in Net Assets (000)[(1)]

	Fiscal Year Ended June 30				
Operating Revenues:	**2005**	**2006**	**2007**	**2008**	**2009**
User charges	$ 31,017	$ 32,174	$ 32,745	$ 36,843	$ 37,552
Miscellaneous sales and services	524	1,141	764	488	471
Total Operating Revenues	$ 31,541	$ 33,315	$ 33,509	$ 37,331	$ 38,024
Operating Expenses:					
Salaries and employee benefits	8,116	8,777	9,295	10,644	10,183
Contractual services	3,840	4,361	5,083	5,322	5,457
Supplies and materials	1,443	1,823	1,788	1,851	1,693
Business and travel	1,376	1,548	1,883	1,277	1,616
Purchased water and transmission charges	8,498	9,908	10,038	11,028	10,458
Sewage treatment charges	3,505	3,994	4,337	2,748	6,472
Share of county administrative expense	3,751	3,963	3,909	4,499	3,796
Other	50	137	87	87	70
Depreciation expense	15,678	19,883	18,320	18,205	12,304
Less: House connection and capitalized overhead costs	(651)	(871)	(545)	(411)	(207)
Total Operating Expenses	$ 45,606	$ 53,523	$ 54,195	$ 55,250	$ 51,842
Operating Loss	(14,065)	(20,208)	(20,686)	(17,919)	(13,819)
Nonoperating Revenues (Expenses):					
Ad valorem charges	$ 17,850	$ 20,256	$ 23,386	$ 27,200	$ 30,981
Water and sewer assessment charges	1,773	1,743	3,280	5,671	4,203
Interest on investments	1,263	2,251	2,507	2,926	1,157
Charges for services	249	(872)	(3,711)	(3,452)	395
Interest expense	(4,971)	(5,813)	(6,573)	(6,800)	(6,833)
Other revenue (expense)	173	(2,671)	2,983	(1,464)	562
Total Nonoperating Revenues (Expenses)	$ 16,337	$ 14,894	$ 21,872	$ 24,081	$ 30,466
Net Income before Contributions and Transfers	2,272	(5,314)	1,186	6,162	16,647
Capital contributions	12,115	19,294	5,922	13,088	6,959
Operating transfers in (out)	-	200	1,571	(700)	(1,694)
Change in Net Assets	$ 14,387	$ 14,180	$ 8,679	$ 18,550	$ 21,913
Net Assets at Beginning of Period	422,450	422,726	436,906	445,585	464,135
Adjustment to Beginning Balance [(2)]	(14,111)	-	-	-	-
Net Assets at End of Period	**$422,726**	**$436,906**	**$445,585**	**$464,135**	**$486,048**

(1) This information should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.

(2) The fiscal year 2005 adjustment is the result of eliminating a water treatment plant from capital assets since the asset is actually owned by another entity.

Golf Course 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. The County accounts for the operations of the golf course in an enterprise fund. The County has a multi-year contract through June 30, 2013 with a management company to operate the course.

The following table presents the revenues, expenses and changes in net assets of the golf course enterprise fund for the last five fiscal years.

Golf Course Enterprise Fund Statement of Revenues, Expenses & Changes in Net Assets (000)(1)

	Fiscal Year Ended June 30				
Operating Revenues:	**2005**	**2006**	**2007**	**2008**	**2009**
Greens & cart fees	$ 1,538	$ 1,719	$ 1,697	$ 1,672	$ 1,585
Range fees	86	93	94	91	86
Merchandise sales & services	143	153	157	142	117
Food & beverage	291	334	314	333	298
Miscellaneous sales & services	26	22	32	20	18
Total Operating Revenues	$ 2,084	$ 2,320	$ 2,294	$ 2,258	$ 2,104
Operating Expenses:					
Contractual services	$ 1,493	$ 1,531	$ 1,517	$ 1,534	$ 1,401
Depreciation expense	58	66	66	72	40
Total Operating Expenses	$ 1,550	$ 1,597	$ 1,583	$ 1,605	$ 1,441
Operating Income/(Loss)	$ 534	$ 723	$ 711	$ 652	$ 663
Nonoperating Expenses:	(318)	(313)	(300)	(280)	(277)
Income before contributions & transfers	216	410	412	372	386
Operating transfers in (out)	-	-	(13)	(4)	(1)
Change in Net Assets	$ 216	$ 410	$ 398	$ 368	$ 385
Net Assets at Beginning of Period	1,680	1,896	2,306	2,705	3,073
Total Net Assets	$ 1,896	$ 2,306	$ 2,705	$ 3,073	$ 3,458

(1) The information in this table should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.

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 Component Units' financial reports for the year ended June 30, 2009 present information related to their participation in the State Systems.

The following table presents the enrollment (as of July 1, 2009) and payroll in fiscal year 2009 for County employees covered by the State Systems (excluding Component Unit employees), Police/Fire Plan and County Plan.

Enrollment and Payroll of Covered Employees

	Enrollment			
	Retired	**Vested**	**Non-Vested**	**Payroll (000)**
State Systems	-	124	-	$7,675
Police/Fire Plan	241	518	274	52,612
County Plan	354	905	621	84,443
Non-Covered Payroll	-	-	-	8,758
Total	**595**	**1547**	**895**	**$153,488**

Information regarding these retirement and pension programs is contained in Note 14 of the notes to the audited basic financial statements included in Appendix A of this Official Statement.

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 2005 through 2009 and the contributions budgeted for fiscal year 2010.

Total Pension Contributions (000)

Fiscal Year Ended June 30	State Systems Contribution	Police/Fire Plan Contribution	County Plan Contribution	Total County Contribution
2010 (Budget)	$0	14,725	9,849	24,574
2009	0	14,426	9,745	24,171
2008	0	14,717	10,022	24,739
2007	0	13,549	9,695	23,244
2006	773(1)	12,217	9,253	21,470
2005	636	9,401	7,163	17,200

(1) The County retired its obligation for employees still covered by the State Systems during fiscal year 2006.

Pension Obligation

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 no net pension obligation as of July 1, 2009 associated with any retirement plans, as 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 the result of investment returns below the assumed rate. 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 (000)

	Police/Fire Plan				
	July 1, 2004 Valuation	July 1, 2005 Valuation	July 1, 2006 Valuation	July 1, 2007 Valuation	July 1, 2008 Valuation
Value of Assets (000)	142,247	157,900	180,100	210,800	238,417
Actuarial Accrued Liability (000)	202,882	224,500	245,400	270,500	300,686
Unfunded Accrued Liability (000)	(60,635)	(66,600)	(65,300)	(59,700)	(62,269)
Percentage Funded	70.1	70.4	73.4	77.9	79.3
Annual Covered Payroll (000)	36,241	39,300	41,800	43,600	46,863
Unfunded Accrued Liability as % of Annual Covered Payroll	167.3	169.5	156.3	136.9	132.9

	County Plan				
	July 1, 2004 Valuation	July 1, 2005 Valuation	July 1, 2006 Valuation	July 1, 2007 Valuation	July 1, 2008 Valuation
Value of Assets (000)	130,886	157,700	165,900	193,000	217,213
Actuarial Accrued Liability (000)	147,418	165,800	181,200	199,700	225,594
Unfunded Accrued Liability (000)	(16,532)	(20,100)	(15,300)	(6,700)	(8,381)
Percentage Funded	88.8	87.9	91.5	96.6	96.28
Annual Covered Payroll (000)	61,452	66,500	71,400	76,600	81,475
Unfunded Accrued Liability as % of Annual Covered Payroll	26.9	30.2	21.5	9.3	10.3

Source: Bolton Partners, Inc., Actuarial Valuation as of July 1, 2008

Other Post Employment Benefits

In the financial statements for the FYE 2008, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans and GASB 45, Accounting and Financial Reporting by Employers for Post- Employment 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, Library, Mental Health Authority and Economic Development Authority), and its component units, Community College, and Howard County Public School System.

There is no vesting in the post-employment health benefits. The County and Schools made substantial changes to the benefits effective July 1, 2009 for the County and July 1, 2010 for the Schools. Eligibility was increased from 10 years of service to 15 years of service for all employees who did not have 10 years of service as of July 1, 2009. The rate at which the level of subsidy is awarded was significantly reduced for School employees and the maximum level of subsidy was reduced from 100% to 90% for all participants. The base premium used to calculate the benefit was reduced for County employees. The benefit changes resulted in a $10.7 million savings in the ARC.

Given the extraordinary economic conditions we are in, the County's FY 2010 budget only includes funds for the pay-as-you-go costs and we anticipate doing the same in FY 2011. The County is committed to funding its OPEB plan and expects to begin an 8 to 10 year phase-in funding schedule in FY 2012. The latest actuarial evaluation estimates an Annual OPEB Cost of $65.3 million at June 30, 2009 and $78.7 million at June 30, 2010. The increases are the result of the County not funding the ARC and increases in health care costs in general. The County plans to begin a second review and analysis of the benefit next to identify additional cost savings options to be implemented in FY 2012.

The required contribution amount and OPEB expense per the most recent actuarial valuation report with valuation date of 12/1/2008 for Board of Education, 2/1/2009 for General Government and 3/1/2009 for College are presented below:

	Actuarial Unfunded Accrued Liability	Amortization of Actuarial Unfunded Accrued Liability	Normal Cost	Annual Required Contribution (ARC)	ARC Funding	Net OPEB Obligation (NOO)
	1	*2*	*3*	*2 + 3*	*4*	*2 + 3 - 4*
Howard County Public School System	$ 461,904,000	20,776,000	23,520,000	44,296,000	8,068,884	36,227,116
Howard Community College	11,777,000	530,000	838,000	1,368,000	255,478	1,112,522
Howard County Government [1]	199,783,000	8,986,000	10,518,000	19,504,000	6,408,386	13,095,614
	$ 673,464,000	30,292,000	34,876,000	65,168,000	14,732,748	50,435,252

(1) Enterprise Fund share of PAYGO funding and net OPEB obligation is $164,317 and $741,449 respectively.

Actuarial Assumptions

Actuarial valuation date	12/1/08 for Board of Ed, 2/1/09 for General Gov't and 3/1/09 for College
Actuarial cost method	Projected Unit Credit
Amortization method	29 years using level percentage of pay
Asset valuation method	Fair Value
Actuarial trend assumption:	Medical and prescription drug trend rate applied to FY 2009 is 8.50%. This rate decreases by .5% for FY 2010 thru FY 2011, then decrease by 1.70% in FY2012 . The ultimate rate is 4.20%. Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.70%
Salary increases	3.00%

Accounting for Annual and Disability Leave

As of June 30, 2009, employees paid from the General Fund, Special Revenue Funds, and Internal Service Funds accrued unused annual leave of $18.3 million. Unused annual leave for employees paid from the water and sewer enterprise fund was $696,052. These amounts are based upon the average daily pay rate for the employees at year-end. The annual leave amounts are recognized as liabilities in the County's financial statements. The disability leave amounts, however, do not vest to the employees. As a result, such amounts are not reflected as liabilities and are recorded when paid.

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 Board of Education, 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 through the use of a risk pool and commercial insurance.

The Risk Management Fund is administered by the Office of Risk Management in the Department of County Administration. All funds of the County participate in the risk management program and make annual payments to the internal service fund which provides coverage in the amount of the self-insured retention. Losses above the self-insured retention are paid by the risk pool or commercial insurance. Currently, the self-insured retention is $1 million for each automobile liability claim, $1 million for each general liability claim, $100,000 for each property damage claim and unlimited for each workers' compensation claim. The self-insured retention can change based on the terms of the annual policy renewal. Currently, the Fund totally self-insures workers compensation and third-party environmental exposures due to the lack of availability of adequate and affordable commercial excess coverage. The Fund also totally self-insures first-party auto physical damage claims.

Contributions to the Risk Management Fund from covered departments and agencies are calculated based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior, current and anticipated claims, to establish a reserve for catastrophic losses, and pay for commercial insurance premiums and administrative costs. In addition, the Library, Community College, Howard County Economic Development Authority, Housing Commission and Howard County Mental Health Authority have entered into agreements with the County whereby they contribute to and are covered through the Risk Management Fund.

The County belongs to the Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage provided by the County's Risk Management Fund for certain exposures. The County participates in LGIT in the areas of excess property, general liability and automobile liability. LGIT consists of various Maryland local governments including counties and municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages that may otherwise be unavailable, and loss control and risk management services to Maryland local governments. The County's settled liability claims have not exceeded its self-insured retention in any of the past three fiscal years.

The Employee Benefits Fund provides full coverage for employee health benefits and long-term disability claims. An employee may contribute a percentage of the cost of employee benefits other than long-term disability, which is fully funded by the County. This program is administered by the County Office of Human Resources, and employees of the County are covered by its benefits.

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, 2009, the County had investments totaling approximately $326.7 million. All of these investments mature within one year except for 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.

In 2003, the County's investment policy was updated and received a certificate of excellence from the Association of Public Treasurers of the United States and Canada. The GFOA's Government Finance Research Center evaluated the County's investment policy and practices in 1994, and verified that the policy met established GFOA criteria for a sound investment policy as set forth in GFOA's publication, *Investing Public Funds*. The County is a member of the Investment Affinity Group of the Maryland GFOA, which periodically brings together public investment officers from large Maryland counties, Baltimore City and the State.

Credit: Art Landerman, local artist, Ellicott City, Maryland

Capital Requirements and Debt Management

Capital Projects Fund and Board of Education Capital Projects

The following table presents the sources and uses of funds in the County's Capital Projects Fund.

Sources and Uses of Capital Projects Fund (000)[(1)]

	Fiscal Year Ended June 30				
	2005	**2006**	**2007**	**2008**	**2009**
Source of Funds:					
Proceeds of bonds and notes	60,000	91,375	113,400	136,845	89,763
Proceeds of refunding bonds	-	-	-	87,420	0
Local transfer tax	19,593	30,198	25,465	20,021	15,194
Pay-as-you-go funding	765	2,681	-	5,497	10,780
Revenues from other governmental	5,947	6,065	18,789	15,774	17,340
Developer contributions	2,270	2,009	1,263	1,505	795
Other	8,148	12,828	17,626	12,409	14,246
Operating transfers in	11,276	26,227	19,707	21,228	12,032
Total Sources	**107,999**	**171,383**	**196,250**	**300,699**	**160,150**
Use of Funds:					
Capital projects expenditures	102,039	174,417	169,813	157,853	120,914
Operating transfers out	18,458	27,958	27,827	33,654	34,382
Payment to refunded bond escrow agent	-	-	-	92,180	-
Other	430	293	-	-	-
Total Uses	**120,927**	**202,668**	**197,640**	**283,687**	**155,296**
Excess (Deficit) of Sources over Uses	(12,928)	(31,285)	**(1,390)**	**17,012**	**4,854**
Fund Balance at Beginning of Period	37,248	24,320	**(6,965)**	**(8,355)**	**8,657**
Fund Balance (Deficit) at End of Period	**24,320**	**(6,965)**	**(8,355)**	**8,657**	**13,511**

(1) The information in this table should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.

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) [(1)]

	Fiscal Year Ended June 30				
	2005	**2006**	**2007**	**2008**	**2009**
Sources of Funds:					
Proceeds of County bonds and notes	75,490	82,880	84,963	57,759	32,419
Revenues from County and State	8,832	15,676	3,175	13,322	20,745
Other	3,390	4,456	366	2,247	3,949
Total Sources	87,712	103,012	88,504	73,328	57,113
Uses of Funds:					
Capital projects expenditures	85,434	103,970	89,647	76,054	63,129
Total Uses	85,434	103,970	89,647	76,054	63,129
Excess (Deficit) of Sources over Uses	2,278	(958)	(1,143)	(2,726)	(6,016)
Fund Balance at Beginning of Period	5,134	7,412	6,454	5,311	2,585
Fund Balance at End of Period	7,412	6,454	5,311	2,585	(3,431)

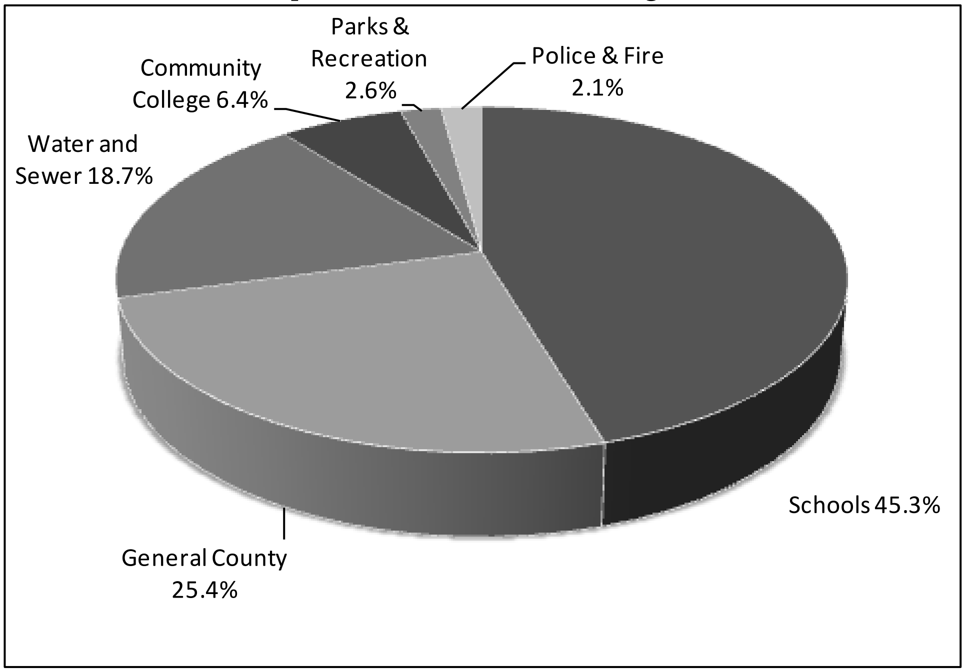
(1) This table should be read in conjunction with the audited basic financial statements of the Board of Education.

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, 2009.

Composition of Issued General Obligation Debt



Capital Budget and Program

The following table presents the County's adopted capital budget for fiscal year 2010 and program for fiscal years 2011 through 2015.

Capital Budget and Program (000)

	Authorization								
Program Title	**Prior**	**FY2010**	**Subtotal**	**FY2011**	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**Total**
Bridge Improvements	$ 19,006	416	19,422	2,200	250	1,150	150	-	23,172
Storm Drainage	25,960	3,791	29,751	6,605	5,105	5,190	4,105	425	51,181
Road Resurfacing	30,290	12,500	42,790	11,870	9,870	2,870	2,750	2,000	72,150
Road Construction	209,015	20,365	229,380	40,100	34,595	7,910	5,555	9,705	327,245
Sidewalk/Curb Projects	9,044	375	9,419	3,430	2,230	2,365	1,120	1,363	19,927
Traffic Improvements	5,890	613	6,503	1,690	870	500	50	-	9,613
General County (1)	162,811	199,814	362,625	56,780	18,640	19,615	11,820	7,285	476,765
Fire	53,043	8,250	61,293	28,825	19,000	14,240	1,350	1,250	125,958
Library	10,995	15,100	26,095	11,975	40,905	18,310	500	-	97,785
Police	6,255	-	6,255	2,065	5,065	1,885	-	-	15,270
Recreation & Parks	97,930	9,553	107,483	31,569	19,392	25,117	8,722	9,572	201,855
Agricultural Preservatic	120,608	-	120,608	-	-	-	-	-	120,608
Community Renewal	15,300	-	15,300	4,000	1,000	-	-	-	20,300
Sewer	362,404	61,263	423,667	11,302	19,112	2,915	-	1,500	458,496
Water	162,456	22,692	185,148	59,936	6,379	1,274	2,544	5,514	260,795
Board of Education	460,966	70,762	531,728	104,532	129,090	127,649	124,879	107,704	1,125,582
Community College	87,415	7,724	95,139	24,172	51,399	48,008	59,287	41,870	319,875
Total	$ 1,839,388	433,218	2,272,606	401,051	362,902	278,998	222,832	188,188	3,726,577

(1) In FY2010 $50,000,000 was included for potential TIF projects and $100,000,000 was set aside in anticipation of Federal stimulus funding.

Debt Management Policy

The County has adopted a 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 recently 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.

Debt Capacity

Pursuant to Article VI of the County Charter and State law, general obligation debt 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 do not constitute general obligation debt: (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 estimated legal debt capacity as of December 31, 2009, based on the County's assessable base as of December 31, 2009.

Legal Debt Capacity (000)

Assessable base limit on general obligation debt	$2,323,325
Total outstanding debt to be applied against County Charter limit	659,050
Additional legal debt capacity	$1,664,275

Outstanding Long-Term Debt

As of December 31, 2009, the County had outstanding long-term debt presented below.

	Dated Date	Issued (000)	Outstanding (000)[1]	Interest Rates	Final Maturity
Maryland Water Quality Financing Administration Refunding	06/29/99	14,210	7,980	2.41	02/01/16
Consolidated Public Improvement Project and Refunding	02/01/02	112,165	37,615	3.40 - 5.25	08/15/15
Consolidated Public Improvement Project and Refunding	06/01/03	94,770	27,005	2.00 - 5.00	08/15/23
Consolidated Public Improvement Project and Refunding, Series A	02/01/04	112,305	100,120	2.00 - 5.00	08/15/24
Consolidated Public Improvement Project and Refunding, Series B	02/01/04	21,000	3,985	2.00 - 5.00	08/15/19
Consolidated Public Improvement	01/01/05	60,000	50,400	3.00 – 4.25	02/15/25
Consolidated Public Improvement	01/15/06	91,375	63,400	3.50 – 4.50	02/15/26
Consolidated Public Improvement, Series A	03/15/07	100,000	59,900	4.00 – 5.00	02/15/27
Consolidated Public Improvement Refunding, Series B	12/19/07	87,420	75,755	3.75 – 5.00	02/15/19
Consolidated Public Improvement	02/27/08	107,500	77,310	3.00 - 5.00	02/15/28
Consolidated Public Improvement, Series A	04/08/09	69,720	69,720	3.50 - 5.00	04/15/29
Consolidated Public Improvement Refunding, Series B	12/08/09	85,860	85,860	2.00 - 5.00	08/15/22
Total Long-Term Public Improvement Debt			**$659,050**		
Maryland Water Quality Financing Administration	06/01/92	15,212	4,305	3.50	02/01/13
Maryland Water Quality Financing Administration	10/10/95	1,831	803	4.33	02/01/15
Maryland Water Quality Financing Administration	10/18/00	34,000 (2)	23,883	2.40	02/01/22
Maryland Water Quality Financing Administration	01/29/02	22,000 (2)	16,617	2.00	02/01/24
Metropolitan District Project and Refunding	02/01/02	26,150	19,210	3.4 - 5.25	08/15/31
Metropolitan District Project and Refunding	06/01/03	29,180	14,970	3.0 - 5.0	08/15/32
Metropolitan District Refunding	02/01/04	8,325	8,005	2.0 - 4.25	08/15/23
Metropolitan District	01/01/05	4,000	3,650	3.0 – 4.5	02/15/34
Metropolitan District	01/15/06	3,000	2,565	3.5 – 4.4	02/15/35
Metropolitan District, Series A	03/15/07	10,000	9,060	4.0 – 4.5	02/15/37
Metropolitan District Refunding, Series B	12/19/07	11,980	11,850	3.75 – 4.375	02/15/29
Metropolitan District	02/27/08	4,095	4,020	3.00 - 4.75	02/15/38
Maryland Water Quality Financing Administration	10/01/08	1,089	967	2.30	02/01/29
Metropolitan District, Series A	04/08/09	26,240	26,240	2.81 - 5.00	04/15/29
Metropolitan District Refunding, Series B	12/08/09	7,255	7,255	1.00 - 4.00	08/15/30
Total Water and Sewer Enterprise Fund Debt[3]			**$153,401**		
Agricultural Land Preservation Program[4][5]	1989-2008	64,481	2,245	6.00 - 8.60	02/15/28
Golf Course Refunding Revenue[6]	06/01/03	9,880	6,870	2.00 -3.80	08/15/20
Total Special Revenue Funds, Other Enterprise Fund and Guaranteed Debt			**$9,115**		

(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) This amount is the maximum that the County is authorized to draw down from the Maryland Water Quality Financing Administration.
(3) 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.
(4) The payment of the principal and interest on this debt is to be made first from certain taxes the County and the State are authorized to levy on real estate transactions on property within the County, 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 $58,995,200, which will be paid in fiscal years 2017-2028 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, 2009. 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 (1)	Interest (2)	Total (3)
2010	30,960	13,428	44,388
2011	48,665	27,955	76,620
2012	47,995	25,971	73,966
2013	46,475	24,027	70,502
2014	43,800	21,954	65,754
2015	40,925	19,857	60,782
2016	39,505	17,917	57,422
2017	37,040	15,931	52,971
2018	36,285	14,020	50,305
2019	33,915	12,472	46,387
2020	34,115	10,846	44,961
2021	32,170	9,305	41,475
2022	31,780	7,974	39,754
2023	32,995	6,599	39,594
2024	32,710	5,349	38,059
2025	29,400	4,005	33,405
2026	24,045	2,732	26,777
2027	18,715	1,636	20,351
2028	12,410	784	13,194
2029	5,145	232	5,377
Totals	**$659,050**	**242,993**	**902,043**

(1) Includes mandatory sinking fund redemption payments on term bonds and original principal amounts of capital appreciation bonds, rounded to the nearest dollar.

(2) Accreted interest on capital appreciation bonds is included in the year paid; accretions are not reflected.

(3) Excludes administrative fees of five percent of total debt service over the total loan period for the Water Quality Financing Administration Debt.

The following table presents the principal and interest payments for the County's other long-term debt as of December 31, 2009. Debt service on the Metropolitan District Bonds is shown in Appendix D.

Debt Service on Other Long-Term Debt (000)

	Water and Sewer Enterprise Fund (Metropolitan District and Water Quality Financing Administration) (1)			Agricultural Land Preservation Program (2)			Special Recreation Facility (Golf Course) Enterprise Fund		
Fiscal Year	Principal (3)	Interest (4)	Total	Principal	Interest	Total	Principal	Interest	Total
2010	$ 5,294	2,720	8,014	242	2,309	2,551	-	113	113
2011	9,402	5,580	14,983	151	4,604	4,755	540	220	760
2012	9,599	5,243	14,843	242	4,591	4,833	555	205	760
2013	9,319	4,937	14,256	151	4,573	4,724	575	188	763
2014	8,492	4,564	13,056	242	4,561	4,803	590	170	760
2015	8,688	4,258	12,946	151	4,543	4,694	605	152	757
2016	8,521	3,949	12,469	242	4,531	4,773	625	132	757
2017	8,808	3,637	12,446	146	4,513	4,659	650	111	761
2018	8,917	3,329	12,246	234	4,054	4,288	670	89	759
2019	9,223	3,010	12,233	136	3,964	4,100	695	64	759
2020	9,300	2,672	11,973	118	3,679	3,797	720	38	758
2021	7,894	2,384	10,278	20	2,506	2,526	645	12	657
2022	7,800	2,135	9,935	75	1,481	1,556	-	-	-
2023	5,877	1,780	7,656	20	1,326	1,346	-	-	-
2024	4,908	1,573	6,481	31	1,325	1,356	-	-	-
2025	4,426	1,331	5,757	20	538	558			
2026	4,468	1,149	5,616	24	519	543			
2027	4,454	960	5,414	-	320	320			
2028	3,696	777	4,472	-	140	140			
2029	3,830	615	4,445	-	-	-			
2030	1,895	447	2,342						
2031	1,880	365	2,245						
2032	1,590	287	1,877						
2033	1,380	220	1,600						
2034	1,085	166	1,251						
2035	885	118	1,003						
2036	750	79	829						
2037	780	45	825						
2038	240	11	251						
2039	-	-	-						
	$ 153,401	**58,343**	**211,744**	**2,245**	**54,077**	**56,322**	**6,870**	**1,494**	**8,364**

(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 does not include a portion of these obligations in the aggregate principal amount of $58,995,200 which will be paid in fiscal years 2017 - 2028 with proceeds of U.S. Treasury obligations purchased by the County.
(3) Includes mandatory sinking fund redemption payments on term bonds and original principal amounts of capital appreciation bonds, rounded to the nearest dollar.
(4) Accreted interest on capital appreciation bonds is included in the year paid; accretions are not reflected.

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, 2009 (excluding the $12.6 million in short-term construction financing) in comparison to the debt outstanding as of July 1, 2010 is scheduled to be repaid over 20 years.

Rapidity of Consolidated Public Improvement Debt Principal Repayment [1]

	Before Issuance of Bonds			After Issuance of Bonds	
On or before Fiscal Year	Amount (000)	% of Outstanding	On or before Fiscal Year	Amount (000)	% of Outstanding
2014	$217,895	33.06	2015	$251,715	34.52
2019	405,565	61.54	2020	456,200	62.57
2024	569,335	86.39	2025	639,725	87.74
2029	659,050	100.00	2030	729,100	100.00

(1) These amounts include the original principal amounts of capital appreciation bonds, rounded to the nearest dollar.

The following table analyzes how much of the County's water and sewer enterprise fund debt outstanding as of December 31, 2009 in comparison to the debt outstanding as of July 1, 2010 is scheduled to be repaid over 28 years.

Rapidity of Metropolitan District Debt Principal Repayment [1]

	Before Issuance of Bonds			After Issuance of Bonds	
On or before Fiscal Year	Amount (000)	% of Outstanding	On or before Fiscal Year	Amount (000)	% of Outstanding
2014	$23,390	21.90	2015	$33,100	29.87
2019	52,025	48.70	2020	62,025	55.97
2024	76,770	71.87	2025	84,325	76.10
2029	100,005	93.62	2030	102,580	92.57
2034	104,170	97.51	2035	109,040	98.40
2038	106,825	100.00	2038	110,810	100.00

(1) These amounts include the original principal amounts of capital appreciation bonds, rounded to the nearest dollar.

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. This excludes $12.6 million in short-term construction financing currently outstanding.

Long-Term Consolidated Public Improvement Debt Ratios

Fiscal Year Ended June 30	Net Long-Term Debt (000)	Estimated Population (000) (1)	Assessed Value (000)	Per Capita	Net Long-Term Debt As % of Assessed Value	Net Long-Term Debt As % of Personal Income (2)
2009	678,888	285	47,639,226	2,385	1.4	4.01
2008	636,013	283	42,258,202	2,250	1.5	3.76
2007	575,824	279	36,395,166	2,065	1.6	3.59
2006	541,323	276	31,244,707	1,959	1.7	3.59
2005	490,406	273	27,275,980	1,799	1.8	3.45

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

The following table presents the County's debt service expenditures for long-term public improvement debt as a percentage of General Fund expenditures.

Long-Term Debt Service as Percentage of General Fund Expenditures

Fiscal Year Ended June 30	Public Improvement Debt Principal (000)	Public Improvement Debt Interest (000)	Public Improvement Debt Service (000)	Total General Fund Expenditures (000)	Debt Service as % of General Fund Expenditures
2010 Budget	$ 49,950	29,964	79,914	820,225	9.74
2009	42,296	27,033	69,329	835,418	8.30
2008	44,950	25,516	70,466	812,534	8.67
2007	41,580	22,670	64,250	695,771	9.23
2006	40,595	20,299	60,894	644,220	9.45
2005	40,175	19,386	59,561	596,895	9.98

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 urban 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, transfer taxes and funds from Community College fees are also used to pay debt service for certain types of capital projects.

Short-Term Construction Financing Program

The County issues bond anticipation notes on an annual basis 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 commercial paper and are rolled over at maturity until 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 note proceeds expended since its last bond sale and uses such bond proceeds to redeem outstanding notes. The maximum authorized amount of such notes as of March 8, 2010 is $150 million with only $12.6 million currently outstanding.

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 28.99 percent capacity at the remaining cell 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 $42.81 million. Actual costs may differ due to inflation or future design changes. As of June 30, 2009, the County had recognized $35.94 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 defray the costs of the County's 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 six outstanding loans to the County at interest rates that are below market. Five of the loans are tax-exempt obligations that were primarily used to finance the expansion of the Little Patuxent Wastewater Treatment Plant. 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.

The remaining loan, incurred in 1999, was used to refund $14.04 million of public improvement debt used to fund landfill closure costs. Interest on this refunding loan is not tax-exempt and debt service on this refunding loan is payable from the County's General Fund.

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 U.S. Treasury obligations in an amount sufficient to equal the balloon payment at the maturity of the installment purchase.

Under the current program, the County intends to pay equal annual principal payments over 20 years with interest (currently capped at four percent). 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 revenue bonds to finance construction of a public golf course with related facilities. The original bonds were refunded in 2003. Income derived from the golf course facility is pledged to pay debt service on the 2003 bonds and to maintain a debt service reserve fund. If a deficiency exists in the debt service reserve fund, the County is obligated to restore the amount in the debt service reserve fund to the maximum annual debt service on the 2003 bonds not later than 30 days after the beginning of the first fiscal year following a determination of such a deficiency, until the 2003 bonds have been paid in full. The 2003 bonds do not constitute a pledge of the County's 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.

Lease Purchase Obligations

In August 2007 the County entered into a six-year $1,000,000 Lease Purchase Agreement to acquire a helicopter for use by the Police Department. Payments under the Lease Purchase Agreement are subject to annual appropriation by the County and do not involve a pledge of the County's faith and credit or taxing powers.

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 Homeowners Association does have authority to issue debt which is funded via a fee. (See "Demography and Economy, Columbia" herein.)

Tax Incremental Financing

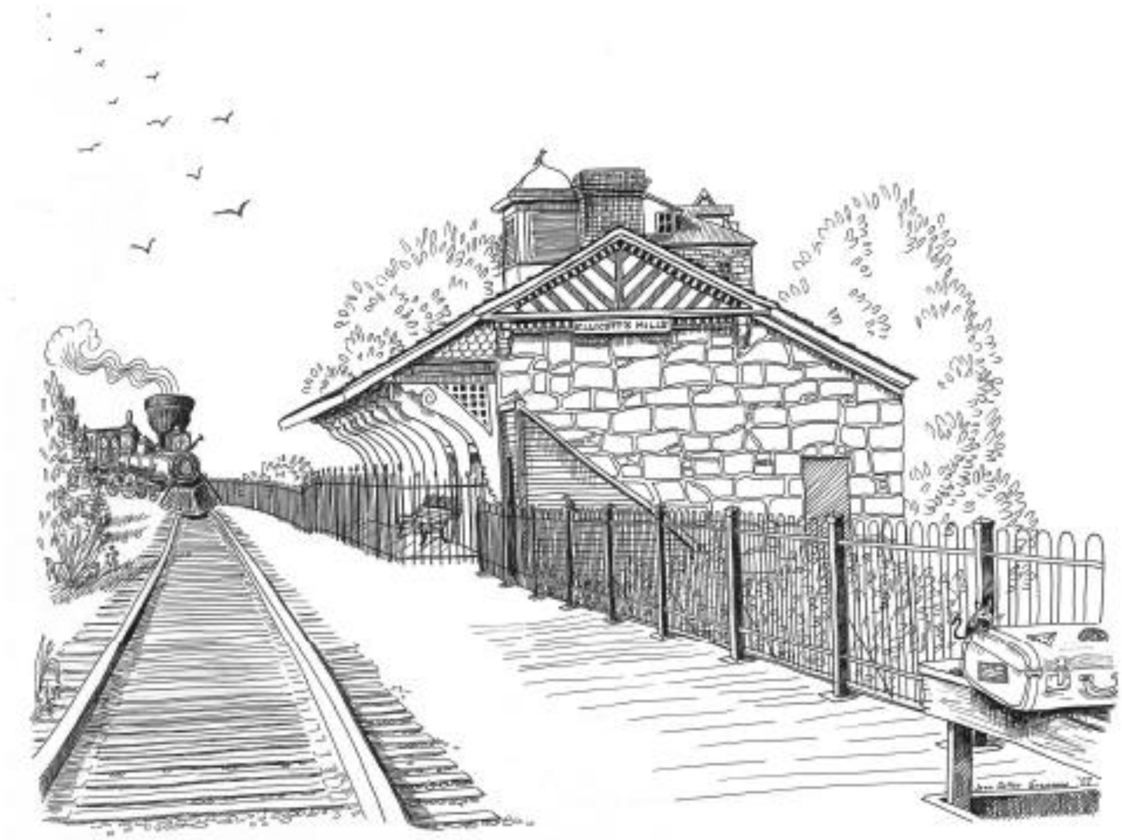
The County has authorized the issuance of tax increment financing ("TIF") bonds to finance a portion of the costs of construction of a parking garage at the Savage MARC Rail Station. The purpose of the proposed TIF bonds will be to finance a portion of the public improvements on the property and to encourage a mixed use "transit oriented development" consisting of residential, hotel, retail and office use. The State has approved the transfer of property to the developer in exchange for the developer's agreement to construct a commuter garage (to be owned by the State) and an apartment building. The County currently anticipates that a portion of the costs of the garage (approximately $14 million) will be financed with proceeds of the County's TIF bonds and the remainder will be funded by the developer. The County created the "Savage Towne Centre Special Taxing District" to levy and collect property taxes to fund the special obligation bonds.

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 debt 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, 2009, the County has authorized but unissued general obligation indebtedness of $355.96 million (CPI), $238.48 million metropolitan district bonds and $954,322 Water Quality (State Revolving Loan Program). These amounts include bonds authorized to redeem the $12.6 million in short-term construction financing debt. The County currently expects to (a) authorize $90 to $110 million of public improvement bonds annually, (b) continue its program of providing interim financing for County capital projects through the issuance of bond anticipation notes, (c) annually issue approximately $5 to $20 million of Metropolitan District bonds or borrow some or all of such amounts under the Maryland Water Quality Financing Administration's revolving loan program, and (d) enter into purchase agreements to be funded by transfer tax revenues for up to $30 million to acquire development rights in agricultural property. Where direct benefits from capital improvements can be identified to specific users, the County intends to finance such improvements from user charges.

Private Activity Bonds

Private activity bonds issued by the County for the benefit of private businesses and non-profit organizations in the County are not debt of the County or charges against the general credit or taxing power of the County, and the County has no pecuniary liability therefor.



Credits: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

Government and Infrastructure

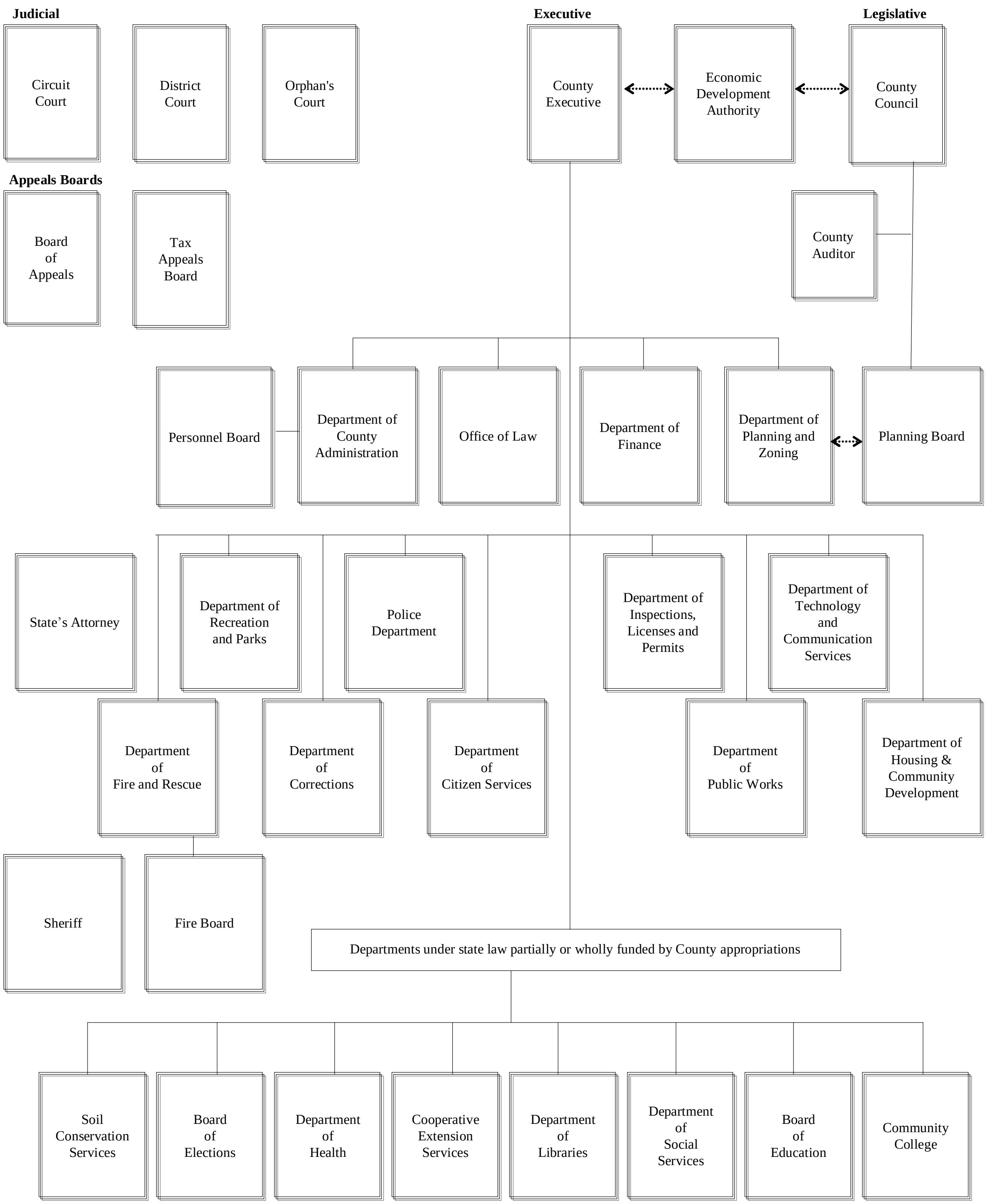
General

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.


Judicial
Circuit Court
District Court
Orphan's Court
Executive
County Executive
Economic Development Authority
Legislative
County Council
Appeals Boards
Board of Appeals
Tax Appeals Board
County Auditor
Personnel Board
Department of County Administration
Office of Law
Department of Finance
Department of Planning and Zoning
Planning Board
State's Attorney
Department of Recreation and Parks
Police Department
Department of Inspections, Licenses and Permits
Department of Technology and Communication Services
Department of Fire and Rescue
Department of Corrections
Department of Citizen Services
Department of Public Works
Department of Housing & Community Development
Sheriff
Fire Board
Departments under state law partially or wholly funded by County appropriations
Soil Conservation Services
Board of Elections
Department of Health
Cooperative Extension Services
Department of Libraries
Department of Social Services
Board of Education
Community College

Executive, Administrative, Legislative and Education Officials

Executive

Ken Ulman was elected Howard County Executive on November 7, 2006. Prior to his election, he served on the County Council representing District 4. Mr. Ulman is also an attorney who managed his own law firm in Columbia and focused his practice in the areas of estate planning and elder law. Mr. Ulman was born and raised in the County, and is a product of the Howard County public school system. Mr. Ulman has served as Chair of the Baltimore Regional Transportation Board and the Baltimore Metropolitan Council. In 2005, Mr. Ulman received the Omega Psi Phi Public Service Award in recognition of his leadership and his work to improve the County. Mr. Ulman has served on the Boards of Grassroots Crisis Intervention Center and the Ulman Cancer Fund for Young Adults. He has been a member of the Maryland Association of Counties (MACo) since 2002, on the Board of Directors since 2007 and was recently elected as the Treasurer. The Ulman Cancer Fund was founded by his family after his brother was diagnosed with cancer. A graduate of Centennial High School, Mr. Ulman received a B.A. degree in Government and Politics from the University of Maryland at College Park, and a J.D. degree from Georgetown University Law Center.

Jessica Feldmark was appointed Chief of Staff to Howard County Executive Ken Ulman on February 16, 2009. Before being appointed Chief of Staff, Ms. Feldmark served as the County Executive's Senior Advisor and served as Mr. Ulman's Special Assistant during his term on the Howard County Council. Prior to working for Howard County Government, she served as Training and Special Projects Manager for Volunteer Maryland and worked as a consultant for the Maryland Association of Nonprofit Organizations, the National Crime Prevention Council, and various AmeriCorps programs. She has served as on the Boards of NeighborRide, The Volunteer Center Serving Howard County, and the Howard County Association of Volunteer Administrators. Ms. Feldmark received her B.A. degree from Goucher College.

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 been Senior Assistant County Solicitor and Assistant County Solicitor. 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.

Sharon F. Greisz was appointed Director of Finance effective July 2, 2003. Prior to that date she was Deputy Director of Finance for three years. Ms. Greisz holds an honors degree in Accounting from the University of Baltimore and has more than 26 years of accounting and governmental experience. Ms. Greisz is a Certified Public Accountant in the State of Maryland. She has served on the Board of Directors of the Maryland Government Finance Officers Association ("MDGFOA"). She serves on the Board of Trustees of Local Government Insurance Trust ("LGIT") and has been a member of the LGIT Finance Committee since 2005. As Director of Finance, Sharon sits on Howard County's Risk Management and the County pension plans' boards. She is on the 457 Deferred Compensation Oversight Committee and the OPEB Trust Board as well. She is a graduate of the 2005 Leadership Howard County program and of GFOA's Advanced Government Finance Institute 2005. She also has a Certificate of Achievement in Public Pension Plan Policy and attended the Advanced Investments Management for Pensions Plans (The Wharton School 2007).

Margaret Ann Nolan was appointed Howard County Solicitor effective April 9, 2007. Prior to that, Ms. Nolan was an Assistant Attorney General for the State of Maryland for 18 years, during which time she held positions as Counsel to the Office on Aging, Counsel to the Office for Children, Youth, and Families, Deputy Counsel to the State Department of Education, Deputy Counsel to the State Department of Health and Mental Hygiene, and Chief of Civil Litigation. Before joining the Attorney General's Office, Ms. Nolan practiced law in Indiana as a private practitioner and as an attorney for the Legal Services Program of Northern Indiana. Ms. Nolan holds a B. A. in Psychology from Goucher College and a Juris Doctor degree from the University of Washington in Seattle. She is a member of the Washington State, Indiana, and Maryland bars and is admitted to practice in the federal courts in Indiana and Maryland.

Raymond S. Wacks, was reappointed as Budget Administrator in October 2007 after spending 2 ½ years with the City of Baltimore. Mr. Wacks was previously the Budget Administrator from 1977 until 2005. He holds a B.S. degree from Towson University and Master of Public Administration degree from The American University in Washington, D.C. He also serves as an Academy Advisor to the University of Maryland's Institute for Governmental Service's program: Academy for Excellence in Local Governance. He is a member of the GFOA, and for many years served on the Executive Committee of the MDGFOA. In 2006, he represented the Maryland Association of Counties (MACo) on the State Board of Education's Commission to Study Local Maintenance of Effort for Education Funding. He was appointed Chairman of the Maryland Business Tax Reform Commission by Governor O'Malley in 2008.

Legislative

Courtney Watson was elected to represent District 1 in November 2006, and is Chairperson of the County Council. She is a lifelong County resident raised in Clarksville. She was educated in the Howard County public school system and graduated from Atholton High School. After several years as a community activist, Mrs. Watson was elected in 2002 to the Board of Education, completing a four-year term and serving two years as Chairperson. Mrs. Watson has 22 years experience in the private sector and is Vice President of Sales for a Howard County insurance agency. She is the past Chairperson of the Maryland Hospitality Education Foundation and a current board member of the Restaurant Association of Maryland. Mrs. Watson has served on the County's Adequate Public Facilities Ordinance Committee, the Ellicott City Master Plan Steering Committee, and the Economic Development Authority Strategic Plan Committee. She serves as a member of the MACo 2007 Education Subcommittee. She also served as the Board of Education's representative to the County's Spending and Bond Affordability Committee. She was the recipient of the 2001 PTA Council of Howard County Award and a nominee for the Board of Education's 2001 Friends of Education Award. Mrs. Watson attended Howard Community College, earned a Bachelor of Arts degree from Loyola College in Maryland, and also holds a Master of Business Administration degree from the Sellinger School of Business at Loyola.

Mary Kay Sigaty was elected to represent District 4 in November 2006. She is the Vice Chairperson of the County Council and the Board of License Commissioners. She serves as an advisory board member of the Women's Giving Circle of Howard County, as a member of the steering committee of Arts Education in Maryland Schools Alliance and a member of the Maryland State Department of Education's Fine Arts Education Advisory Panel. Ms. Sigaty's past involvement includes serving on the Board of Education, the Wilde Lake Village Board, the County's Spending and Bond Affordability Committee, the National School Board Association's Federal Relations Network, as a director for the League of Women Voters, and as a member of the School Improvement Teams at Bryant Woods Elementary, Wilde Lake Middle and Wilde Lake High. Throughout this time, she has worked as an artist in the community, running a small business and participating as an Artist-in Residence for the Howard County public school system, teaching at the Columbia Center for the Arts and volunteering with the theatre departments at Wilde Lake and Marriotts Ridge high schools. Ms. Sigaty taught at the Running Brook Children's Nursery in Columbia, the National Child Research Center in Washington and the Park School in Brooklandville. She earned her undergraduate degree from Boston College and certification in Early Childhood Education from Towson University. She has a Master's degree from Johns Hopkins University.

Calvin Ball was elected to represent District 2 in November 2006 and is Chairperson of the Zoning Board and the Board of Licensing Commissioners. Mr. Ball is a Maryland native and Columbia resident, where he served three terms on the Oakland Mills Village Board. He was a member of the Howard County Chamber of Commerce's Educator of the Year Committee and also the Chamber's Workforce Readiness Committee. Mr. Ball has volunteered with numerous efforts including the Howard County Public School System Leadership Task Force and Student Performance Review Committee. Mr. Ball was the first Community Development Officer in the County, facilitating neighborhood revitalization in the Village of Oakland Mills. He has won numerous awards including the Louis Goldstein Award for Democratic Spirit and the Kittleman Award for Legislative Leadership. He has served as well as a County firefighter and emergency medical technician. Mr. Ball has over eight years of experience in the field of higher education, including his current position as a faculty member for the University of Phoenix. Over the last six years, he has facilitated classes in subjects such as Critical Thinking, Ethics and Political Science. In addition to instruction, he assesses, trains and mentors new faculty members. Mr. Ball has a Bachelor of Arts degree in Philosophy and Religion from Towson University, a Master's degree in Legal and Ethical Studies from the University of Baltimore, and a Doctor of Education from Morgan State University. He is also a member of Kappa Delta Pi, an International Honor Society in Education.

Greg Fox was elected to represent District 5 in November 2006. Mr. Fox is a 20-year resident of Howard County where he has been active in various community activities including working for five years on the Howard County Public Works Board (the final year as vice-chair), participating as a member of the Howard County Task Force on Childcare, acting as spokesperson and moderator for the Take-A-Step Food Allergy Network, serving as Vice-President of the Howard County Republican Club, coaching soccer, and being a member of the Fulton Elementary Parent Teacher Association. Mr. Fox is a Director of Business Development for Constellation Energy Projects & Services Group, Inc. and focuses on the areas of energy conservation and renewable energy. He has been in the energy field for more than 20 years and is a Certified Energy Manager. He previously served on the State Task Force for Facility Energy Management. His business background also includes experience in finance, marketing, manufacturing and research and development. He received his Mechanical Engineering degree from Georgia Institute of Technology and his MBA Fellows from Loyola College of Maryland's Executive Program where he was inducted into the Beta Gamma Sigma Honor Society for business students. Mr. Fox is a graduate of Leadership Howard County's Class of 2006.

Jen Terrasa was elected to represent District 3 in November 2006. She is the Chairperson of the Zoning Board. A 34-year resident of Howard County, Ms. Terrasa has served her community as president of her homeowners' association; vice-chair and member of the Kings Contrivance Village Board; and member of the County Planning Board. She was appointed by Governor O' Malley to the Board of Directors of the Maryland Economic Development Corporation (MEDCO) and member of the Student Physical Fitness Task Force. She serves as the Council's legislative representative to MACo. Ms. Terrasa is a graduate of Oakland Mills High School and University of Maryland at College Park, where she earned a bachelors degree in Sociology, graduating *summa cum laude.* During college, she interned in the County's Executive Office. Ms Terrasa is also a graduate of the University of Baltimore Law School, where she graduated second in her class. While there, she was an editor on Law Review and worked as an intern with the County Office of Law and Maryland Attorney General's office. She has spent the past seven years working for the Women's Law Center of Maryland and teaching at the University of Baltimore Law School.

Haskell N. Arnold was appointed County Auditor effective April 2, 2007. Mr. Arnold received his B.S. degree in Accounting from Hampton University and his MBA from Harvard Business School. Mr. Arnold is a Certified Public Accountant in the State of Maryland. Mr. Arnold has more than 30 years of accounting, auditing, and governmental experience. Mr. Arnold is a member of the MDGFOA and the Institute of Internal Auditors.

Education

Dr. Sydney L. Cousin, Superintendent, began his career in education as a history teacher in Baltimore. After receiving his Master's degree in City and Regional Planning, he spent a year as a Capital Planner for the Baltimore City Department of Planning. He rejoined the Baltimore City public school system in 1973 as a Long-Range Planner in the Division of Physical Plant Planning and Programming. He was promoted to Staff Director of the Division in 1977.

In 1987, Dr. Cousin became Director of School Construction and Planning for the Howard County Public School System. He was promoted to Associate Superintendent of Finance and Operations two years later and then to Deputy Superintendent/Chief Operating Officer in 2001. As Deputy Superintendent, Dr. Cousin was responsible for the day-to-day operations of the school system, which included oversight of 72 facilities, 6300 employees, and capital and operating budgets totaling over $400 million.

In 2003, Dr. Cousin became Associate Superintendent/Chief of Facility Management for the Washington, D. C. public school system. He returned to the County in 2004 as Interim Superintendent, and later that year entered into a four-year contract as Superintendent. His contract was renewed for another four years in June 2008.

Dr. Cousin is a graduate of Morgan State University. He received his Master's degree from the University of Pennsylvania in 1972, and his doctorate in Education from Temple University in 1986. He currently serves on the Maryland Partnership for Children in Nature, the Nonprofit Resource Development Council, and the boards of The Horizon Foundation, the Bright Minds Foundation (Howard County Public Schools Educational Foundation, Inc.) and the African-American Culture Center.

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

Fiscal Year	Public Safety	Other County	Board of Education	Total
2010	1,255	2,309	7,436	11,000
2009	1,236	2,322	7,376	10,934
2008	1,211	2,300	7,213	10,724
2007	1,117	2,151	6,872	10,140
2006	1,054	2,006	6,722	9,782

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 full exclusive representation bargaining units: (1) American Federation of State, County and Municipal Employees ("AFSCME"), which represents correctional officers and cooks of the County's Detention Center, and with a separate local (Local 3085) representing blue collar workers of various County departments, (2) International Association of Firefighters, representing firefighters below the rank of captain, (3) International Union of Police Associations ("IUPA"), AFL-CIO, representing sworn police officers below the rank of sergeant, (4) Local 107 of the IUPA, which represents dispatchers, and (5) Local 112 of the IUPA, which represents police supervisors. The County has contracts with all five unions expiring on or after June 30, 2010. Board of Education employees are represented by the Howard County Education Association, affiliated with the Maryland State Education Association and the National Education Association, which represents teachers, staff development facilitators, school-based administrators and other certified nonsupervisory personnel. Howard County Education Association-Educational Support Professionals ("HCEA ESP") represents clerical, secretarial, instructional, student, food and nutrition service, health and security assistants, educational interpreters, registered nurses and administrative management and technical nonsupervisory personnel. The American Federation of State, County and Municipal Employees (AFSCME - Local 1899) represents custodial, grounds, maintenance and warehouse personnel. The Howard County Administrators Association (HCAA) represents 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.

For the 2008-2009 school year, the Board of Education exercised responsibility for 39 elementary schools, 18 middle schools, 12 high schools, one K-8 school, and two special schools that accommodate approximately 48,918 students. The composite teacher-to-student ratio is 1:22, as presented in the following table.

Teacher to Student Ratio

Kindergarten	1 professional to 22 students
Grade 1-2	1 professional to 19 students
Grades 3-5	1 professional to 25 students
Grades 6-8	1 professional to 20.5 students
Grades 9-12	1 professional to 23.5 students

The public school system in the County offers a comprehensive education program, kindergarten through grade 12. The core values of the system are a focus on instruction, partnerships, and continuous improvement. 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.

Howard Community College

Howard Community College, a two-year higher education institution with a total of 8,778 students enrolled in credit classes for fall of 2009, is a Component Unit of the County located in Columbia. The Community College offers a broad range of academic programs, cultural arts events, student activities and athletics, and business training.

In the Community College's 189 programs (or majors), students earn academic credit that can be applied to an associate's degree or transferred to baccalaureate-degree granting colleges or universities. Career programs are one- and two-year courses of study that lead directly to employment.

For those not seeking a degree, the Community College offers courses to sharpen specific skills or professional expertise. Courses in computers, management, and advanced technology are available through open enrollment or can be customized for individual businesses or groups, offered on-site or at the Community College facilities. Continuing education courses also allow for pursuit of special interests from music to world languages.

The Community College is governed by a board of trustees appointed by the Governor of the State, but has historically received a significant portion of its revenues from the County.

Howard County Library

The Howard County Library, a major component of Howard County's strong educational system, delivers equal opportunity in education to everyone who lives and works in Howard County. The mission of the library includes self-directed education through a collection of one million items in print, audio and electronic formats and thousands of on-line resources; research assistance and instruction for individuals and groups through classes, seminars and workshops for all ages taught or facilitated by library instructors and instructive and enlightening experiences through cultural and community center concepts, events and partnerships such as A+ Partners in Education, Choose Civility, Howard County Library Spelling Bee, Battle of the Books and This is Your Life.

A Component Unit of the County, the Library is governed by a seven-member board nominated by the County Executive and appointed by the Council and consists of a central library, five branches and a detention center library. The County is responsible for levying taxes and provides 90 percent of the Library's budget, with 5% funded by the State and another 5% generated through user fees. People of all ages, means and backgrounds walked through the doors of the Library's six branches more than 2.7 million times in FY09 to borrow 6.6 million items, conduct research on 333 computers with more than 160,000 attending classes and seminars. More than 90% of County residents hold library cards. In November 2009, the Howard County Library was ranked among the best libraries serving populations from 250,000 to 500,000 by the Hennen's American Public Library Ratings ("HAPLR") Index.

Public Safety

The County Department of Police, administered by the Chief of Police, is responsible for enforcing State and County laws, rules, and regulations. The Police Department employs 645 persons, which includes 440 sworn officers, 183 civilian employees, 22 school crossing guards and 17 auxiliary officers (volunteers), and has a fleet of 455 vehicles, which includes two armored personnel carriers, one command post, four motorcycles, a tactical support vehicle and a helicopter. The number of officers per 1,000 residents is approximately 1.5.

The County Department of Fire and Rescue Services (DFRS) provides 24/7 emergency response services to citizens, businesses and visitors in and around Howard County. These services include fire suppression and investigation, emergency medical service (both basic and advanced life support) technical rescue and hazardous materials mitigation. In addition, the Department also has responsibility for development and implementation of initiatives that reduce risk in both individuals and the community. Examples include fire safety code development and enforcement, building plans review and inspections, public education and fire prevention programs, as well as special events coverage. DFRS operates as a combination system in partnership with six corporate volunteer organizations at the direction of a Fire Chief who is appointed by the Howard County Executive. The Department has an authorized strength of 392 career personnel and approximately 750 volunteer personnel who staff more than 70 emergency vehicles and apparatus in 11 stations throughout the County each day. In 2009, these personnel responded to nearly 30,000 requests for service received from the 911 national telephone emergency communication system. By Howard County Code, the Chief of Fire and Rescue Services also serves as the Director of the Office of Emergency Management (OEM). Through OEM, DFRS has responsibility for coordinating disaster planning, preparedness, response and recovery efforts for the County.

Planning and Zoning

The County Department of Planning and Zoning, administered by its Director, is responsible for the comprehensive planning of growth, development and conservation in the County. To accomplish this, the department is involved in five major activities: comprehensive planning of land uses, transportation planning, preservation planning, regulation of land use and development through the administration of subdivision and zoning regulations, and preparation of growth projection and plans for public services.

The County's General Plan, adopted in 2000, focuses on growth management, agricultural preservation, environmental protection, conservation of existing communities and revitalization of old commercial-industrial areas. The General Plan retains the strong growth management system previously in place. Based on the General Plan and the County's Adequate Public Facilities legislation, residential development is restricted to 1,850 units per year. The balance of employment and housing growth, however, has been adjusted to reflect strong employment growth and slower residential growth. A cap on the pace of rural land subdivision and an ambitious program for agricultural land preservation redirects growth from rural areas into the County's priority funding area under the State "Smart Growth" program. 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 redevelopment of older employment areas.

Adequate public facilities legislation, adopted in 1992, requires the testing of proposed development for adequacy of schools and roads as a condition of subdivision or site development 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, was required to adopt a 10-year plan for its infrastructure, particularly roads and schools, to serve this pace of development.

Forest conservation legislation required by State law was adopted by the Council and became effective in 1993. The rural portion of the County was comprehensively rezoned in 1992 to provide for clustering of new development, zoning to provide for agricultural support industry and provisions for protection of agricultural and environmental resources. The urban portion of the County was rezoned in 1993 to provide for mixed-use developments, an increased supply of land for multi-family housing and improved processing procedures for development of employment centers.

The County's 2004-2005 Comprehensive Zoning allows higher intensity employment and mixed-use redevelopment of the U.S. Route 1 and Route 40 corridors, increased multi-family housing, and required moderate income housing to be provided in eight additional zoning districts. The new mixed-use zoning on Route 1 has stimulated plans for eight pioneer mixed-use projects with over 4,000 units of housing, as well as office and retail uses. The corridor gets 250 housing units per year (of the 1850 countywide). It will take approximately 16 years to complete these 8 projects.

With extensive input from the community, the County created “Downtown Columbia: A Community Vision” to establish a framework to provide guidance in preparation of a downtown development master plan. General Growth Properties submitted requests for General Plan and zoning regulation amendments which would affect the 364 acre core of Downtown Columbia. The proposal could potentially add 5,500 new residences, 640 new hotel rooms, 1.25 million square feet of retail, and 4.3 million square feet of office space over the next 30 years. The final vote by the County Council on the legislation occurred on February 1, 2010.

Recreation and Parks

The County Department of Recreation and Parks, 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 2006 the County’s Comprehensive Recreation, Parks and Open Space 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. The County Department of Recreation and Parks currently manages over 9,000 acres of land.

Citizen Services

The Department of Citizen Services, county government’s human service agency, works to enhance the quality of life for all residents by ensuring that Howard County has a comprehensive system of human services that is accessible, responsive and effective. Services and partnerships address the needs of senior citizens, youth, people with disabilities, women, the homeless, people seeking consumer protection, and others who need assistance. The department plays a leadership role in implementation of the Human Services Master Plan, and manages the County’s grant support to non-profits. The goal of the Department is to create a community where people at every stage of life have access to and benefit from innovative, high-quality human services that support and improve their well-being.

Public Works

The County Department of Public Works, 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. The department 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 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 and traffic control. This Bureau has been designated the responsibility of ensuring that Public Works’ projects are constructed according to standards established by Howard 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 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 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. This bureau 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.

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 industrial 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 95 percent of its potable water from Baltimore City and 5 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 74.8 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. A joint effort is under way to provide additional water to the County from its water suppliers. 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 latter plant is located east of the community of Savage in the County, and provides tertiary treatment. A $100+ million expansion/upgrade to the Little Patuxent Water Reclamation Plant is currently under design and will be completed in 2012. The following table summarizes the overall sewage treatment capacity for the County:

County Sewage Treatment Capacity

Watershed	Current Flow (mgd)	Current Treatment Capacity (mgd)	Projected Treatment Capacity (mgd)
Patuxent	18.4	25.0	29.0
Patapsco	8.4	12.4	12.4

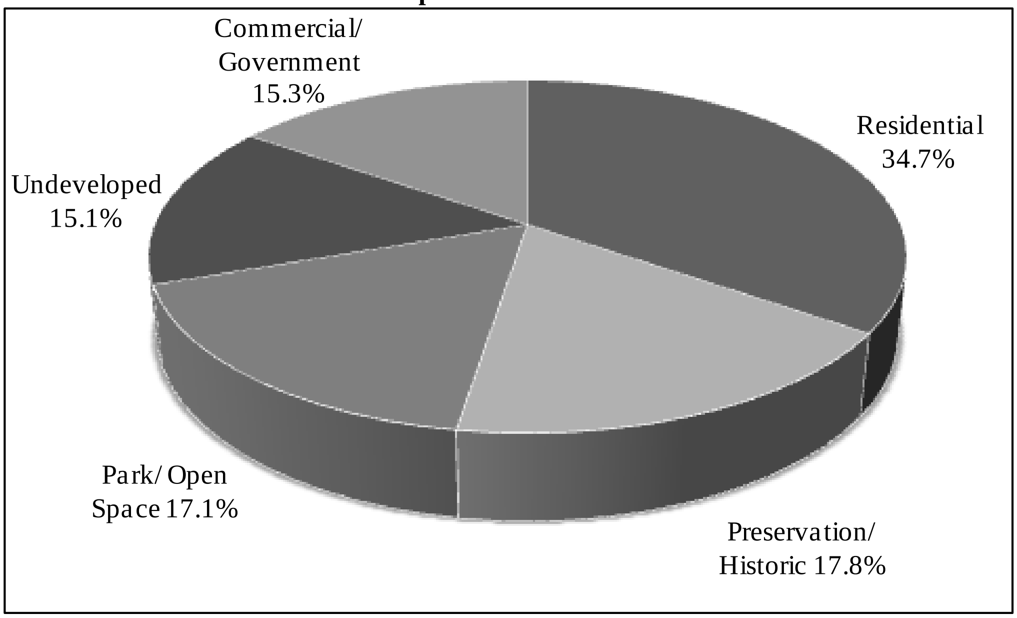
The County's rate of development requires effective management of the allocation of water and sewer capacity. The County policy allocates service on a "first-come, first-served" basis. This policy commits capacity only to parcels ready to be developed, allowing more orderly development with known allocation 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.

Economy and Demography

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.

Composition of Land Use



Source: Howard County Department of Planning & Zoning

Population

The County experienced rapid population growth beginning in the late 1960s with the development of the new town 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 1,135 per square mile in 2008. The following table presents data on the population of the County and the State in the years 1970, 1980, 1990, 2000 and 2008.

Population

	Howard County	County Density Per Square Mile	State of Maryland	County as % Of State
2008	284,952	1,135	5,633,597	5.1
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: Howard County Department of Planning & Zoning, Division of Research

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 2000 to 2008. Compared to the counties listed and the State as a whole, Howard County has had the greatest percentage increase in population.

Net Migration

	2000-2008				Total Population		
Place of Residence	Natural Increase	Domestic Migration	International Migration	Total	2000	2008	Percent Change
Howard County	16,537	3,178	7,437	27,152	247,843	274,995	11.0%
Anne Arundel County	23,970	(3,428)	2,584	23,126	489,664	512,790	4.7%
Baltimore County	11,141	6,833	13,352	31,326	754,292	785,618	4.2%
Montgomery County	79,206	(68,545)	66,678	77,339	873,341	950,680	8.9%
Prince George's County	54,427	(66,782)	31,692	19,337	801,515	820,852	2.4%
State of Maryland	286,018	(86,033)	137,096	337,081	5,296,516	5,633,597	6.4%

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 2000 and 2008.

Age and Sex Distribution

	2000					2008			
Age Group	Male	%	Female	%	Age Group	Male	%	Female	%
Under 5	9,432	7.7	8,816	7.0	Under 5	8,866	6.6	8,457	6.1
5-17	26,468	21.7	24,827	19.7	5-17	27,041	20.2	25,227	18.2
18-44	49,089	40.4	51,665	41.0	18-44	48,916	36.5	50,553	36.5
45-64	29,030	23.8	30,047	23.8	45-64	38,118	28.5	40,215	29.0
Over 64	7,755	6.4	10,713	8.5	Over 64	11,005	8.2	14,014	10.1
Total	121,774	100.0	126,068	100.0	Total	133,946	100.0	138,466	100.0

Source: U.S. Department of Commerce, Bureau of the Census, 2006 - 2008 American Community Survey

The following table presents the age composition of populations of selected Maryland counties, the State and the nation for 2008.

Comparative Age Distributions

Age Group	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland	United States
Under 18	25.0 %	23.9	22.2	24.1	24.6	23.8	24.3
18-24	8.5	8.3	10.0	8.3	11.0	9.7	9.8
25-44	27.7	27.9	26.4	26.3	28.8	27.5	27.4
45-64	29.5	28.6	26.9	28.8	26.1	26.9	25.7
Over 64	9.3	11.3	14.5	12.5	9.5	12.1	12.8

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2008

Education

Students in the County's schools consistently perform better in State-wide functional tests than most of their peers. The following table presents the percentage of proficiency or better for eighth graders in reading comprehension, mathematics and science in selected counties and the State for the 2008-2009 school year.

Eighth Grade Scores in Comprehensive Tests of Basic Skills

Tests	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland
Reading	86.8	76.0	70.4	83.3	56.7	80.2
Mathematics	79.8	72.6	60.4	73.1	42.4	65.8
Science	82.9	68.9	66.5	71.5	36.0	65.3

Source: Maryland Department of Education, 2009 Maryland Report Card

The following table presents comparative figures concerning the number of County public high school graduates in recent years and their plans for additional education.

Plans of Public High School Graduates

Year Of Graduation	Total Number Of Graduates	Continuing Education (1)	Entering Workforce (2)	Other (3)
2009	3,451	86.30 %	11.30	2.40
2008	3,539	87.90	10.40	1.70
2007	3,210	87.60	10.00	2.40
2006	3,165	88.00	9.50	2.50
2005	3,293	87.10	8.60	4.30

Source: Maryland Department of Education, 2009 Maryland Report Card
(1) Includes full-time college, trade and business school.
(2) Includes military.
(3) Includes non-respondents.

The County's residents are among the best educated in the region. The State of Maryland had the second most educated workforce in the nation according to the 2008 State New Economy Index produced by the Information Technology and Innovation Foundation and the Kauffman Foundation of Entrepreneurship. The County is ranked fourth in the nation for the percentage of people with advanced degrees. The following table presents the percentage of post-secondary school residents of selected counties who were high school graduates or higher and college graduates or higher in 2008.

Level of Educational Attainment

County	% High School Graduate or Higher	% College Graduate or Higher
Howard County, Maryland	95.2	59.6
Anne Arundel County, Maryland	90.4	36.8
Baltimore County, Maryland	89.2	34.5
Montgomery County, Maryland	90.9	56.0
Prince George's County, Maryland	85.5	28.8

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2008

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.

Budgeted Expenses Per Pupil

School Year	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland
2007-2008	$ 13,174	11,545	11,619	14,543	13,024	12,509
2006-2007	11,940	10,847	11,038	13,536	11,189	11,398
2005-2006	11,260	9,848	10,108	12,678	9,737	10,350
2004-2005	10,611	9,304	9,467	11,772	9,138	9,661
2003-2004	9,929	8,810	8,899	10,974	8,403	9,062

Source: Maryland State Department of Education, The Fact Book

Income

The County's median household income is the highest in Maryland and third highest in the nation of counties with 250,000 or more people. The following table presents the median household income for selected counties in the State in 2008.

Median Household Income

Howard County	$	102,540
Anne Arundel County		83,285
Baltimore County		63,128
Montgomery County		94,319
Prince George's County		72,166

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2008

The following table presents the top 10 affluent counties in the nation by their national ranking for 2008 median household income.

National Rankings by Median Household Income

Rank	County, State	Median Household Income
1	Loudon County, Virginia	$ 111,925
2	Fairfax County, Virginia	107,448
3	**Howard County, Maryland**	**102,540**
4	Somerset County, New Jersey	100,608
5	Morris County, New Jersey	99,706
6	Douglas County, Colorado	98,871
7	Nassau County, New York	95,282
8	Montgomery County, Maryland	94,319
9	Santa Clara County, California	88,846
10	Prince William County, Virginia	88,724

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008

A comparison of County and Maryland personal income is presented in the following table.

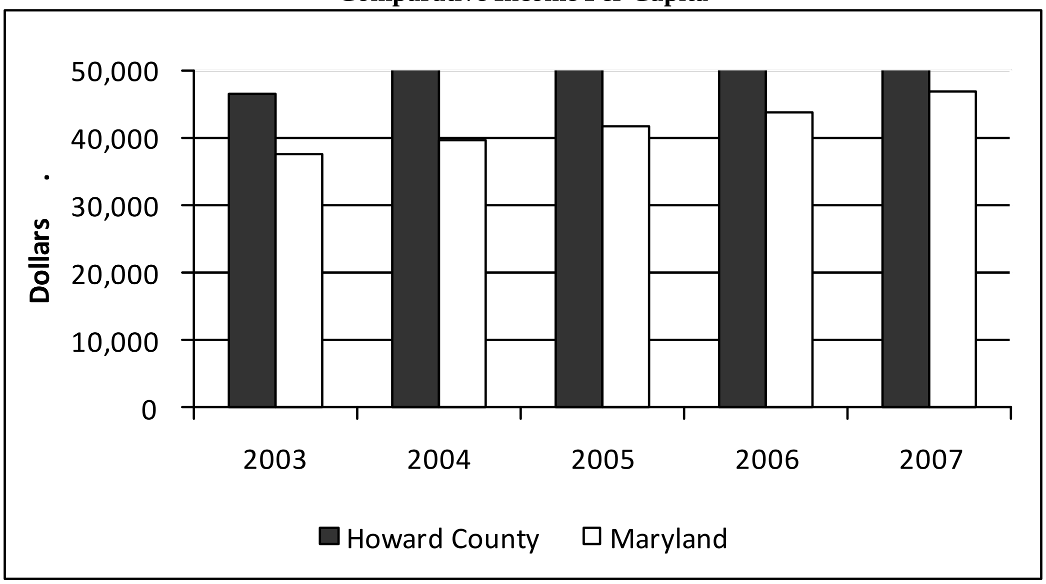
Personal Income

Year	Howard County Personal Income (000)	Percentage Change from Previous Year	Maryland Personal Income (000)	Percentage Change from Previous Year	Howard County Proportion
2007	$ 16,149,370	6.2	$ 261,114,676	6.2	6.2%
2006	15,207,509	6.4	245,878,837	5.5	6.2%
2005	14,297,943	7.1	232,950,333	5.8	6.1%
2004	13,354,838	9.1	220,126,790	7.0	6.1%
2003	12,236,163	3.7	205,737,071	3.5	5.9%

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

The chart below presents the per capita income for the County and the State from 2003 through 2007.

Comparative Income Per Capita



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 Washington-Baltimore region. The following table presents the percentage of the population living below the poverty level for selected counties in the State in 2008.

Population Below Poverty Level

County	Percentage Below Poverty Level
Howard County	3.6%
Anne Arundel County	4.1%
Montgomery County	5.9%
Prince George's County	6.5%
Baltimore County	8.3%

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008

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 July 2009:

Distribution of Housing by Type

Type of Structure	Number	Percent
Single-Family	81,016	76.6%
Multi-Family	24,793	23.4%
Total	105,809	100.0%

Source: County Department of Planning and Zoning

The following table presents the average and median sales price of housing in selected counties in the State as of December 31, 2009.

Sales Price of Housing

County	Average Price	Median Price
Montgomery County	$ 451,106	335,000
Howard County	415,625	365,000
Anne Arundel County	354,213	299,000
Baltimore County	296,246	237,500
Prince George's County	214,083	200,000

Source: Maryland Association of Realtors, December 2009.

The following table presents the distribution of housing by year of construction in selected counties in the State through 2008.

Age of Housing

	Year Structure Built				
County	1939 or earlier	1940 to 1979	1980 to 1989	1990 to 1999	2000 or later
Howard County	2.0 %	33.7	29.2	21.6	13.5
Anne Arundel County	5.8	46.1	18.4	17.5	12.1
Baltimore County	9.2	54.2	14.0	14.0	8.5
Montgomery County	4.9	52.5	20.8	11.9	9.9
Prince George's County	5.0	59.4	13.5	12.9	9.2

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008

The following table presents data regarding the size of housing in selected counties in the State in 2008.

Size of Housing

	Percentage of Housing with		
County	Four to Seven Rooms	Eight or More Rooms	Median Number of Rooms
Howard County	45.5%	46.3%	7.2
Anne Arundel County	58.4%	32.3%	6.4
Baltimore County	62.6%	26.8%	6.1
Montgomery County	49.2%	38.8%	6.5
Prince George's County	54.3%	33.0%	6.2

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2008

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The following table presents new construction and renovation activity throughout the County from 2004 through 2009, as illustrated by the number of building permits issued and their estimated cost.

Building Permits

	Commercial		Residential		Non-Taxable	
Calendar Year	Permits Issued	Estimated Construction Cost (000)	Permits Issued	Estimated Construction Cost (000)	Permits Issued	Estimated Construction Cost (000)
2009	672	$ 151,950	2,786	$ 314,287	152	$ 369,544
2008	1,252	320,833	3,353	269,378	67	167,015
2007	1,654	388,408	4,022	365,805	159	89,550
2006	1,385	309,010	4,417	418,104	99	75,171
2005	1,504	328,573	5,560	412,744	100	109,798
2004	1,260	400,647	4,646	325,331	62	82,497

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 worker's place of residence. The first segment, Trade, Transportation, and Utilities, includes utilities, wholesale and retail, couriers and transit. The second, Professional and Business, includes professional and technical services, management and administrative services and waste management and remediation services.

Jobs in County and State

	Howard County					State of Maryland				
Employment Categories	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004
Construction	11,370	11,744	11,852	11,497	11,472	178,076	187,878	188,420	182,878	175,967
Manufacturing	6,999	6,842	6,801	6,577	6,497	128,440	131,699	136,334	140,666	143,172
Natural Resources and Mining	242	261	325	343	308	6,528	6,556	6,836	6,891	6,687
Services										
Trade, Transportation, Utilities	33,659	35,380	35,137	34,758	36,713	461,249	472,365	470,271	466,162	463,227
Information	3,893	4,011	1,881	1,874	1,850	49,820	50,646	50,726	50,368	50,121
Financial Activities	8,329	8,755	8,839	8,852	8,958	149,220	154,556	157,729	158,234	156,352
Professional and Business	33,962	32,058	31,447	28,779	27,581	398,952	396,733	394,518	383,250	370,638
Education and Health	13,960	13,165	12,700	12,766	12,683	367,671	359,053	349,136	340,182	333,435
Leisure and Hospitality	13,997	13,751	13,690	12,995	12,305	236,048	234,278	229,694	229,246	224,371
Other	4,357	4,280	4,098	3,893	3,808	90,111	90,618	90,973	89,141	88,524
Government	17,548	16,893	16,717	16,400	16,256	470,409	461,356	455,492	448,627	446,342
Other	2	3	-	44	54	876	1,112	-	1,771	2,238
Total	148,318	147,143	143,487	138,778	138,485	2,537,400	2,546,850	2,530,129	2,497,416	2,461,074

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 August of the last five years.

Employment by Residence

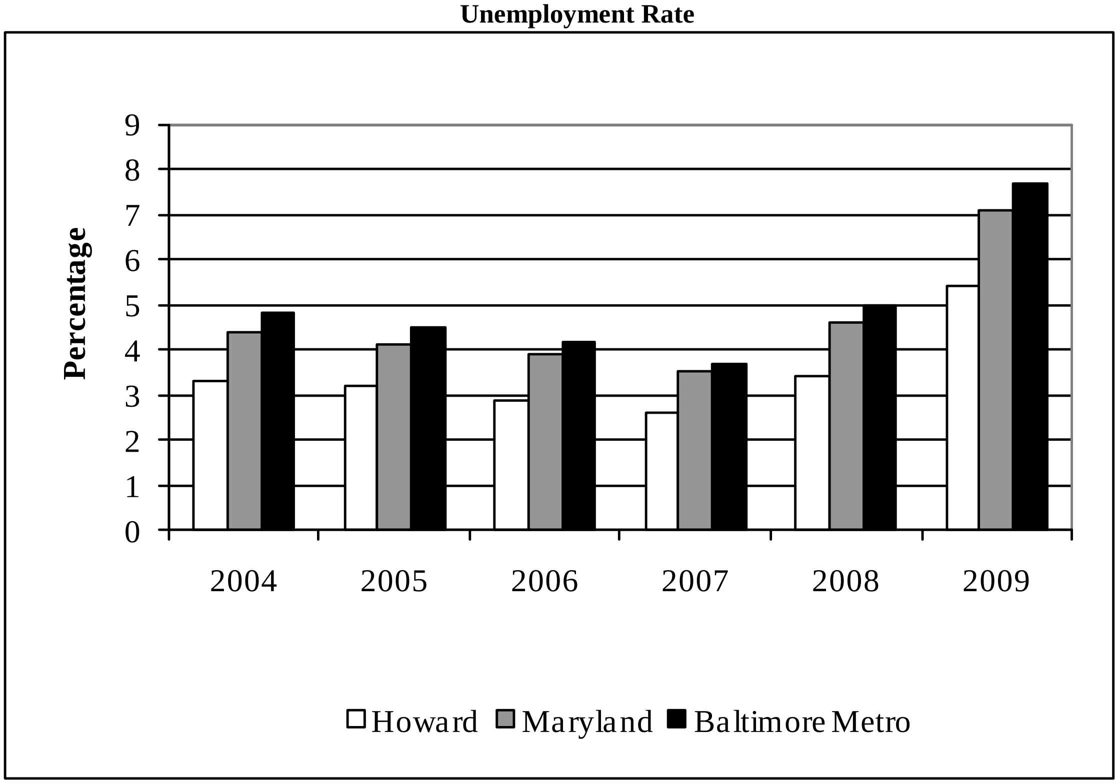
	Howard County		State of Maryland	
Year	**Employment**	**Labor Force**	**Employment**	**Labor Force**
2009	148,217	156,642	2,765,340	2,977,774
2008	155,058	160,535	2,879,296	3,018,410
2007	156,228	160,407	2,891,077	2,995,202
2006	154,862	159,566	2,878,495	2,995,898
2005	151,553	156,510	2,854,657	2,976,840

Source: Maryland Department of Labor, Licensing and Regulation

Unemployment

The chart below compares the unemployment rates in the County in August of the last six years with the rates in the Baltimore metropolitan region and the State.

Unemployment Rate



Source: Maryland Department of Labor, Licensing and Regulation

Local Firms and Employers

Listed below are the County's ten largest private employers as of December 31, 2009.

Ten Largest Private Employers

Employer	Products or Activities	Employment	Employed Residents
John Hopkins University Applied Physics Laboratory	Engineering, Research & Development	4,400	2.95%
Verizon Wireless	Regional Headquarters & Customer Service Operations Center	2,028	1.36%
Lorien Health Systems	Corporate Headquarters, Healthcare Services	2,000	1.34%
Giant Food	Grocery Retailing and Distribution	1,953	1.31%
Howard County General Hospital	Acute-care Facility & Comprehensive Healthcare Services	1,720	1.15%
The Columbia Association	Non-profit Organization	1,600	1.07%
Northrop Grumman	Engineering consulting services	1,200	0.81%
SAIC	Research & Engineering of Information Systems & Technology	1,058	0.71%
Wells Fargo Bank Corporate Trust Services	Provider of Securities Administration to Public & Private Entities	842	0.57%
MICROS Systems	Corporate Headquarters & Hospitality Software Development	815	0.55%

Source: Howard County Economic Development Authority

Listed below are representative examples of other major private employers located in the County and the number of persons each employed as of December 31, 2009. This list is presented for the purpose 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	Employed Residents
Coastal Sunbelt Produce	Fresh Produce Distribution & Food Processing	800	0.54%
Arbitron, Inc.	Corporate Headquarters, Media Information Services	767	0.51%
Ascend One	Corporate Headquarters, Consumer Debt Management Counseling	735	0.49%
Dreyers Grand Ice Cream	Frozen Dessert Manufacturing	732	0.49%
Maxim Healthcare Services	Corporate Headquarters, Medical Staffing & Wellness Services	675	0.45%
SYSCO Food Services	Regional Headquarters, Wholesale Food Distribution	520	0.35%
Humanim	Non-profit organization serving individuals with disabilities	520	0.35%
Northrop Grumman/Vinnell Corporation	Develop & Produce Air & Space Management Systems	520	0.35%
Enterprise Community Partners, Inc.	Corporate Headquarters, Community Development	505	0.34%
Merkle Inc.	Corporate Headquarters, Database Marketing Services	500	0.34%
W.R. Grace & Co.	Corporate Headquarters and Chemical Research & Development	500	0.34%

Source: Howard County Economic Development Authority

Economic Development

The County is a major commercial/industrial center for the Washington-Baltimore region, with more than 1,000 buildings offering 59 million square feet of space to over 8,800 businesses. Several of the largest office and business/industrial parks in the Washington-Baltimore region are located in the County, including Columbia Gateway with 600 acres, Maryland Wholesale Food Center with 400 acres and Rivers Corporate Park with 350 acres.

The following table presents statistics for the industrial and commercial space available in the metropolitan area of the County through the third quarter of 2009.

Industrial and Commercial Space

Type of Space	Number of Buildings	Total Square Footage (000)	Total Available Square Footage (000)	Vacancy Rate	2009 Sq. Foot Absorption (000) (1)
Flexible	222	11,297	1,017	9.0%	43
Industrial	361	32,315	4,972	15.4%	393
Office	453	15,961	2,288	14.3%	327
Total	**1,036**	**59,573**	**8,277**	**13.9%**	**763**

(1) Through September 30, 2009.

Source: CoStar Realty Inc.

Retail Sales

The following table presents a comparison of fiscal year 2009 retail sales in the County and selected other jurisdictions, a measure of the drawing power of local retailers.

Retail Sales by Store Group (000)

County	Food, Beverage	Apparel	General Merchandise	Automotive	Furniture, Appliances	Building, Industrial Supplies	Utilities, Transport	Hardware, Machinery, Equipment	Misc.	Total	Per Capita Sales
Howard	$41,488	10,051	30,832	12,504	18,373	16,219	9,957	5,003	33,719	178,147	648
Anne Arundel	97,955	27,263	63,485	28,756	26,542	37,525	21,338	9,920	43,978	356,762	696
Baltimore	123,001	28,713	119,445	40,047	40,408	68,391	45,306	8,481	52,520	526,311	670
Montgomery	136,504	32,073	90,549	36,862	44,210	42,903	48,387	6,573	71,341	509,401	536
Prince George's	102,047	21,317	91,669	39,056	41,086	68,615	34,812	12,423	61,349	472,376	575

Source: Comptroller of Maryland, Bureau of Revenue Estimates

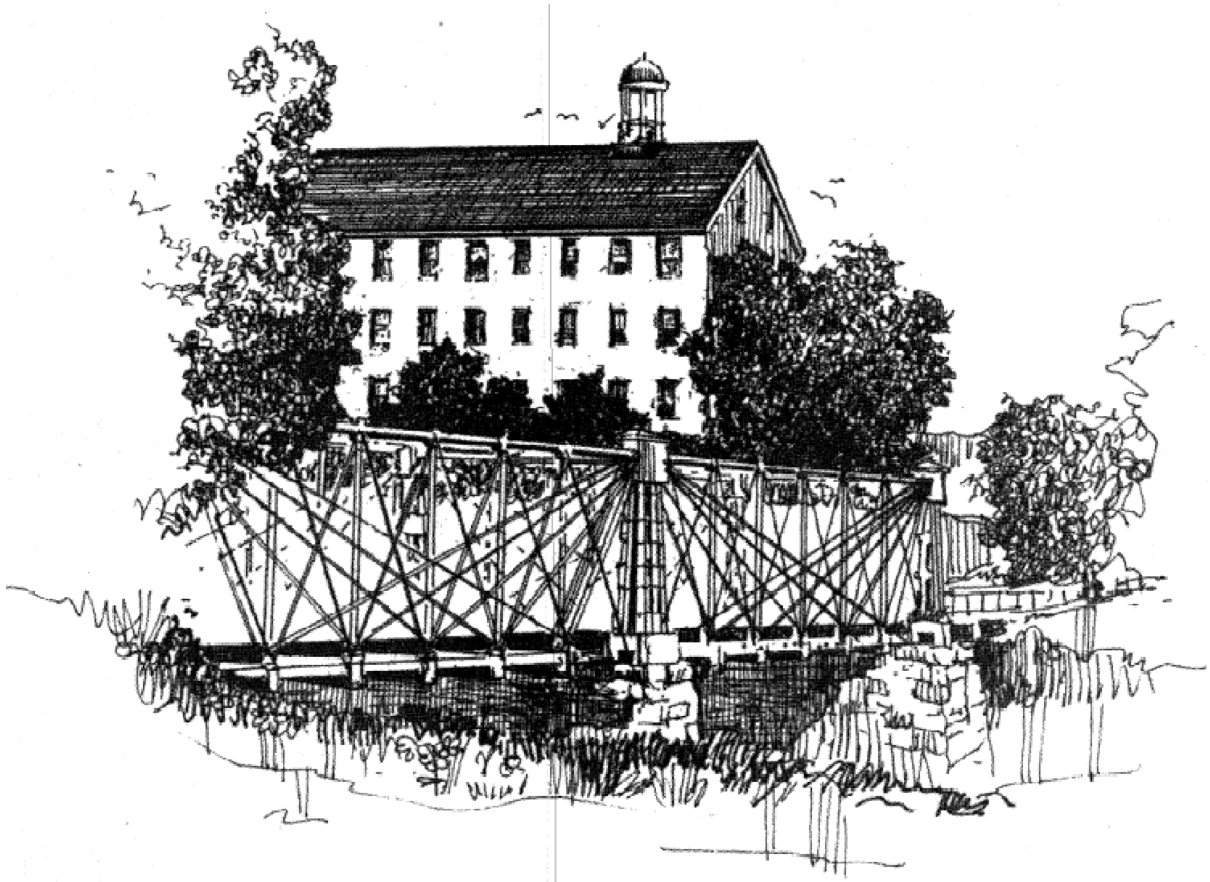
The fourth-largest shopping center in the region, the Mall in Columbia, is located in the County. At 1.4 million square feet, the Mall in Columbia features 202 stores and restaurants, including five major department stores and a 14-screen movie theater. Ten village centers throughout Columbia feature over 1.4 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 and Hickory Ridge Village Center. These centers offer over 2 million additional square feet of leasable space.

Columbia

Howard Research and Development Corporation 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 98,668 residents, 5,500 businesses and 91,000 local jobs located in over 22 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, Snowden Square and Long Gate provide 2.5 million square feet of retail stores, shops and restaurants. As of July 2009 the estimated assessed valuation of properties in Columbia was $12.2 billion, representing 26.4 percent of the assessed value of property in the County.

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, 2009, the Columbia Association had long-term debt of $31.5 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.



Credit: Art Landerman, local artist, Ellicott City, Maryland

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.

Tax Exemption

Tax Matters With Respect to Tax-Exempt Bonds

Maryland Income Taxation

In the opinion of Bond Counsel, under existing law, the Tax-Exempt Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale and exchange, shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind. 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. Interest on the Tax-Exempt Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Purchasers of the Tax-Exempt Bonds should consult their own tax advisors with respect to the taxable status of the Tax-Exempt Bonds in jurisdictions other than Maryland.

Federal Income Taxation

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

In rendering its opinion with respect to the Tax-Exempt Bonds, Bond Counsel will rely, without independent investigation, on certifications provided by the County with respect to certain material facts within its knowledge relevant to the tax-exempt status of interest on the Tax-Exempt Bonds.

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 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.

Interest on the Tax-Exempt Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment and is not taken into account in determining "adjusted current earnings" for purposes of computing the alternative minimum tax on corporations. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

Certain Other Federal Tax Consequences

There are other federal 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, subject to adjustments for certain tax-exempt bonds issued in 2009 and 2010; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% 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; and (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.

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 (including accrued interest) 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 which 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 (i) 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 (a) the amount received upon such disposition and (b) 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 (ii) the amount of the basis adjustment described in clause (i)(b)(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 which is treated as having accrued in respect of a Tax-Exempt Discount Bond for any particular compounding period is equal to the excess of (i) the product of (a) the yield for the Tax-Exempt Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (b) 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 (ii) 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 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 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 alternative minimum tax or 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 alternative minimum tax or 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 Tax-Exempt 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 sale or retirement of a Tax-Exempt Bond, for federal income tax purposes, a holder will recognize capital 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 (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 Matters with Respect to Tax-Exempt Bonds — *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, net capital gains will be taxed at a maximum rate of 15%, while short-term capital gains and other ordinary income will be taxed at a maximum rate of 35%. 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. Because of the limitation on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. The operation of sunset, effective date and similar timing provisions in current law would result in a change in the tax rates in certain future time periods.

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 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 Tax-Exempt Bond's "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 purchased at a premium if, and to the extent that, 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 allocable in respect of any amount of amortizable bond premium on the Tax-Exempt Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Tax-Exempt Bonds in light of such holder's particular circumstances and income tax situation. Each holder of Tax-Exempt Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Tax-Exempt Bonds, including the application of State, local, foreign and other tax laws.

Tax Matters With Respect to Taxable Bonds

Pursuant to the regulations governing practice before the Internal Revenue Service, prospective investors are hereby informed that: (i) any advice regarding federal income tax matters pertaining to the Taxable Bonds contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (ii) any such advice is written to support the promotion or marketing of the Taxable Bonds and the transactions described herein; and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Maryland Income Taxation

In the opinion of Bond Counsel, under existing law, the Taxable Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale and exchange, shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind. 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. Interest on the Taxable Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Purchasers of the Taxable Bonds should consult their own tax advisors with respect to the taxable status of the Taxable Bonds in jurisdictions other than Maryland.

Build America Bonds Designation

The County has elected to designate the Series C Consolidated Public Improvement Bonds as taxable BABs pursuant to Section 54AA(d) of the Code and opted to receive Subsidy Payments from the Treasury in the amount of 35% of the interest payable on the Series C Consolidated Public Improvement Bonds. As a consequence, the interest on such bonds will be includable in gross income for United States federal income tax purposes. The Code imposes certain requirements with respect to the use and investment of proceeds of such bonds, which the County must continue to meet after issuance of such bonds to continue receiving Subsidy Payments. If the County does not meet these requirements, it is possible that the County may not continue receiving Subsidy Payments from the Treasury. Furthermore, under certain circumstances Subsidy Payments may be reduced (offset) by amounts otherwise payable by the County, as determined to be applicable under the Code and applicable regulations. Any failure by the County to qualify for Subsidy Payments or any offset of such payments will not alter the County's obligation to pay the principal of and interest on such 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 such bonds as a United States holder or non-United States holder under applicable rules, whether Taxable Bonds are held as capital assets or in some other context, and whether the status of the beneficial owner and/or the financial context in which it is operating represents a special tax situation, such as S corporations, insurance companies, tax-exempt organizations, financial institutions, regulated investment companies, real estate investment trusts, certain broker-dealers and traders in securities. Persons considering the purchase of Taxable Bonds should consult their own tax advisors concerning the application of federal income tax laws to their particular situations as well as any consequences arising from the federal alternative minimum tax or the federal estate tax or under the laws of any other taxing jurisdiction.

The following is a summary of certain United States 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 authorities may be changed, in some cases retroactively, so as to result in United States 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 United States 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 interest income at the time it is accrued or is paid in accordance with the United States holder's method of accounting for tax purposes.

Tax Accounting Treatment of Taxable Discount Bonds

Certain maturities of the Taxable Bonds may be issued at an initial public offering price which 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 issue price at which a substantial amount of such Taxable Discount Bonds was first 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 Taxable Discount 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 purposes, 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 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.

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 Taxable 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 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 sale, redemption or retirement of a Taxable Bond, for federal income tax purposes, a United States holder will recognize capital 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 (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 Taxable Bond, determined by adding to the original cost basis in such Taxable 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 Matters with Respect to Taxable Bonds — *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, net capital gains will be taxed at a maximum rate of 15%, while short-term capital gains and other ordinary income will be taxed at a maximum rate of 35%. 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. Because of the limitation on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. The operation of sunset, effective date and similar provisions in current law could result in a change in the tax rates in certain future periods.

Market Discount

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 expenses with respect to any indebtedness incurred or maintained to purchase or carry such Taxable 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 the 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 payment previously made on the Taxable Bond other than a payment 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 portions 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 Bonds' adjusted price).

Amortizable Bond Premium

If the 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 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 its yield (except that the issuer will be assumed to exercise call options in a manner that maximizes the holder's yield). 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.

U.S. Federal Information Reporting and Backup Withholding

Under current United States federal income tax law, a 28% backup withholding tax requirement may apply to certain payments of interest and original issue discount on, and the proceeds of a sale, exchange or redemption of, the Taxable Bonds. In addition, certain persons making such payments are required to submit information returns (*i.e.*, IRS Forms 1099) to the IRS with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients such as corporations or certain exempt entities.

Foreign Investors

Payments on the Taxable Bonds to a non-United States holder that has no connection with the United States other than holding its Taxable Bond generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Taxable Bonds in light of such holder's particular circumstances and income tax situation. Each holder of Taxable Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Taxable Bonds, including the application of State, local, foreign and other tax laws.

Ratings

Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 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, 2009 included in Appendix A of this Official Statement have been audited by Reznick Group, P.C., independent certified public accountants, to the extent stated in their report appearing herein. The basic financial statements have been included in reliance upon the report of Reznick Group, P.C.

The independent accountants were not requested to review or update such financial statements or their report in connection with the issuance of the Bonds and the County did not request such independent accountants' consent to the inclusion of their report in this Official Statement. Such report speaks only as of its date.

Financial Advisor

Public Financial Management of Philadelphia, Pennsylvania, has acted as financial advisor to the County in connection with the issuance of the Bonds. Public Financial Management 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. Public Financial Management is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Sales at Competitive Bidding

The Bonds of each series were offered for sale by the County at public bidding on February 23, 2010, in accordance with the official Notices of Sale. The Series A Public Improvement Bonds and the Metropolitan District Bonds were awarded to J.P. Morgan Securities Inc. at an aggregate price bid of $60,023,408.45, which includes a premium of $5,488,408.45. The Series B Public Improvement Bonds were awarded to Piper Jaffray, Minneapolis, MN at a price bid of $12,607,745.65, which includes a premium of $17,745.65. The Series C Public Improvement Bonds were awarded to Banc of America Merrill Lynch at a price bid of $39,683,418.05, which includes a premium of $278,418.05. The initial public reoffering prices set forth on the inside cover page are based on information furnished to the County by each successful bidder and may be changed by each successful bidder; the successful bidder may reoffer and sell the Bonds that it has purchased to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the reoffering prices set forth on the inside cover page. Any other information concerning the terms of reoffering of the Bonds of each series, if any, including yields or prices, should be obtained from the successful bidder therefor and not from the County.

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.

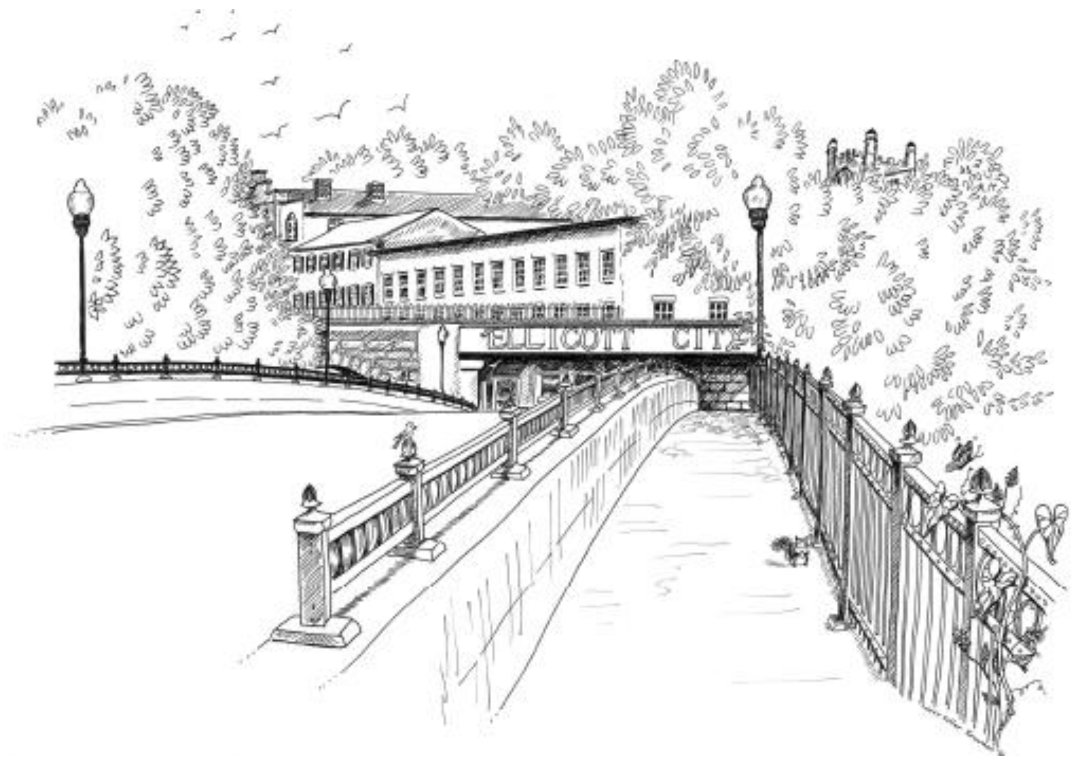
The execution of this Official Statement and its delivery has been approved by Howard County, Maryland.

HOWARD COUNTY, MARYLAND

By: /s/ Ken Ulman
KEN ULMAN
County Executive

and

By: /s/ Sharon Greisz
SHARON F. GREISZ
Director of Finance



Credit: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

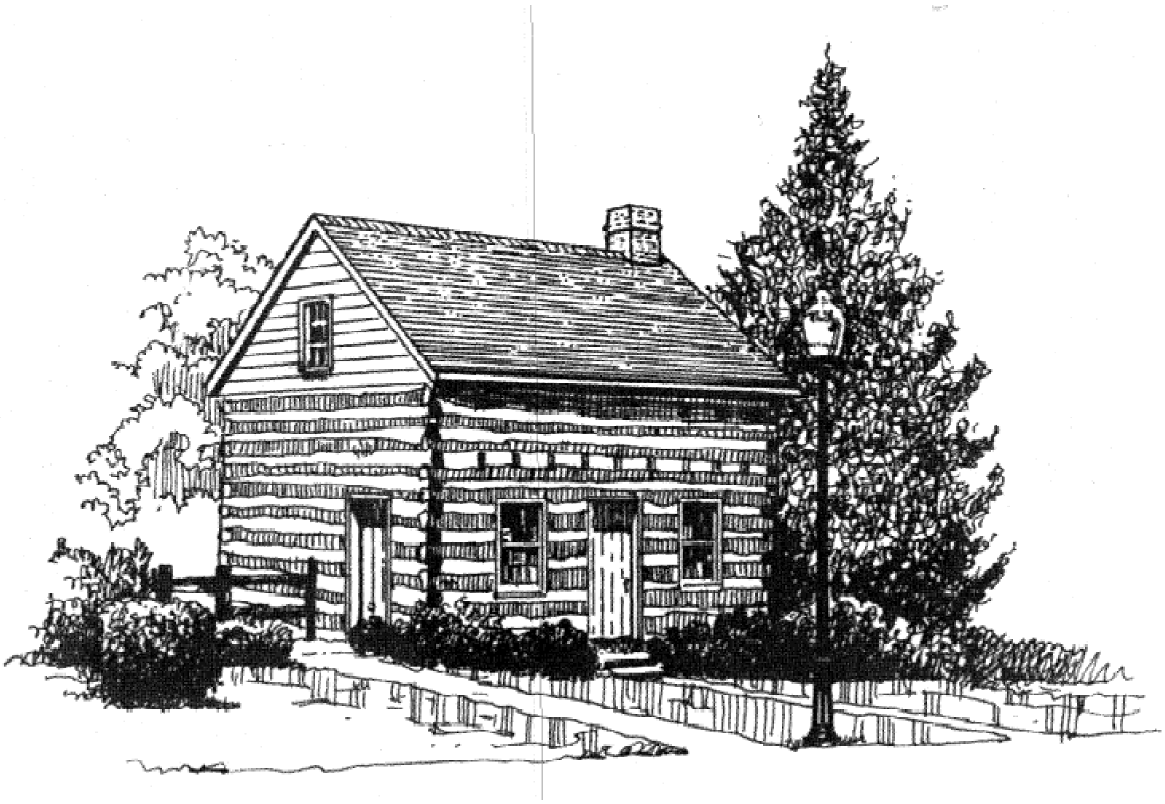
Appendix A

Audited Basic Financial Statements

Table of Contents

The combining, individual fund, individual account group financial statements and schedules, the supplementary information contained in the statistical section, and the auditors' report dated November 23, 2009 on their consideration of the County's internal control over financial reporting and their tests of the County's compliance with certain provisions of laws, regulations, contracts and grants referenced in the Independent Auditors' Report contained in this Appendix A are not included in this Official Statement.

In addition, page number references contained in the Independent Auditors' Report and the Management's Discussion and Analysis and in other text in this Appendix A may not correlate to the actual presentation of the referenced information due to formatting adjustments.



Credit: Art Landerman, local artist, Ellicott City, Maryland

Reznick Group
ACCOUNTING • TAX • BUSINESS ADVISORY

Reznick Group, P.C.
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Suite 200
Baltimore, MD 21202-3100
Tel: (410) 783-4900

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard Community College or the Howard County Housing Commission, which collectively represents 38%, 54% and 47%, respectively, of the assets, net assets and revenue of the total governmental activities, the business-type activities and the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those entities, is based on the reports 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the agricultural land preservation fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Reznick Group

ACCOUNTING ▪ TAX ▪ BUSINESS ADVISORY

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2009, on our consideration of Howard County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The management's discussion, pension trust fund and other post employment benefits trust fund information on pages 3 through 13 and 61 through 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard County, Maryland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules presented on pages 63 through 83 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Reznick Group, P.C.

Baltimore, Maryland
November 23, 2009

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, 2009. 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 viii of this report.) The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $879.9 million. That amount is net of about $440.9 million unrestricted deficit. The 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 $379.1 million and for college projects is $53.2 million. Although the component units own the capital assets, ownership of the buildings owned by the Public School System transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements is $640.1 million.

- The government's total net assets decrease of $29.8 million was mainly because of a decrease in local taxes ($12.7 million) and interest income ($15.4 million) due to the overall state of the economy.

- The County's local income tax revenues decreased by $52.2 million or 16.1 percent this year; $27.2 million due to the State moving County income tax revenues held in reserve to the State's general fund and $25 million due to an increase in the unemployment rate.

- At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $196.1 million, a decrease of about $8.6 million in comparison with the prior year.

- At the end of the current fiscal year, unreserved fund balance for the general fund of $23.9 million or 3 percent of total general fund expenditures (includes fundings to component units) is available for spending at the government's discretion.

- The reserve for the budget stabilization account balance is $48.7 million, an increase of $3.6 million or 6 percent of fiscal year 2009 general fund expenditures. At June 30, 2009, the County Charter target balance was 7 percent of fiscal year 2007 expenditures, which is equal to $48.7 million. We have reached that target and have designated $8.1 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 $39.6 million or 4.4 percent during the current fiscal year. The major factors in this increase are the issuance of $69.8 million in Consolidated Public Improvement Project Bonds, $26.2 million in Metropolitan District Project, a $966,706 draw on the State Water Quality Revolving Loan Fund, and the retirement of $48.6, $5.3, and $3.6 million of Consolidated Public Improvement, Metropolitan District and Water Quality Bonds, respectively. The County also retired $520,000 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 of these government-wide statements is the *Statement of Net Assets*. This is the Countywide position presenting information that includes all County assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets 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 assets 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, library and consumer protection), recreation and parks and state highways. The business-type activities of the County include the operations of water and sewer services and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

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

The government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements. A *fund* is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

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

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

The County maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, agricultural land preservation, highway capital projects and general capital projects funds, all of which are major funds. Data from the other eleven non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its non-capital governmental funds. Budgetary comparison statements are provided for the general and agricultural land preservation funds to demonstrate compliance with this budget. Budgetary statements for non-major special revenue funds are provided in the combining section of this report.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

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

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

The basic proprietary funds financial statements can be found on pages 23-25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 26-27 of this report.

The Component Unit financial statements can be found on pages 28-29 of this report.

Notes to the 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 the Financial Statements can be found immediately after the Basic Financial Statements on pages 31-60.

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 to its employees. Required supplementary information can be found on page 61-62 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information on pensions and is considered to be supplementary information. Combining and individual fund statements and schedules start on page 63 of this report.

Detailed capital asset schedules for governmental and proprietary funds appear on pages 97-99. Schedules providing additional long-term debt detail start on page 101. The Statistical Section begins on page 111.

Government-Wide Financial Analysis

Over time, changes in net assets serve as a useful indicator of a government's financial position. Howard County's assets exceeded liabilities by $879.9 million at the close of the most recent fiscal year.

The largest portion of the County's net assets 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, 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, 2009, debt outstanding for education projects is $379.1 million and for college projects is $53.2 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 assets of $442.8 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of $49.7 million.

An additional portion of the County's net assets ($313 million or 36 percent) represents resources subject to external restrictions on their usage.

Summary of Net Assets

	Governmental activities		Business-type activities		Total	
	2009	**2008 ***	**2009**	**2008**	**2009**	**2008**
Current and other assets	$ 338,400,435	488,210,586	196,741,561	185,221,449	535,141,996	673,432,035
Capital assets	1,007,601,472	967,269,971	507,307,071	477,811,093	1,514,908,543	1,445,081,064
Total assets	1,346,001,907	1,455,480,557	704,048,632	663,032,542	2,050,050,539	2,118,513,099
Long-term liabilities outstanding	881,116,934	851,174,165	200,178,556	184,266,387	1,081,295,490	1,035,440,552
Other liabilities	76,448,971	164,296,164	12,435,914	9,078,232	88,884,885	173,374,396
Total liabilities	957,565,905	1,015,470,329	212,614,470	193,344,619	1,170,180,375	1,208,814,948
Net assets:						
Invested in capital assets net of related debt	669,410,210	581,284,859	338,277,158	328,013,443	1,007,687,368	909,298,302
Restricted	161,806,930	147,266,158	151,228,040	139,098,839	313,034,970	286,364,997
Unrestricted	(442,781,138)	(288,540,789)	1,928,964	2,575,641	(440,852,174)	(285,965,148)
Total net assets	**$ 388,436,002**	**440,010,228**	**491,434,162**	**469,687,923**	**879,870,164**	**909,698,151**

* Restated by $24.8 million to correct capitalization of all eligible expenditures as work in progress and $2.5 million for housing loans receivable not reported in prior year.

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

The County's net assets decreased by $29.8 million during the current fiscal year because of lower local taxes ($12.7 million) and interest income ($15.4 million) due to the overall state of the economy.

The deficit in unrestricted net assets for governmental activities increased by $154.2 million this year because of the following factors:

- The County retired $73.4 million of the County's commercial paper and did not reissue them.
- The County's local income tax decreased by $52.2 million due to the State moving County income tax revenues held in reserve to the State's general fund ($27.2 million) and an increase in the unemployment rate ($25 million).
- Other local taxes such as recordation tax and building excise tax decreased by $12.7 million due to a decrease in the quantity and value of real estate transactions during the year.
- Investment earnings decreased by $13.7 million due to a decrease in interest rates during the year.

Other liabilities decreased because the County retired $73.4 million more in bond anticipation notes during fiscal year 2009.

Changes in Net Assets

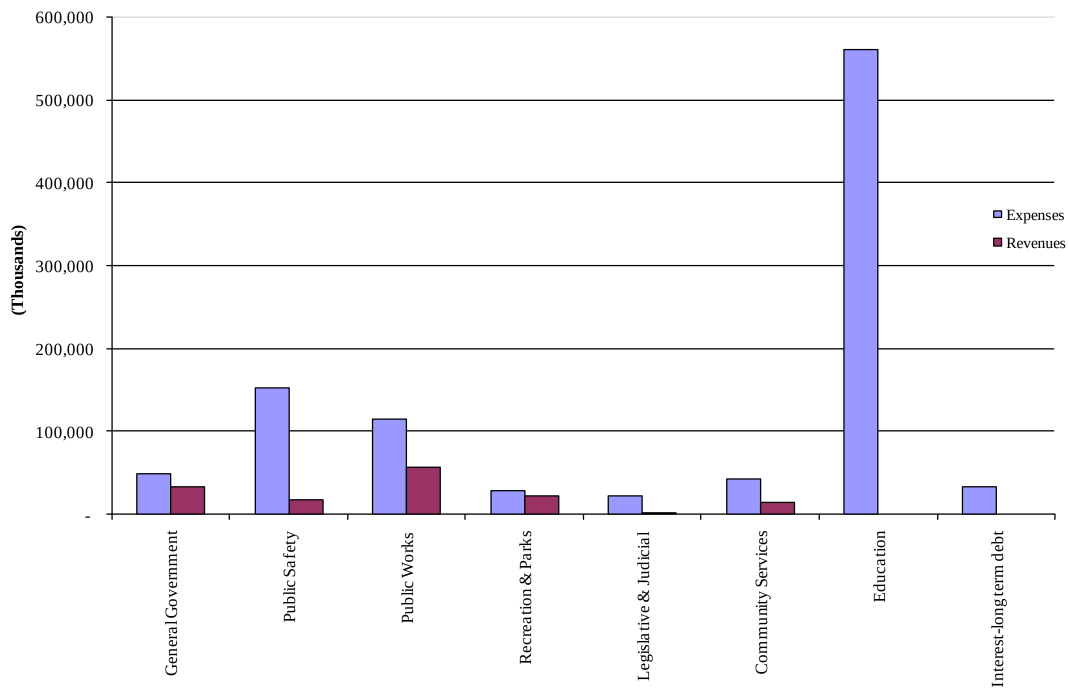
	Governmental activities 2009	Governmental activities 2008 *	Business-type activities 2009	Business-type activities 2008	Total 2009	Total 2008
Revenues						
Program revenues						
Charges for services	$ 83,405,073	83,499,812	45,287,896	45,527,837	128,692,969	129,027,649
Operating grants and contributions	35,559,629	25,331,284	30,981,090	27,199,512	66,540,719	52,530,796
Capital grants and contributions	27,160,200	32,890,596	6,959,259	13,087,530	34,119,459	45,978,126
General revenues						
Property taxes	467,389,345	426,302,542	-	-	467,389,345	426,302,542
Local Income taxes	271,595,421	323,836,591	-	-	271,595,421	323,836,591
Other taxes	54,298,728	69,132,797	-	-	54,298,728	69,132,797
Other	11,137,332	24,716,998	1,174,356	2,950,903	12,311,688	27,667,901
Total revenues	**950,545,728**	**985,710,620**	**84,402,601**	**88,765,782**	**1,034,948,329**	**1,074,476,402**
Expenses						
General government	49,015,557	46,844,606	-	-	49,015,557	46,844,606
Public safety	152,639,155	144,114,893	-	-	152,639,155	144,114,893
Public works	115,081,550	95,262,350	-	-	115,081,550	95,262,350
Recreation and parks	28,490,509	28,335,338	-	-	28,490,509	28,335,338
Legislative and judicial	21,414,495	21,577,751	-	-	21,414,495	21,577,751
Community services	42,552,461	39,035,177	-	-	42,552,461	39,035,177
State highways	646,354	378,464	-	-	646,354	378,464
Education	560,909,969	587,904,740	-	-	560,909,969	587,904,740
Interest on long term debt	33,065,408	35,419,506	-	-	33,065,408	35,419,506
Water & Sewer	-	-	59,226,089	66,966,290	59,226,089	66,966,290
Golf course	-	-	1,734,769	1,910,116	1,734,769	1,910,116
Total expenses	**1,003,815,458**	**998,872,825**	**60,960,858**	**68,876,406**	**1,064,776,316**	**1,067,749,231**
Increase (decrease) in net assets	(53,269,730)	(13,162,205)	23,441,743	19,889,376	(29,827,987)	6,727,171
Transfers	1,695,504	703,755	(1,695,504)	(703,755)	-	-
Increase (decrease) in net assets	(51,574,226)	(12,458,450)	21,746,239	19,185,621	(29,827,987)	6,727,171
Net assets beginning	**440,010,228**	**449,795,118**	**469,687,923**	**450,502,302**	**909,698,151**	**900,297,420**
Adjustment to restate net assets	-	2,673,560	-	-	-	2,673,560
Net assets ending	**$ 388,436,002**	**440,010,228**	**491,434,162**	**469,687,923**	**879,870,164**	**909,698,151**

* Restated by $24.8 million to correct capitalization of all eligible expenditures as work in progress and $2.5 million for housing loans receivable not reported in prior year. Of this total amount, $2.7 million relates to fiscal years prior to 2008.

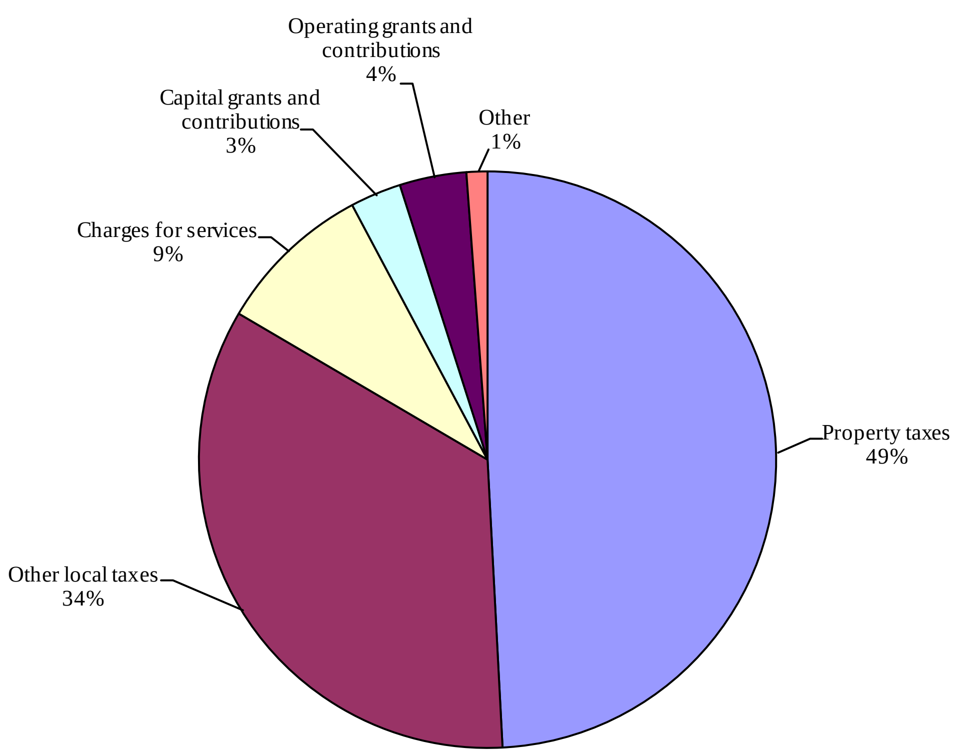
Governmental activities. Governmental activities decreased the County's net assets by $51.6 million. Key elements of this decrease are as follows:

- Property tax revenue increased by $41.1 million or 9.6 percent this year. Taxable assessed values are expected to level off or decrease over the next few years.
- Local income taxes decreased by $52.2 million or 16.1 percent this year; $27.2 million due to the State moving County income tax revenues held in reserve to the State's general fund and $25 million due to an increase in the unemployment rate.
- The two largest components of other local taxes are the County's Recordation and Transfer taxes which both decreased in FY 2009 due to a decrease in the quantity and value of real estate transactions during the year.
- Investment earnings decreased for government activities by about $13.7 million, a 56.4 percent decrease over last year. This is because of a decrease in interest rates during the year.
- Public works expenses increased by $19.8 million due to the following: the pilot program for new curbside re-cycling containers was expanded to the entire County and highway maintenance costs, including snow removal and road resurfacing, were higher than last year.
- Education expenses decreased by $27.0 million because the County's net OPEB obligation was initially rec-orded and allocated to each function last year. Of the $50.8 million initial liability recorded last year, $38.4 million was allocated to Education based on the large number of eligible employees.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by $21.7 million.

- Expenses for business type activities decreased by $7.9 million, an 11.5 percent decrease over last year. This was mainly due to a decrease of $5.9 million in depreciation expense as a result of a change in capitalization policy.

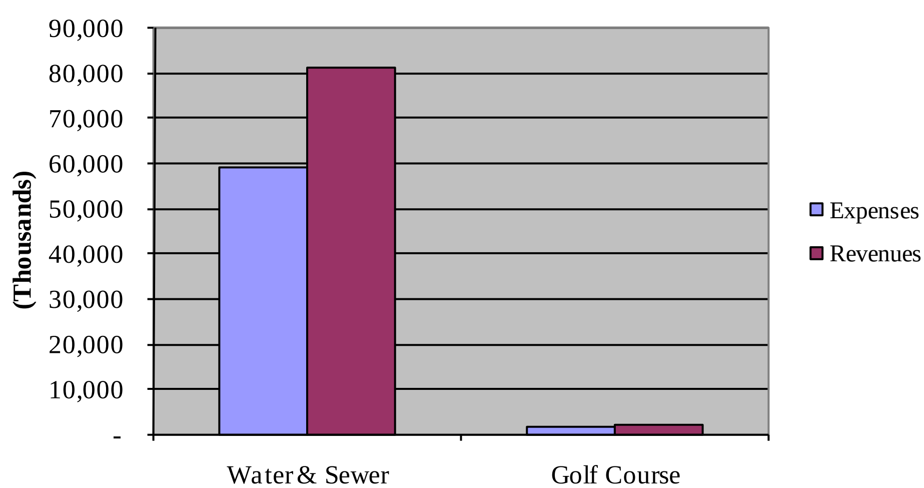
- Capital contributions continue to be a major revenue source for the water and sewer operations during the current fiscal year, producing $7 million in revenue, a decrease of $6.1 million from fiscal year 2008. This revenue includes the value of water and sewer lines constructed by developers and donated 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 those assets to the County.

- Operating grants and contributions increased by $3.8 million. This is an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is primarily used to fund debt service payments and pay-as-you-go funding on capital projects.

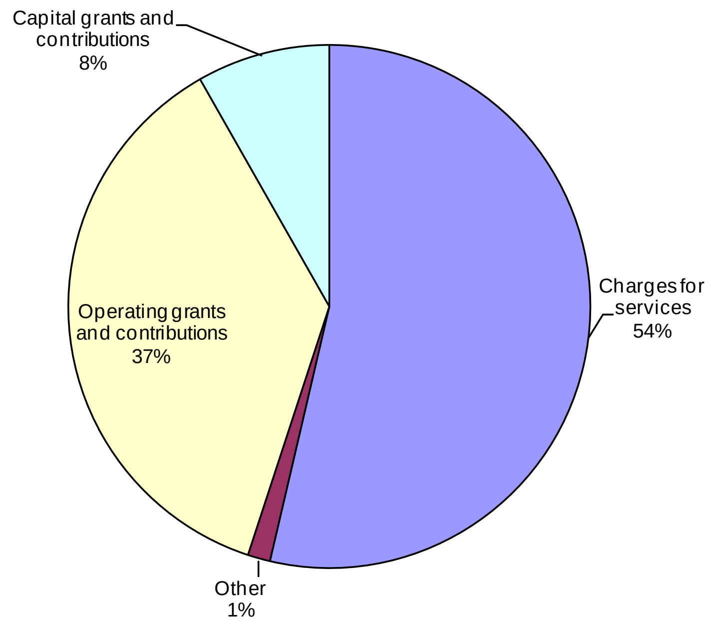
- Investment earnings decreased for business type activities by about $1.8 million, a 60 percent decrease over last year. This is because of a decrease in interest rates during the year.

Business-type activities are shown comparing costs to revenues generated by related services. Both water and sewer and the golf course activities are self-supporting.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.
The focus of Howard County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $196.1 million, a decrease of $8.6 million in comparison with the prior year. Of this fund balance, $132.3 million is reserved for the following purposes: to liquidate contracts and purchase orders of the prior period ($71.9 million), to fund the County's budget stabilization account ($48.7 million), and for non-current housing loans receivable ($11.7 million).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund is $23.9 million, $24.0 million less than the prior year. Of the $23.9 million, $1.6 million is undesignated. The total fund balance for the general fund decreased 20.5 percent to $81.8 million mainly due to $20.6 million less revenues from other local taxes than expected and budgeted.

The $67.9 million total fund balance of the Agricultural Land Preservation Fund is a $2.7 million increase over the prior year. The increase is the result of recognizing an increase in the fair value of the United States Treasury Strips investments, offset by the purchase of development rights on one property.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a negative $53.1 million. This is a timing issue due to capital project expenditures occurring before revenues are recognized.

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

All assets in the Water and Sewer Proprietary Fund and the Special Recreation Facility Fund (golf course), 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. Net assets of the water and sewer operations at the end of the year amounted to $486.0 million, and those for the golf course operation were $3.5 million. The total increase in net assets in each fund was $21.9 million and $384,659, respectively.

Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

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

Total debt service final budget amounts compared to expenditures and encumbrances for the period show a favorable variance of $6.4 million. This budget line is for variable rate debt on the commercial paper and is purposely budgeted high to be able to accommodate any adverse rate movement during the year. Recordation taxes are also $5.8 million less than budgeted. This revenue is from the fees paid to record mortgages on a property in the land records and was less because of the current trends in the real estate market. Property Taxes were $8.2 million more than budgeted. Interest on investments fell short of budgeted revenue by $5.9 million. This happened because interest income and expense on commercial paper proceeds are budgeted high to allow for increases in interest rates during the year.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2009 is $1.5 billion (net of accumulated depreciation). Capital assets includes land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and storm water management systems. The total increase in the County's investment in capital assets for the current fiscal year was 4.8 percent (a 4.2 percent increase for governmental activities and a 6.2 percent increase for business-type activities).

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

- Completion of Grassroots Crisis Intervention Center ($5.2 million).
- $2.9 million was spent on public safety equipment and vehicles.
- Recreation and Parks spent $1.3 million on the acquisition of land for Fulton South Area Park.
- Public Works spent $17.2 million in infrastructure improvements, such as paving, sidewalks, and drainage.

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Land and land improvements	$ 431,824,209	424,157,955	10,802,873	10,802,873	442,627,082	434,960,828
Buildings	139,798,345	137,481,244	30,562,060	28,369,601	170,360,405	165,850,845
Improvements other than buildings	38,718,953	38,038,447	339,452,790	331,768,928	378,171,743	369,807,375
Equipment	49,265,780	38,908,118	749,941	573,994	50,015,721	39,482,112
Infrastructure	154,031,443	152,598,678	-	-	154,031,443	152,598,678
Construction in progress	193,962,742	176,085,529 *	125,739,407	106,295,697	319,702,149	282,381,226
Total capital assets	**$1,007,601,472**	**967,269,971**	**507,307,071**	**477,811,093**	**1,514,908,543**	**1,445,081,064**

*Restated by $24.8 million to correct capitalization of all eligible expenditures as work in progress.

Additional information on the County's capital assets can be found in Note 7 on pages 45-46 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of $943.4 million. Of this amount, $933.1 million 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	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Consolidated Public Improvement bonds	$ 671,880,814	648,874,905	110,889,110	89,796,846	782,769,924	738,671,751
State water quality loan	7,980,000	9,760,000	46,575,788	49,219,990	54,555,788	58,979,990
Landfill closure obligation	34,503,000	34,656,180	-	-	34,503,000	34,656,180
Agriculture land preservation program	61,240,200	60,582,200	-	-	61,240,200	60,582,200
Special facility revenue bonds	-	-	7,395,000	7,915,000	7,395,000	7,915,000
Other	-	-	2,922,762	3,003,736	2,922,762	3,003,736
Total outstanding debt	**$ 775,604,014**	**753,873,285**	**167,782,660**	**149,935,572**	**943,386,674**	**903,808,857**

The County's total debt increased by $39.6 million (4.4 percent) during the current fiscal year. The major factors in this increase are the issuance of $69.8 million in Consolidated Public Improvement Project Bonds, $26.2 million in Metropolitan District Project Bonds, a $966,706 draw on the State Water Quality Revolving Loan Fund, and the retirement of $48.6, $5.3, and $3.6 million of Consolidated Public Improvement, Metropolitan District and Water Quality Bonds, respectively. The County also retired $520,000 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 percent of its total assessed valuation. The current debt limitation for the County is $2.2 billion, which is significantly in excess of Howard County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 8 starting on page 47 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 2009 unemployment rate for the County was 5.7 percent (5.4 percent as of September 2009). This compares favorably to the state's average unemployment rate of 7.4 percent and the national average rate of 9.5 percent for the same period. However, the County has seen a substantial increase in unemployment over the last two years as has the rest of the country. The County's rate was 2.7 percent in November 2007.

- The office space occupancy rate as of June 2009 was 85.7 percent, down from 86.1 percent a year ago. Howard County has seen additional new space come on line 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 2010 fiscal year.

The fiscal year 2010 general fund budget is $34.3 million or 4.0 percent less than the fiscal year 2009 budget. This reduction is mainly in pay-as-you-go funding ($14.5 million) and funding of other one time expenditures ($12.6 million), respectively.

The County's property tax and income tax rates remained the same for Fiscal Year 2010. The Building Excise Tax (used to fund road expansion) rates were increased 5.9 percent, the first increase since the tax was enacted in 1993. Water charges were increased 6 percent to offset anticipated increases in the cost of water purchased from Baltimore City. No changes were made to the annual refuse and recycling fees and the water and sewer ad valorem or fire tax rates.

Currently Known Facts, Decisions and Conditions

The State recently cut FY 2010 funding to the County by $7 million. The County will offset that cut by reducing operating expenditures and budgeted pay-as-you-go funding to capital projects and, if necessary, using a portion of the FY 2009 fund balance designated to fund the County's Rainy Day Fund to offset revenue shortfalls.

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 should be addressed to the Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, (410) 313-2113 or e-mailed to sgreisz@howardcountymd.gov. Complete financial reports are also available on our web site www.howardcountymd.gov.

Howard County, Maryland
Statement of Net Assets
For the Year Ended June 30, 2009

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Equity in pooled cash and cash equivalents	$ 109,351,952	8,532,411	117,884,363	47,235,672
Investments	-	-	-	114,809,893
Receivables:				
Property taxes, net	4,025,201	-	4,025,201	-
Due from other governments	73,203,021	-	73,203,021	20,280,358
Other	2,065,300	9,916,904	11,982,204	6,082,641
Materials and supplies	681,002	87,163	768,165	2,313,611
Prepaids	16,981	-	16,981	783,725
Other assets	1,585	-	1,585	-
Restricted assets:				
Equity in pooled cash and cash equivalents	87,884,368	85,035,535	172,919,903	7,664,561
Investments	36,058,457	-	36,058,457	-
Property taxes	443,926	121,627	565,553	-
Due from other governments	9,392,931	-	9,392,931	-
Water & sewer assessments receivable	-	89,502,426	89,502,426	-
Other receivables	13,154,552	296,718	13,451,270	2,774,916
Materials and supplies	386,442	923,819	1,310,261	-
Deferred accreted bond interest cost	973,289	-	973,289	-
Internal balances	(1,902,633)	1,902,633	-	-
Other assets	2,664,061	422,325	3,086,386	-
Capital assets:				
Land	431,824,209	10,802,873	442,627,082	45,014,284
Construction in progress	193,962,742	125,739,407	319,702,149	200,280,266
Buildings and improvements, net	178,517,298	370,014,850	548,532,148	811,486,323
Machinery and equipment, net	49,265,780	749,941	50,015,721	10,483,420
Infrastructure, net	154,031,443	-	154,031,443	-
Other capital assets	-	-	-	3,043,869
Total assets	1,346,001,907	704,048,632	2,050,050,539	1,272,253,539
LIABILITIES				
Accounts payable and other current liabilities	20,431,086	8,311,512	28,742,598	87,129,876
Accrued interest payable	12,719,182	1,675,986	14,395,168	-
Accrued wages and benefits	13,374,948	579,091	13,954,039	1,478,288
Deposits	3,090,359	1,869,325	4,959,684	303,674
Bond anticipation notes	12,600,000	-	12,600,000	-
Due to primary government	-	-	-	6,816,326
Unearned revenues	14,233,396	-	14,233,396	28,721,883
Noncurrent liabilities:				
Due within one year	50,762,913	13,490,314	64,253,227	9,880,435
Due in more than one year, net	830,354,021	186,688,242	1,017,042,263	80,155,235
Total liabilities	957,565,905	212,614,470	1,170,180,375	214,485,717
NET ASSETS				
Invested in capital assets, net of related debt	669,410,210	338,277,158	1,007,687,368	997,232,029
Restricted for:				
Public safety	6,367,561	-	6,367,561	-
Public works	135,105,202	150,465,046	285,570,248	-
Grants	710,780	-	710,780	-
Recreation and parks	6,045,582	762,994	6,808,576	-
Community services	13,577,805	-	13,577,805	-
Education	-	-	-	7,682,463
Business type operations	-	-	-	4,207,838
Unrestricted	(442,781,138)	1,928,964	(440,852,174)	48,645,492
Total net assets	$ 388,436,002	491,434,162	879,870,164	1,057,767,822

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

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Gov Activities	Bus Type Activities	Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 49,015,557	22,623,190	3,275,515	7,765,432	(15,351,420)	-	(15,351,420)	-
Public safety	152,639,155	5,548,030	11,203,861	-	(135,887,264)	-	(135,887,264)	-
Public works	115,081,550	39,248,132	7,755,048	10,060,607	(58,017,763)	-	(58,017,763)	-
Recreation and parks	28,490,509	13,050,979	515,937	9,014,161	(5,909,432)	-	(5,909,432)	-
Legislative and judicial	21,414,495	761,893	1,315,387	-	(19,337,215)	-	(19,337,215)	-
Community services	42,552,461	2,172,849	11,493,881	320,000	(28,565,731)	-	(28,565,731)	-
State highways	646,354	-	-	-	(646,354)	-	(646,354)	-
Education	560,909,969	-	-	-	(560,909,969)	-	(560,909,969)	-
Interest on long term debt	33,065,408	-	-	-	(33,065,408)	-	(33,065,408)	-
Total governmental activities	1,003,815,458	83,405,073	35,559,629	27,160,200	(857,690,556)	-	(857,690,556)	-
Business type activities:								
Water and sewer	59,226,089	43,184,222	30,981,090	6,959,259	-	21,898,482	21,898,482	-
Golf course	1,734,769	2,103,674	-	-	-	368,905	368,905	-
Total business-type activities	60,960,858	45,287,896	30,981,090	6,959,259	-	22,267,387	22,267,387	-
Total primary government	1,064,776,316	128,692,969	66,540,719	34,119,459	(857,690,556)	22,267,387	(835,423,169)	-
Component units:								
Public school system	787,761,263	27,393,943	96,956,509	54,178,217	-	-	-	(609,232,594)
Community college	82,168,866	32,927,129	1,536,111	21,171,658	-	-	-	(26,533,968)
Library	18,539,534	629,029	-	-	-	-	-	(17,910,505)
Housing commission	21,361,556	4,727,029	-	13,746,195	-	-	-	(2,888,332)
Total component units	$ 909,831,219	65,677,130	98,492,620	89,096,070	-	-	-	(656,565,399)
General revenues:								
Property taxes					$ 467,389,345	-	467,389,345	495,543,434
Local income taxes					271,595,421	-	271,595,421	-
Transfer tax					18,370,981	-	18,370,981	-
Recordation tax					12,991,383	-	12,991,383	-
Building excise tax					3,712,270	-	3,712,270	-
Hotel / motel tax					3,059,774	-	3,059,774	-
Admission tax					2,121,909	-	2,121,909	-
County development tax					55,586	-	55,586	-
Mobile home tax					577,657	-	577,657	-
Intergovernmental, unrestricted					13,409,168	-	13,409,168	192,939,260
Unrestricted investment income					10,547,370	1,174,356	11,721,726	364,807
Gain on sale of capital assets					-	-	-	-
Miscellaneous					589,962	-	589,962	8,056,483
Transfers					1,695,504	(1,695,504)	-	-
Total general revenues and transfers					806,116,330	(521,148)	805,595,182	696,903,984
Change in net assets					(51,574,226)	21,746,239	(29,827,987)	40,338,585
Net assets - beginning of year, as previously reported					412,753,911	469,687,923	882,441,834	1,017,429,237
Adjustment to restate net assets					27,256,317	-	27,256,317	- -
Net assets - beginning of year, as restated					440,010,228	469,687,923	909,698,151	1,017,429,237
Net assets - end of year					$ 388,436,002	491,434,162	879,870,164	1,057,767,822

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

Howard County, Maryland
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2009

	General	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	$ 73,202,842	-	-	-	7,756,741	80,959,583
Receivables:	-					
Property taxes, net	4,025,201	-	-	-	-	4,025,201
Due from other governments	73,203,021	-	-	-	-	73,203,021
Interfund receivable	226,916	-	-	-	-	226,916
Other	1,495,715	-	-	-	24,344	1,520,059
Other assets	1,585	-	-	-	-	1,585
Restricted assets:						
Pooled cash and cash equivalents	-	31,306,710	-	19,585,181	36,992,477	87,884,368
Investments	-	36,058,457	-	-	-	36,058,457
Due from other funds	-	-	-	35,226,002	-	35,226,002
Property taxes	-	-	-	-	443,926	443,926
Materials and supplies	-	-	-	-	386,442	386,442
Due from other governments	-	517,130	1,068,842	41,250	7,765,709	9,392,931
Other	-	-	-	698,236	12,456,316	13,154,552
Total assets	152,155,280	67,882,297	1,068,842	55,550,669	65,825,955	342,483,043
LIABILITIES						
Due to other funds	$ -	-	35,108,265	-	318,322	35,426,587
Accounts payable / accrued liabilities	5,520,467	10,725	6,617,142	299,075	1,632,402	14,079,811
Accrued wages and benefits	8,643,215	8,139	41,710	-	4,117,723	12,810,787
Bond anticipation notes	-	-	10,110,896	601,098	1,888,006	12,600,000
Deposits and connection fees	24,286	-	1,802,832	49,376	1,213,865	3,090,359
Deferred revenue	56,168,092	-	450,000	1,729	11,801,193	68,421,014
Total liabilities	70,356,060	18,864	54,130,845	951,278	20,971,511	146,428,558
FUND BALANCES						
Reserved for:						
Encumbrances	9,236,748	-	29,983,318	16,292,510	16,342,345	71,854,921
Noncurrent receivables	-	-	-	-	11,744,068	11,744,068
Budget stabilization account	48,703,989	-	-	-	-	48,703,989
Unreserved, reported in:						
General fund:						
Designated for subsequent year's expenditures	14,197,182	-	-	-	-	14,197,182
Designated for subsequent years' budget stabilization account	8,099,622	-	-	-	-	8,099,622
Undesignated	1,561,679	-	-	-	-	1,561,679
Special Revenue funds:						
Designated for future balloon payment	-	36,058,457	-	-	-	36,058,457
Designated for subsequent year's expenditures	-	30,672,640	-	-	-	30,672,640
Undesignated	-	1,132,336	-	-	20,136,984	21,269,320
Capital Projects funds:						
Undesignated	-	-	(83,045,321)	38,306,881	(3,368,953)	(48,107,393)
Total fund balances	81,799,220	67,863,433	(53,062,003)	54,599,391	44,854,444	196,054,485
Total liabilities and fund balances	$ 152,155,280	67,882,297	1,068,842	55,550,669	65,825,955	342,483,043

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of net assets (page 15) are different because:		
Total fund balances - governmental funds (page 17)		**$ 196,054,485**
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 assets.		**41,710,821**
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	**$ (740,127,725)**	
Deferred refunding gain/loss and costs	**(28,427,413)**	
Accrued interest payable	**(12,719,182)**	
Compensated absences	**(18,253,380)**	
Net OPEB obligation	**(49,693,803)**	
Landfill closure & post closure	**(34,503,000)**	**(883,724,503)**
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		**980,207,581**
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		**54,187,618**
Net assets of governmental activities (page 15)		**$ 388,436,002**

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, 2009

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 401,088,742	-	-	-	65,832,995	466,921,737
Other local taxes	335,963,901	4,648,331	4,592,745	3,712,270	9,185,491	358,102,738
State shared taxes	13,409,168	-	-	-	-	13,409,168
Revenues from other governments	6,312,621	-	7,765,432	297,871	31,808,425	46,184,349
Charges for services	9,917,542	-	-	-	35,600,878	45,518,420
Interest on investments	4,499,093	3,412,672	464,814	958,066	1,012,568	10,347,213
Licenses and permits	4,923,057	-	-	-	-	4,923,057
Fines and forfeitures	3,568,672	-	-	-	33,712	3,602,384
Developer fees	-	-	-	674,248	555,329	1,229,577
Rental of property	-	-	-	-	716,648	716,648
Recoveries for interfund services	6,009,417	-	-	-	-	6,009,417
Payments from component units	589,962	-	-	-	-	589,962
Miscellaneous program revenues	2,030,958	1,339	4,187,765	1,052,886	916,703	8,189,651
Total revenues	788,313,133	8,062,342	17,010,756	6,695,341	145,662,749	965,744,321
EXPENDITURES						
Current:						
General government	21,132,537	-	-	-	2,030,609	23,163,146
Legislative & judicial	19,872,513	-	-	-	1,311,616	21,184,129
Public works	61,586,824	343,422	118,238	-	30,806,917	92,855,401
Public safety	91,829,032	-	-	-	55,530,550	147,359,582
Recreation and parks	13,868,320	-	-	-	11,748,131	25,616,451
Community services	9,189,925	-	-	-	34,132,036	43,321,961
Education	499,133,213	-	59,137,911	-	-	558,271,124
Capital improvements	-	-	25,582,096	14,201,573	23,005,116	62,788,785
Debt service:						
Principal	48,615,000	235,000	-	-	-	48,850,000
Interest	30,321,646	4,585,891	-	-	-	34,907,537
Total expenditures	795,549,010	5,164,313	84,838,245	14,201,573	158,564,975	1,058,318,116
Excess (deficiency) of revenues over expenditures	(7,235,877)	2,898,029	(67,827,489)	(7,506,232)	(12,902,226)	(92,573,795)
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	4,104,393	-	-	4,104,393
Capital related debt issued	-	-	69,720,000	-	-	69,720,000
Transfers in	27,763,388	-	12,031,986	19,298,846	35,896,774	94,990,994
Transfers out	(41,655,303)	(185,447)	(26,018,402)	(4,123,393)	(15,312,788)	(87,295,333)
Total other financing sources and uses	(13,891,915)	(185,447)	59,837,977	15,175,453	20,583,986	81,520,054
Net change in fund balances	(21,127,792)	2,712,582	(7,989,512)	7,669,221	7,681,760	(11,053,741)
Adjustment to beginning balance	-	-	-	-	2,480,860	2,480,860
Fund balances - beginning, as previously reported	102,927,012	65,150,851	(45,072,491)	46,930,170	34,691,824	204,627,366
Fund balances-ending	$ 81,799,220	67,863,433	(53,062,003)	54,599,391	44,854,444	196,054,485

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, 2009

Amounts reported for governmental activities in the statement of activities (page 16) are different because:		
Net change in fund balances - total governmental funds (page 19)		**$ (11,053,741)**
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 exceeds depreciation in the current period is as follows:		
Capital improvements	**56,483,281**	
Less: Depreciation expense	**(20,518,737)**	**35,964,544**
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 assets differs from the change in fund balance by the cost of the land and buildings sold.		**(3,626,047)**
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	**(45,617,757)**	
Revenues that do not provide current financial resources	**948,608**	**(44,669,149)**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		**(26,423,586)**
In the statement of activities, certain operating expenses are measured by the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources expended.		**1,761,021**
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.		**(3,527,268)**
Change in net assets of governmental activities (page 16).		**$ (51,574,226)**

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, 2009

	Budget Amounts			Variance with Final Budget Over
REVENUES	**Original**	**Final**	**Actual**	**(Under)**
Property taxes	$ 392,914,621	392,914,621	401,089,044	8,174,423
Other local taxes	356,560,455	356,560,455	335,963,901	(20,596,554)
State shared taxes	15,790,764	15,790,764	13,409,168	(2,381,596)
Revenues from other governments	6,833,341	6,833,341	6,312,621	(520,720)
Charges for services	10,436,825	10,436,825	9,917,542	(519,283)
Interest on investments	10,398,990	10,398,990	4,499,093	(5,899,897)
Licenses and permits	6,673,475	6,673,475	4,923,057	(1,750,418)
Recoveries for interfund services	6,059,977	6,059,977	6,009,417	(50,560)
Fines and forfeitures	3,465,790	3,465,790	3,565,936	100,146
Payments from component units	589,964	589,964	589,962	(2)
Miscellaneous	737,500	737,500	2,408,540	1,671,040
Total revenues	810,461,702	810,461,702	788,688,281	(21,773,421)
EXPENDITURES				
Current:				
General government	22,979,949	21,789,216	20,584,723	1,204,493
Legislative & judicial	21,145,144	21,145,144	19,812,433	1,332,711
Public works	59,517,702	60,708,435	57,168,432	3,540,003
Public safety	95,949,834	95,949,834	92,019,531	3,930,303
Recreation and parks	14,018,864	14,018,864	14,013,602	5,262
Community services	9,410,506	9,410,506	9,095,330	315,176
Education	499,133,213	499,133,213	499,133,213	-
Debt service:				
Principal payments on debt	48,615,005	48,615,005	48,615,000	5
Interest payments on debt	36,796,667	36,796,667	30,321,646	6,475,021
Total expenditures	807,566,884	807,566,884	790,763,910	16,802,974
Excess (deficiency) of revenues over expenditures	2,894,818	2,894,818	(2,075,629)	(4,970,447)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	22,691,971	22,691,971	22,691,971	-
Transfers in	29,066,914	29,066,914	27,763,388	(1,303,526)
Transfers out	(54,653,703)	(54,653,703)	(44,653,703)	10,000,000
Total other financing sources and uses	(2,894,818)	(2,894,818)	5,801,656	8,696,474
Net change in fund balance	-	-	3,726,027	3,726,027
Less appropriation from fund balance	-	-	(22,691,971)	-
Fund balances - beginning	-	-	100,895,823	-
Fund balances - ending	$ -	-	81,929,879	-

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, 2009

	Budget Amounts Original	Budget Amounts Final	Actual	Variance with Final Budget Over (Under)
REVENUES				
Local taxes	$ 6,100,000	6,100,000	4,648,331	(1,451,669)
Investment income	-	-	3,412,672	3,412,672
Miscellaneous program revenue	15,000	15,000	1,339	(13,661)
Total revenues	6,115,000	6,115,000	8,062,342	1,947,342
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	907,746	907,746	342,408	565,338
Agricultural land preservation board	1,900	1,900	409	1,491
Contingency	30,531,387	30,531,387	-	30,531,387
Total public works	31,441,033	31,441,033	342,817	31,098,216
Debt service:				
Principal payments on debt	146,000	146,000	235,000	(89,000)
Interest payments on debt	4,585,893	4,585,893	4,585,891	2
Total debt service	4,731,893	4,731,893	4,820,891	(88,998)
Total expenditures	36,172,926	36,172,926	5,163,708	31,009,218
Excess (deficiency) of revenues over expenditures	(30,057,926)	(30,057,926)	2,898,634	32,956,560
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	30,243,373	30,243,373	-	30,243,373
Transfers out	(185,447)	(185,447)	(185,447)	-
Total other financing sources (uses)	30,057,926	30,057,926	(185,447)	30,243,373
Net change in fund balance	-	-	2,713,187	2,713,187
Fund balances - beginning	-	-	65,158,385	-
Fund balances - ending	$ -	-	67,871,572	-

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

Howard County, Maryland
Statement of Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

ASSETS	Enterprise Funds: Water and Sewer	Enterprise Funds: Special Recreation Facility	Enterprise Funds: Total	Gov't Activities-Internal Service Funds
Current assets:				
Equity in pooled cash and cash equivalents	$ 8,532,411	-	8,532,411	28,392,369
Prepaid expenses	-	-	-	16,981
Receivables:				
Service billings	9,916,904	-	9,916,904	545,241
Materials and supplies	-	87,163	87,163	681,002
Restricted assets:				
Equity in pooled cash and cash equivalents	84,272,112	763,423	85,035,535	-
Water and sewer assessments	7,420,575	-	7,420,575	-
Total current assets	110,142,002	850,586	110,992,588	29,635,593
Noncurrent assets:				
Restricted assets:				
Receivables:				
Property taxes	121,627	-	121,627	-
Water and sewer assessments	82,081,851	-	82,081,851	-
Other receivables	16,718	280,000	296,718	-
Materials and supplies	923,819	-	923,819	-
Capital assets:				
Land	2,117,977	8,684,896	10,802,873	-
Construction in progress	125,739,407	-	125,739,407	-
Buildings and improvements, net	369,195,088	819,762	370,014,850	-
Machinery and equipment, net	616,248	133,693	749,941	27,393,891
Other assets	301,214	121,111	422,325	-
Total noncurrent assets	581,113,949	10,039,462	591,153,411	27,393,891
Total assets	691,255,951	10,890,048	702,145,999	57,029,484
LIABILITIES				
Current liabilities:				
Due to other funds	-	26,331	26,331	-
Accounts payable	7,938,520	356,229	8,294,749	469,044
Capital lease	-	16,763	16,763	-
Accrued wages and benefits	579,091	-	579,091	564,161
Compensated absences	14,800	-	14,800	793,506
Unpaid insurance claims	-	-	-	5,807,231
Deposits and connection fees	-	-	-	75,000
Current liabilities	8,532,411	399,323	8,931,734	7,708,942
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,869,325	-	1,869,325	-
Developer agreement rebates and deposits	199,183	-	199,183	-
Deferred water and sewer assessments	2,782,716	-	2,782,716	-
Other debt payable	3,758,615	-	3,758,615	-
Bonds payable	6,210,000	525,000	6,735,000	-
Interest payable	1,586,606	89,380	1,675,986	-
Current liabilities payable from restricted assets	16,406,445	614,380	17,020,825	-
Total current liabilities	24,938,856	1,013,703	25,952,559	7,708,942
Noncurrent liabilities:				
Developer agreement rebates and deposits	3,117,468	-	3,117,468	-
Deferred water and sewer assessments	26,928,426	-	26,928,426	-
Net OPEB obligation	741,449	-	741,449	-
Compensated absences	681,252	-	681,252	-
Unpaid insurance claims	-	-	-	5,680,757
Special revenue bonds payable	-	6,870,000	6,870,000	-
Metropolitan district bonds payable	106,070,747	-	106,070,747	-
Deferred refunding amount	(87,028)	(451,245)	(538,273)	-
Other long-term debt	42,817,173	-	42,817,173	-
Total noncurrent liabilities	180,269,487	6,418,755	186,688,242	5,680,757
Total liabilities	205,208,343	7,432,458	212,640,801	13,389,699
NET ASSETS				
Invested in capital assets, net of related debt	335,582,562	2,694,596	338,277,158	27,393,891
Restricted:				
For debt service	82,220,196	763,423	82,983,619	-
Unrestricted	68,244,850	(429)	68,244,421	16,245,894
Total net assets	$ 486,047,608	3,457,590	489,505,198	43,639,785
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			1,928,964	
Net assets of business-type activities			491,434,162	

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

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities				Governmental Activities -
	Water and Sewer		Special Recreation Facility	Total	Internal Service Funds
Operating revenues:					
User charges	$	37,552,428	-	37,552,428	68,715,331
Greens and cart fees		-	1,585,080	1,585,080	-
Range fees		-	85,950	85,950	-
Merchandise		-	116,530	116,530	-
Food and beverage		-	297,834	297,834	-
Insurance recoveries		-	-	-	463,314
Miscellaneous sales and services		471,271	18,280	489,551	1,028,545
Total operating revenues		38,023,699	2,103,674	40,127,373	70,207,190
Operating expenses:					
Salaries and employee benefits		10,182,864	-	10,182,864	10,144,170
Contractual services		5,457,307	1,400,663	6,857,970	8,842,472
Supplies and materials		1,693,101	-	1,693,101	639,620
Business and travel		118,494	-	118,494	316,872
Vehicle fuels and supplies		1,497,836	-	1,497,836	5,471,990
Purchased water and transmission charges		10,458,127	-	10,458,127	-
Sewage treatment charges		6,472,009	-	6,472,009	-
Share of county administrative expenses		3,795,532	-	3,795,532	1,165,025
Insurance claims		-	-	-	39,784,845
Other administrative		70,101	-	70,101	4,178,885
Depreciation expense		12,304,252	40,083	12,344,335	5,015,103
Less: house connection and capitalized overhead costs		(207,355)	-	(207,355)	-
Total operating expenses		51,842,268	1,440,746	53,283,014	75,558,982
Operating income (loss)		(13,818,569)	662,928	(13,155,641)	(5,351,792)
Nonoperating revenues (expenses):					
Ad valorem charges		30,981,090	-	30,981,090	-
Water and sewer assessment charges		4,203,443	-	4,203,443	-
Interest on investments		1,157,236	17,120	1,174,356	331,943
Inspection services and system connection installations		394,875	-	394,875	-
Interest expense		(6,832,838)	(241,002)	(7,073,840)	-
(Loss) or gain on sale of capital assets		36,859	-	36,859	6,941,755
Other, net		525,346	(53,021)	472,325	-
Total nonoperating revenues (expenses)		30,466,011	(276,903)	30,189,108	7,273,698
Net income (loss) before contributions and transfers		16,647,442	386,025	17,033,467	1,921,906
Capital contributions		6,959,259	-	6,959,259	-
Transfers in (out)		(1,694,138)	(1,366)	(1,695,504)	(6,000,157)
Change in net assets		21,912,563	384,659	22,297,222	(4,078,251)
Total net assets - beginning		464,135,045	3,072,931		47,718,036
Total net assets - ending	$	486,047,608	3,457,590		43,639,785
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(550,983)	
Change in net assets of business -type activities				21,746,239	

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, 2009

	Water & Sewer	Special Recreation Facility	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 45,393,404	2,103,674	47,497,078	70,361,793
Cash paid to suppliers	(21,794,332)	(1,399,329)	(23,193,661)	(56,058,835)
Cash paid to / for employees	(7,738,274)	-	(7,738,274)	(7,731,715)
Cash paid for interfund services used	(5,940,184)	-	(5,940,184)	(4,894,387)
Other operating (disbursements) / cash receipts	(567,500)	-	(567,500)	177,822
Net cash provided by operating activities	9,353,114	704,345	10,057,459	1,854,678
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers in (out) to other funds	-	24,965	24,965	(6,123,119)
Net cash provided by (used in) noncapital financing activities	-	24,965	24,965	(6,123,119)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	26,663,451	-	26,663,451	-
Proceeds from state loan	966,706	-	966,706	-
Proceeds from developer contributions	560,441	-	560,441	-
Cash receipts from assessments & connection charges	32,009,018	-	32,009,018	-
Acquisition and construction of capital assets	(35,408,257)	(42,900)	(35,451,157)	(5,173,353)
Capital lease payment	-	(15,538)	(15,538)	-
Payment of long term debt principal	(8,900,908)	(520,000)	(9,420,908)	-
Interest paid on long term debt	(6,840,451)	(244,422)	(7,084,873)	-
Net cash provided by (used in) capital and related financing activities	9,050,000	(822,860)	8,227,140	(5,173,353)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	1,157,236	17,120	1,174,356	331,943
Net cash provided by investing activities	1,157,236	17,120	1,174,356	331,943
Net increase (decrease) in cash and cash equivalents	19,560,350	(76,430)	19,483,920	(9,109,851)
Balances - beginning of the year	73,244,174	839,853	74,084,027	37,502,220
Balances - end of the year	92,804,524	763,423	93,567,947	28,392,369
Reconciliation of operating (loss) income to net cash provided by operating activities				
Operating (loss) income	(13,818,569)	662,928	(13,155,641)	(5,351,792)
Adjustments to reconcile operating income to net cash				
Depreciation expense	12,304,252	40,083	12,344,335	5,015,103
Change in assets and liabilities:				
Decrease in accounts and other receivables	7,369,705	-	7,369,705	619,999
Decrease (increase) in inventories	108,688	(15,362)	93,326	-
Increase in operating accounts payables	3,427,681	16,696	3,444,377	1,571,368
Decrease in compensated absences and net opeb obligation	(38,643)	-	(38,643)	-
Total adjustments	23,171,683	41,417	23,213,100	7,206,470
Net cash provided by operating activities	$ 9,353,114	704,345	10,057,459	1,854,678

Noncash investing, capital and financing activities:

In Fiscal Year 2009, water and sewer lines with an estimated market value of $4,305,338 were contributed to the water and sewer enterprise fund by developers.

All investments mature in one year or less so the change in fair value is not determined.

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

Howard County, Maryland
Statement of Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds and Agency Funds
For the Year Ended June 30, 2009

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	$ -	3,154,227
Receivables:		
Property tax	-	236,454
Interest and dividends	1,142,648	-
Employer contributions	1,576,764	-
Employee contributions	471,112	-
Sale of investments	4,950,385	-
Other	43,975	-
Investments, at fair value:		
Cash	49,519	-
Common stocks	109,799,617	-
Mutual funds	105,326,101	-
Money market funds	49,591,556	-
Fixed income securities	130,800,091	-
Real estate	21,498,496	-
Other	517,342	-
Prepaid insurance	27,355	-
Total assets	425,794,961	3,390,681
LIABILITIES		
Accounts payable		
Investments purchased	29,222,250	-
Other	951,821	918,059
Deposits	-	2,472,622
Total liabilities	30,174,071	3,390,681
NET ASSETS		
Held in trust for pension and OPEB benefits	$ 395,620,890	

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

Howard County, Maryland
Statement of Changes in Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2009

ADDITIONS		
Contributions:		
Employer	$	38,904,196
Member		7,353,217
Total contributions		46,257,413
Investment income:		
Net change in fair value of investments		(84,906,947)
Interest		6,483,086
Dividends		9,407,567
Other		282,710
Investment expense		(1,498,212)
Net investment (loss) income		(70,231,796)
Total additions		(23,974,383)
DEDUCTIONS		
Benefits		24,285,826
Administrative expenses		494,541
Total deductions		24,780,367
Change in net assets		(48,754,750)
Net assets - beginning		444,375,640
Net assets - ending	$	395,620,890

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

Howard County, Maryland
Combining Statement of Net Assets
Component Units
For the Year Ended June 30, 2009

	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Equity in pooled cash and cash equivalents	$ 15,651,928	26,248,504	1,696,888	3,638,352	47,235,672
Investments	109,011,916	4,450,209	1,315,288	32,480	114,809,893
Receivables:					
Due from other governments	11,398,300	8,882,058	-	-	20,280,358
Other	3,031,970	2,480,416	8,318	561,937	6,082,641
Materials and supplies	1,622,611	691,000	-	-	2,313,611
Prepaids	253,493	290,237	230,395	9,600	783,725
Restricted assets:					
Equity in pooled cash and cash equivalents	118,656	-	228,759	7,317,146	7,664,561
Mortgage receivable	-	-		2,774,916	2,774,916
Capital assets:					
Land	12,621,398	3,034,351	164,453	29,194,082	45,014,284
Construction in progress	195,990,732	3,116,613	-	1,172,921	200,280,266
Buildings and improvements, net	640,100,224	132,912,086	-	38,474,013	811,486,323
Machinery and equipment, net	6,383,530	3,797,239	302,651	-	10,483,420
Other assets	-	453,100	2,590,769	-	3,043,869
Total assets	996,184,758	186,355,813	6,537,521	83,175,447	1,272,253,539
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	81,124,109	3,915,194	1,136,307	954,266	87,129,876
Accrued salaries and benefits	-	1,171,486	306,802	-	1,478,288
Deposits	-	280,358	-	23,316	303,674
Due to primary government	-	6,816,326	-	-	6,816,326
Unearned revenues	24,747,429	2,671,577	297,166	1,005,711	28,721,883
Long term liabilities:					
Due within one year	5,744,481	554,207	-	3,581,747	9,880,435
Due in more than one year, net	19,252,688	11,677,819	849,526	48,375,202	80,155,235
Total liabilities	130,868,707	27,086,967	2,589,801	53,940,242	214,485,717
NET ASSETS					
Invested in capital assets, net of related debt	842,154,961	132,688,053	3,057,873	19,331,142	997,232,029
Restricted for:					
Education	983,613	6,470,091	228,759	-	7,682,463
Business type operations	806,232	652,942	-	2,748,664	4,207,838
Unrestricted	21,371,245	19,457,760	661,088	7,155,399	48,645,492
Total net assets	$ 865,316,051	159,268,846	3,947,720	29,235,205	1,057,767,822

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, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Public School System	Community College	Library	Housing Commission	Total
Component units:									
Public school system	$ 787,761,263	27,393,943	96,956,509	54,178,217	(609,232,594)	-	-	-	(609,232,594)
Community college	82,168,866	32,927,129	1,536,111	21,171,658	-	(26,533,968)	-	-	(26,533,968)
Library	18,539,534	629,029	-	-	-	-	(17,910,505)	-	(17,910,505)
Housing commission	21,361,556	4,727,029	-	13,746,195	-	-	-	(2,888,332)	(2,888,332)
Total component units	$ 909,831,219	65,677,130	98,492,620	89,096,070	(609,232,594)	(26,533,968)	(17,910,505)	(2,888,332)	(656,565,399)

	Public School System	Community College	Library	Housing Commission	Total
General revenues:					
Property taxes	$ 454,794,610	25,195,470	15,553,354	-	495,543,434
Other local taxes	-	-	-	-	-
State shared taxes	-	-	-	-	-
Intergovernmental, unrestricted	168,788,991	21,758,562	2,391,707	-	192,939,260
Program revenue	-	-	-	-	-
Investment income	961,922	(818,989)	32,854	189,020	364,807
Sale of property	-	-	-	-	-
Miscellaneous	1,212,029	-	-	6,844,454	8,056,483
Total general revenues	625,757,552	46,135,043	17,977,915	7,033,474	696,903,984
Change in net assets	16,524,958	19,601,075	67,410	4,145,142	40,338,585
Net assets - beginning of year	848,791,093	139,667,771	3,880,310	25,090,063	1,017,429,237
Net assets - end of year	$ 865,316,051	159,268,846	3,947,720	29,235,205	1,057,767,822

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

Notes to Basic Financial Statements
Index

[redacted]

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 is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

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

The Howard Community College provides educational services to County citizens by offering two-year associate degrees and a continuing education program. The Community College is governed by a seven-member board appointed by the governor of Maryland. The County approves the College’s annual budget and provides substantial funding to the College.

The Howard County Housing Commission is a public corporation established by Maryland and Howard County law to act as builder, developer, owner and manager of housing for eligible participants. The Commission is comprised of seven commissioners appointed by the County Executive and confirmed by the County Council. The County provides substantial funding to the Commission and approves its annual budget.

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

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

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

The *Agricultural Land Preservation Fund* accounts for 25% of the local transfer tax and also 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, and also public schools and buildings for the Community College.

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

The County reports the following major proprietary funds:

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

The *Special Recreation Facility Fund* accounts for the operations and related debt service costs of a public golf course opened in September 1996. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources, which by law are designated to finance particular functions or activities of the County. 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 fee, grants, registration fees for recreational programs, and fees for health services.

Capital Projects Funds are used to account for all resources for the construction or acquisition of capital assets, except those accounted for in the General Capital Projects fund and proprietary fund types.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized printing and mailing services; information systems and communication (telephone) operations; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; County employee health benefits costs; and the maintenance and replacement of the County's radio communications systems.

Agency Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents of street lights districts for energy costs, State property tax, Bay Restoration Fee, and surety bonds held on construction work.

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 by contacting the County via e-mail at staghavi@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 will act as a funding mechanism for the employers' cost of retiree benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 Water and Sewer Fund and of the Special Recreation Facility Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgetary Process

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the unexpended or unencumbered appropriation authority of the operating budget expiring the following June 30. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also at the request of the Executive approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from unappropriated 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 2009, the Council approved three capital budget transfers and eight operating budget supplements.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Agricultural Land Preservation Funds. Outstanding encumbrances are included in the final budget and 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 miscellaneous revenue on a budgetary basis. Open encumbrances are treated as reservations of fund balances on a modified accrual (fund) reporting basis.

E. Deposits and Investments

Cash Equivalents
For purposes of the statement of cash flows, the County considers all demand deposits and investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments
The County follows Governmental Accounting Standards Board (GASB) Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. The County currently limits its purchases to maturities of one year or less (except those items described in the next paragraph). The County has an internal investment pool that is available for use by all funds.

The investments of the Pension Trust Funds are reported at fair value. The securities of the Pension Trust Funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in the Non-major 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 its 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 note.

F. Loans Receivable

For the purposes of the fund financial statements, Special Revenue Fund expenditures relating to housing loans in the Community Renewal Fund are charged to operations upon funding, and the loans are recorded with an offset to a restricted fund balance account. The restricted fund balance account is analyzed to identify new loans added during the year. For purposes of the Government-wide Financial Statements, housing loans are not offset by restricted fund balance accounts.

G. Inventory

Materials and supplies are valued at cost, using the first-in/first-out (FIFO) method. Materials and supplies are recorded as an asset when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting.

H. Capital Assets

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

Capital assets are depreciated using the straight-line method over the estimated useful lives (in years) which were revised in fiscal year 2009 as follows:

Buildings	50	Computer software	5
Infrastructure	15-40	Vehicles	6
Water and sewer lines	50	Furniture and Equipment	5-20

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

I. Compensated Absences

County employees are granted vacation, personal and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees have no leave accrual limit. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds and Proprietary Funds, when paid. Accumulated vacation benefits at year-end are recorded as obligations in the Statement of Net Assets 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 at June 30, 2009. The unpaid claims also include liabilities for incurred but not reported (IBNR) claims as of June 30, 2009.

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 is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to net assets and the portion representing interest is initially recorded as a deferred liability and then recognized as revenue when billed.

From 1980 to 2004 the deferred liability grew as the water and sewer system was being built. The liability 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 replacement and repair.

L. 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” – General Fund and Agricultural Land Preservation Fund are prepared on a basis consistent with their budgets. The “Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis” for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as an expenditure of the current period. Also, the budgets include appropriations of prior year fund balances as other sources in the current year and account for payroll expenditures on a cash basis. The "Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds" is prepared on a basis consistent with GAAP where encumbrances are treated only as a reservation of fund balance, prior year fund balances are not included as other sources and payroll expenditures, including compensated absences, are recorded on a modified accrual basis. The overall general fund final budget did not change from the original. However, several programs within the general fund were modified during the year by resolution. Appropriations were transferred from the General Fund contingency to cover unanticipated expenditures for snow removal. Several appropriations were transferred from the Grant Contingency Fund to various departments for new grants that were awarded by other governments.

The financial statements are reconciled as follows:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - revenues and other sources over expenditures and other uses	$ 3,726,027	2,713,186
Adjustments:		
Appropriation of prior year fund balances	(22,691,971)	-
Current year encumbrances outstanding	7,776,938	-
Prior year encumbrances expended this year	(8,072,678)	
Prior year encumbrances lapsed during the current fiscal year	(377,582)	-
Effect of recording payroll expenditure - modified accrual basis	(1,091,182)	(604)
Other	(397,344)	-
GAAP basis - net change in fund balances	$ (21,127,792)	2,712,582

The ending fund balances are reconciled as follows:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis, June 30, 2009	$ 81,929,879	67,871,571
Adjustments:		
Current year encumbrances outstanding	7,776,938	-
FY 2008 encumbrances outstanding	1,459,790	-
Payroll expenditures recorded on a modified accrual basis	(9,055,474)	(8,138)
Other	(311,913)	-
GAAP basis, June 30, 2009	$ 81,799,220	$ 67,863,433

M. Budget Stabilization Account

The County has established a budget stabilization account (also known as the "rainy day fund") to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at 7 percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2009 budget was prepared, the fiscal year 2007 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2007 audited expenditures. A contribution of $3,608,559 was made to the fund in fiscal year 2009, which resulted in achieving the charter target of $48,703,989. A designation of fund balance has been made in the General Fund in the amount of $8,099,622 to meet the charter target for fiscal years 2010 and 2011.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures	Percentage	Charter Target
2009	2007	$ 695,771,280	7%	$ 48,703,989
2010	2008	$ 781,162,373	7%	$ 54,681,366
2011	2009	$ 811,480,156	7%	$ 56,803,611

N. Net Assets Restricted by Enabling Legislation

Net assets restricted by enabling legislation represent accumulated net assets 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 assets in the government-wide Statement of Net Assets, are as follows at year-end:

Governmental activities	$ 161,806,930
Business-type activities	151,228,040
Total	$ 313,034,970

O. Implementation of New Accounting Principles

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

Statement No. 49, *"Accounting and Financial Reporting for Pollution Remediation Obligations*": This statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation.

Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments"*: This statement requires endowments to report land and real estate held as an investment at fair value.

Adoption of these standards has no material impact on the County's financial statements.

2. Equity in Pooled Cash and Cash Equivalents and Investments

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

The County's Cash and Investments

The County maintains a cash 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 their share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102 % collateralization of deposits. None of the component units have a policy covering deposits. The carrying amount of total deposits, including certificates of deposit, for the County was $23,955,325 and the bank balance was $4,742,942 at June 30, 2009. The bank balance was covered by federal depository insurance or by collateral held by the County's agent in the County's name. The component units had a combined bank balance of $35,835,737. Of that amount, $1,349,446 was covered by federal depository insurance or by collateral held in the component unit's name; $34,486,291 was covered by collateral held in the pledging bank's trust department or by the pledging bank's agent in the component unit's name.

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

The County's policy is more restrictive than State law, limiting the percentage of the total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Government Agency and U.S. Government-Sponsored enterprises, 90%, repurchase agreements, 90%, collateralized certificates of deposit, 5%, bankers' acceptances, 30% and mutual funds, 60%. State law places no limits on these types of investments. Another restriction that is only in the County's policy limits the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. An additional restriction limits investments in commercial paper to 5%, which is more restrictive than State law.

Of the component units, the Howard County Public School System, the Community College and the Library have investment policies, while the Housing Commission does not.

The table below reconciles the County's deposits ($23,955,325) and investments ($723,594,828) to the Government-wide Statement of Net Assets and the Statement of Net Assets – Pension and Other Post Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	$	121,038,590
Restricted equity in pooled cash and cash equivalents		172,919,903
Investments		453,591,660
Total	$	747,550,153

Investments of the County and its component units as of June 30, 2009:

	Fair value		
Investments	Primary Government	Component Units	Reporting Entity
Repurchase agreements	$ 40,000,000	$ -	$ 40,000,000
U.S. Government securities	36,058,457	-	36,058,457
U.S. Government sponsored enterprises	108,000,000	-	108,000,000
Maryland Local Govt. Investment Pool	92,528,588	134,380,332	226,908,920
Money market funds	50,078,557	-	50,078,557
Mutual funds	-	4,450,209	4,450,209
Equity in properties under home ownership	-	4,244,329	4,244,329
Total	**$ 326,665,602**	**$ 143,074,870**	**$ 469,740,472**

Interest Rate Risk: The County's investment policy requires that the majority of investments will 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 8). 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 June 30, 2009, the County had $55,000,000 of callable investments. All of the call dates were within 9 months of final maturity. In calculating weighted average maturity, we made the assumption that all of these investments would be called.

The following is a list of County investments and their weighted average maturities.

Investment Type	Fair Value	Weighted Average Maturity (in years)
Repurchase agreements	$ 40,000,000	0.07
U.S. Government securities	36,058,457	11.87
U.S. Government-Sponsored Enterprises	108,000,000	0.44
Total	**$ 184,058,457**	
Portfolio weighted average maturity		2.60

The Maryland Local Government Investment Pool and the money market funds used by the County are operated in accordance with Rule 2a7 of the Investment Company Act of 1940. The County's investments in these pools are not included in the computation of weighted average maturity.

Credit Risk: State law limits investments in bankers' acceptances and commercial paper to the highest short-term debt letter and numerical rating by at least one nationally recognized statistical rating organization. All investments in U.S. Government Sponsored Enterprises are rated AAA by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated AAAm by Standard & Poor's.

Concentration of Credit Risk: The County 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, the Federal Agricultural Mortgage Corporation, and the Federal Home Loan Mortgage Corporation. At June 30, 2009, investments in these U.S. Government Sponsored Enterprises represent 42.4%, 5.4%, and 8.1% respectively, of the County's total investments.

Pension Trust Funds' Cash and Investments

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

Investments: The Plans' investment policy includes an asset allocation plan for investments. The target allocation is 60% equities and 40% fixed income. The minimum and maximum percentages for equities are 50% and 70%, respectively, and for fixed income are 30% and 50%, respectively.

Investments of the Plans as of June 30, 2009:

Investments	Fair value
Common stocks	$ 109,799,617
Mutual funds	105,326,101
Money market funds	28,987,579
Fixed income	130,800,091
Real estate	21,498,496
Other	517,342
	$ 396,929,226

Interest rate risk: The Plans' investment policy does not place any limits on the investment managers with respect to the duration of their investments. The list below shows Plans' investments and their related weighted-average maturities:

Investment Type	Fair Value	Weighted Average Maturity (in years)
Asset backed securities	$ 1,142,099	18.98
Auto loans receivable	397,984	1.71
Collateralized mortgage obligations	14,773,616	32.1
Corporate bonds	49,095,012	11.07
Credit card receivable	623,772	3.38
Government sponsored enterprises	36,573,362	68.71
U.S. Agency securities	144,000	10.87
U.S. Treasury	6,432,014	4.4
Total	**$ 109,181,859**	
Portfolio weighted average maturity		32.84

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. As of June 30, 2009, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable	Fair Value
AAA to A	$ 48,595,278
BBB to B	30,237,502
CCC to C	718,883
Less than C	144,000
Total	**$ 79,695,663**

Custodial Credit Risk: State Street invests in a money market fund on behalf of the Plans. At June 30, 2009, the amount in the money market fund was $28,911,979 of which $24,097,000 was committed to the prospective settlement of federal agency mortgage backed security TBA's. This fund is uninsured and uncollateralized. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk – Currency Forward Contract

One of the Plans' investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plans have participated in a mutual fund that holds 3-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. As of June 2009, the Plans had no exposure to currency hedging since the hedges that were in place to reduce exposure to sterling and the euro were closed in September 2008.

Also, during the year, one of the Plans investment managers entered into derivative transactions such as futures to hedge interest rate risk; currency forwards and currency options transactions to gain currency exposure; credit derivatives to increase investment grade credit risk and the UK interest rate swaps to obtain interest rate exposure. As of June 2009, the Plans total investment in derivative transactions was $.5 million or 0.1% of total assets at fair value.

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 20% at any given time. As of June 30, 2009, the Plans' exposure to foreign currency risk was equal to an immaterial amount.

Other Post Employment Benefits Trust Funds' Cash and Investments

The carrying amount of total deposits for the OPEB Trust and the bank balance was $49,519 at June 30, 2009. The bank balance was covered by federal depository insurance. The OPEB Trust had $20,603,977 in money market accounts at Maryland Local Government Investment Pool as of June 30, 2009.

3. Receivables

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

Receivables:	General Fund	Agricultural Land Pres. Fund	General County Capital Proj.	Highway Capital Projects	Enterprise Funds	Nonmajor and Other Funds	Total
Property taxes	$ 4,090,843	-	-	-	121,627	680,380	4,892,850
Service billings	-	-	-	-	9,916,904	545,241	10,462,145
Water and sewer assessments	-	-	-	-	89,502,426	-	89,502,426
Due from other governments	73,203,021	517,130	1,068,842	41,250	-	7,765,709	82,595,952
Other	1,495,715	-	-	698,236	296,718	20,665,544	23,156,213
Gross receivables	78,789,579	517,130	1,068,842	739,486	99,837,675	29,656,874	210,609,586
Less: Allowance for uncollectables	(65,642)	-	-	-	-	-	(65,642)
Total Receivable	$ 78,723,937	517,130	1,068,842	739,486	99,837,675	29,656,874	210,543,944

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Most of the receivables in the Enterprise Funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established. At June 30, 2009, the various components of deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned
Governmental funds:		
General Fund:		
Private roads	$ -	29,855
Income tax	51,645,111	-
Property tax	3,650,209	-
Escrow	-	842,917
General Capital Projects Fund		
Due from governmental agencies	450,000	-
Highway Capital Projects Fund	-	1,729
Non-major funds:		
Due from governmental agencies	-	8,852,976
Recreation program fees	-	2,948,217
Total governmental funds	$ 55,745,320	12,675,694

4. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Special Revenue Funds - Grants Fund	$ 200,585
	Enterprise Funds - Special Recreation Facility	26,331
Highway Capital Projects	General Capital Projects Fund	35,108,265
	Nonmajor Capital Projects Funds - Public Libraries, Storm Drainage Funds	117,737
		$ 35,452,918

The balances due to the General and Highway Capital Projects Funds are the result of loans made to cover operating cash deficits.

Transfers:

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Reconciliation of Transfers In and Out

Fund	General	Agricultural Land Pres.	Capital Projects General	Capital Projects Highway	Capital Projects Non-major	Non-major Special Revenue	Internal Service	Enterprise	Total In
General	$ -	185,447	7,580,099	4,123,393	4,239,955	4,947,833	6,000,157	686,504	27,763,388
Capital Projects:									
General	10,281,986	-	-	-	-	1,750,000	-	-	12,031,986
Highway	9,635,000	-	9,663,846	-	-	-	-	-	19,298,846
Non-major	1,145,000	-	8,774,457	-	-	4,375,000	-	-	14,294,457
Non-major Special Revenue	21,602,317	-	-	-	-	-	-	-	21,602,317
Internal Service	-	-	-	-	-	-	3,066,518	-	3,066,518
Enterprise	(1,009,000)	-	-	-	-	-	-	-	(1,009,000)
Total Out	$ 41,655,303	185,447	26,018,402	4,123,393	4,239,955	11,072,833	9,066,675	686,504	97,048,512

The transfers out from the General Fund are operating funding to a State Agency, the disbursement of grant matching funds, and the disbursement of pay-as-you-go monies to various capital projects. The transfers out from the General Capital Projects Fund to other capital project funds are bond funds. When bonds are sold, the proceeds are posted to the General Capital Projects Fund and then transferred to the other capital project funds as expenditures occur. 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. The transfers out from the internal service funds are the return of surplus to the General Fund, and the transfer of residual net assets from the Radio Maintenance Fund which closed at the end of fiscal year 2009 to the Information Systems Services Fund.

5. Due From Other Governments

The amounts due from other governments are primarily tax and grant revenues due from the Federal and State governments.

6. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed values certified as of that date for all taxable real property located in the County. Assessed values are established by the 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 by December 31. If delinquent, taxes are charged 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 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 revenues.

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).

7. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	$ 424,157,955	9,737,719	2,071,465	431,824,209
Construction in progress	176,085,529 *	55,422,977	37,545,764	193,962,742
Total capital assets, not being depreciated	600,243,484	65,160,696	39,617,229	625,786,951
Capital assets being depreciated:				
Buildings	194,108,384	6,121,108	-	200,229,492
Improvements other than buildings	68,429,529	3,509,412	-	71,938,941
Equipment	94,826,929	21,546,725	2,539,169	113,834,485
Infrastructure	270,205,728	10,733,389	1,461,094	279,478,023
Total capital assets, being depreciated	627,570,570	41,910,634	4,000,263	665,480,941
Less accumulated depreciation for:				
Buildings	56,627,140	3,804,007	-	60,431,147
Improvements other than buildings	30,391,082	2,828,906	-	33,219,988
Equipment	55,918,812	11,060,652	2,410,759	64,568,705
Infrastructure	117,607,050	7,840,275	745	125,446,580
Total accumulated depreciation	260,544,084	25,533,840	2,411,504	283,666,420
Total capital assets, being depreciated, net	367,026,486	16,376,794	1,588,759	381,814,521
Governmental activities capital assets, net	$ 967,269,970	81,537,490	41,205,988	1,007,601,472

* restated

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

Governmental activities:		**Amount**
General government	$	1,678,687
Public safety		2,884,804
Public facilities		12,915,219
Legislative and judicial		19,331
Community services		819,520
Recreation and parks		2,201,176
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets		5,015,103
Total depreciation expense - governmental activities	$	25,533,840

Capital asset activity for business-type activities for the fiscal year ended June 30, 2009 was as follows:

		Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Business-type activities:					
Capital assets not being depreciated:					
Land and land improvements	$	10,802,873	-	-	10,802,873
Construction in progress		106,295,697	37,537,893	18,094,183	125,739,407
Total capital assets, not being depreciated		117,098,570	37,537,893	18,094,183	136,542,280
Capital assets being depreciated:					
Buildings		37,019,412	2,921,338	-	39,940,750
Improvements other than buildings		591,533,465	19,255,662	24,972	610,764,155
Equipment		1,572,652	244,004	-	1,816,656
Total capital assets, being depreciated		630,125,529	22,421,004	24,972	652,521,561
Less accumulated depreciation for:					
Buildings		8,649,811	728,879	-	9,378,690
Improvements other than buildings		259,764,537	11,547,399	571	271,311,365
Equipment		998,658	68,057	-	1,066,715
Total accumulated depreciation		269,413,006	12,344,335	571	281,756,770
Total capital assets, being depreciated, net		360,712,523	10,076,669	24,401	370,764,791
Business-type activities capital assets, net	$	477,811,093	47,614,562	18,118,584	507,307,071

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

Business-type activities:		Amount
Water and Sewer system	$	12,304,252
Golf course		40,083
Total depreciation expense - business-type activities	$	12,344,335

Construction Commitments

Howard County government total encumbrances outstanding as of June 30, 2009 were $177,837,418.

8. Long-Term Debt

A. Primary Government

A summary of long-term debt outstanding for the primary government at June 30, 2009 is as follows:

	Due Dates	Interest Rates		Amount Outstanding
Governmental Activities:				
Consolidated public improvement bonds (1)	2009-2029	2.00% to 5.25%		$ 671,880,814
State Water Quality Revolving Loan	2009-2016	2.41%		7,980,000
Total debt subject to statutory limit				679,860,814
Compensated Absences	various	not applicable		19,046,886
Net OPEB Obligation	various	not applicable		49,693,803
Landfill closure obligation	various	not applicable		34,503,000
Agricultural Land Preservation Program	2009-2028	6.00% to 8.60%		61,240,200
Total Governmental Activities			(2)	844,344,703
Business Type Activities:				
Metropolitan district bonds (1)	2009-2038	2.00% to 5.25%		$ 110,889,110
State water quality revolving loan	2008-2024	1.10% to 4.33%		46,575,788
Special facility revenue bonds	2008-2020	2.00% to 3.800%		7,395,000
Compensated Absences	various	not applicable		696,052
Net OPEB Obligation	various	not applicable		741,449
Major water and sewer agreements	various	not applicable		2,922,762
Total Business Type Activities			(3)	169,220,161
Total Debt				$1,013,564,864

Note (1): Adjusted to reflect accreted interest on Capital Appreciation Bonds.

Note (2): Does not include deferred refunding premium liability of $32,707,325, economic refunding loss of ($1,615,851), and unpaid insurance claims of $5,680,757 shown in the Statement of Net Assets.

Note (3): Does not include deferred refunding premium of $1,391,637, and economic refunding loss of ($538,273**)** shown in the Statement of Net Assets. Also, does not include developer agreement rebates of $393,889, (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) or deferred water and sewer assessments of $29,711,142.

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds, State Water Quality Loan, Local Government Insurance Trust, and Maryland State Retirement) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At June 30, 2009 the statutory debt limit was $2,286,682,866 providing a debt margin of $1,606,822,052. The authorized, unissued General County Bonds, Metropolitan District Bonds and Water Quality Bonds at June 30, 2009 were $355,956,846, $238,481,022, and $88,011,372 respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with its debt agreement provisions.

The changes in long-term debt for the primary government for the year ended June 30, 2009 are as follows:

	Balance June 30, 2008	Additions	Retirements		Balance June 30, 2009	Amounts Due Within One Year
Consolidated public improvement bonds (1)	$ 648,874,905	69,840,909	46,835,000		671,880,814	47,415,814
State Water Quality Revolving Loan	9,760,000	-	1,780,000		7,980,000	2,185,000
Compensated absences	17,845,511	2,022,500	821,125		19,046,886	920,099
Landfill closure obligation	34,656,180	-	153,180		34,503,000	-
Agricultural Land Preservation Program	60,582,200	893,000	235,000		61,240,200	242,000
Total long-term debt	771,718,796	72,756,409	49,824,305	(2)	794,650,900	50,762,913
Metropolitan district bonds (1)	89,796,846	26,382,264	5,290,000		110,889,110	6,210,000
State Water Quality Revolving Loan	49,219,990	966,706	3,610,908		46,575,788	3,758,615
Special facility revenue bonds	7,915,000	-	520,000		7,395,000	525,000
Compensated absences	640,691	78,593	23,232		696,052	14,800
Major water and sewer agreements	3,003,736	658,825	739,799		2,922,762	-
Total enterprise fund	150,576,263	28,086,388	10,183,939	(3)	168,478,712	10,508,415
Total	$ 922,295,059	100,842,797	60,008,244		963,129,612	61,271,328

Note (1): Adjusted to reflect accreted interest on Capital Appreciation Bonds.

Note (2): Does not include deferred refunding premium liability of $32,707,325, economic refunding loss of ($1,615,851), unpaid insurance claims of $5,680,757 and net OPEB obligation of $49,693,803 shown in the Statement of Net Assets.

Note (3): Does not include deferred refunding premium of $1,391,637 and economic refunding loss of ($538,273) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of $741,449, developer agreement rebates of $393,889, or deferred water and sewer assessments of $29,711,142.

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

On April 8, 2009, the County issued $69,720,000 in **Consolidated Public Improvement Project Bonds** with an effective interest rate of 3.941 percent, $26,240,000 in **Metropolitan District Project Bonds** with an effective interest rate of 3.912 percent. The County issued these bonds to pay off $73,400,00 of the 2006 commercial paper bond anticipation notes (BANs); to provide funding for certain capital projects and to pay bond issuance costs.

Since 1993, the County has participated in the **State Water Quality Revolving Loan Program**. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax-exempt financing. As of June 30, 2009, the County has borrowed $87,982,218; of which $73,772,218 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation plant and $14,210,000 was used to refund Consolidated Public Improvement Bonds. The outstanding balances of these loans are $46,575,788 and $7,980,000, respectively.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 10).

During fiscal year 1995, the County issued **Special Facility Revenue Bonds** in the amount of $10,675,000. On June 1, 2003, the County refunded the balance of the **Special Facility Revenue Bonds**, which was $9,220,000, and issued **Golf Course Refunding Bonds** in the amount of $9,880,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at June 30, 2009 is $763,423. If a deficiency exists in the debt service reserve fund securing these bonds, the County is obligated to restore the amount in the debt service reserve fund to the maximum annual debt service on these bonds not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until these bonds have been paid in full. 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.

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. Under the terms of the agreement, the County pays the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price for 29 years. The remaining amount of the purchase price is paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchases stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (See Note 2). The County acquires the development rights to the land in perpetuity.

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 or Enterprise Fund. At June 30, 2009, $55,466,460 of Consolidated Public Improvement bonds and $4,610,000 of Metropolitan District bonds are considered defeased.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term debt as of June 30, 2009 is as follows:

Debt service requirements of governmental activities:

Year ending	**General County Bonds ***		**Agricultural Land Program**	
June 30:	**Principal**	**Interest**	**Principal**	**Interest**
2010	$ 49,600,814	30,313,453	242,000	4,604,765
2011	48,665,000	27,977,382	151,000	4,603,863
2012	47,990,000	25,992,871	242,000	4,591,498
2013	46,475,000	24,049,134	151,000	4,573,444
2014	43,795,000	21,976,572	242,000	4,561,079
2015-2019	188,875,000	81,650,757	9,945,200	21,604,225
2020-2024	164,745,000	41,403,632	42,263,000	10,316,521
2025-2029	89,715,000	9,387,624	8,004,000	1,517,871
	$ 679,860,814	262,751,425	61,240,200	56,373,266

* Includes accreted interest on Capital Appreciation Bonds.

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds Principal	Metro District Bonds Interest	Water Quality Principal	Water Quality Interest	Special Facility Revenue Bonds Principal	Special Facility Revenue Bonds Interest
2010	$ 6,099,110	4,743,613	3,758,615	1,343,814	525,000	232,347
2011	5,535,000	4,407,852	3,867,209	1,246,719	540,000	219,822
2012	5,580,000	4,173,722	3,979,312	1,144,035	555,000	204,747
2013	5,225,000	3,973,713	4,094,051	1,038,129	575,000	187,797
2014	5,430,000	3,767,014	3,017,153	872,027	590,000	170,322
2015-2019	28,440,000	15,292,537	15,522,066	3,273,985	3,245,000	548,171
2020-2024	23,460,000	9,613,206	12,139,100	1,296,573	1,365,000	50,265
2025-2029	20,610,000	5,015,025	198,282	33,296	-	-
2030-2034	7,855,000	1,512,789	-	-	-	-
2035-2038	2,655,000	252,787	-	-	-	-
	$110,889,110	52,752,258	46,575,788	10,248,578	7,395,000	1,613,471

B. Component Units

The changes in long-term obligations for the component units for the year ended June 30, 2009 are as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Public School System:				
Capital leases and compensated absences	$ 20,293,599	11,739,542	7,035,972	24,997,169
Community College:				
Loans and compensated absences	13,332,260	3,783,406	4,883,640	12,232,026
Library:				
Compensated absences	756,530	92,996	-	849,526
Housing:				
Loans and compensated absences	17,015,494	35,881,506	940,051	51,956,949
Total	$ 51,397,883	51,497,450	12,859,663	90,035,670

9. Short-Term Debt

The changes in short-term debt for the primary government for the year ended June 30, 2009 are as follows:

Type	Balance July 1, 2008	Issued	Retired	Balance June 30, 2009
Bond Anticipation Note	$ 86,000,000	-	73,400,000	12,600,000

10. Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds and Multi-family Rental Housing 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.

As of June 30, 2009, there were 67 series of conduit debt outstanding. The aggregate principal amount payable for the 16 series issued after July 1, 1996 was $115,288,286. The aggregate principal amount payable for the 51 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled $203,899,329.

11. Lease Obligations

Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the year ended June 30, 2009 amounted to $3,585,430. Future lease payments including any agreed upon percentage increases are as follows:

Fiscal Year		
2010	$	3,287,329
2011		1,582,343
2012		545,743
2013		443,763
2014		443,673
2015-2017		889,009

The County also leases County-owned tower space under various long-term operating lease agreements as lessor. Lease revenues for the year ended June 30, 2009 amounted to $305,667. Future lease revenues are as follows:

Fiscal Year		
2010	$	125,983
2011		9,040
2012		9,040
2013		9,040
2014		9,040
2015-2017		1,703

Capital Leases

In Fiscal Year 2008, the golf course entered into two lease agreements as lessee for financing the acquisition of one mower and one tractor with a down payment of $18,086 through the Special Recreation Facility Fund. These lease agreements qualify as capital leases for accounting purposes, and must be recorded at the lesser of their fair value or the present value of their future minimum lease payments. Therefore, they have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through these capital leases are as follows:

	Business Activities
Asset:	
Machinery and Equipment	$ 50,386
Less: Accumulated Depreciation	(10,156)
Total	$ 40,230

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 are as follows:

	Business Activities
Year Ending June 30	
2010	$ 18,086
Less: amount representing interest	(1,323)
Present value of minimum lease payments	$ 16,763

12. Restricted Assets

Federal and State grants, golf course receivables, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. Developer contributions primarily represent water and sewer projects constructed by developers on behalf of the County in connection with the development of privately owned property. The agreements between the developers and the County relating to such projects provide for specific rebates of construction costs to the developer from bond proceeds based upon house connections within a ten-year period. Any amounts not rebated at the end of ten years are recognized as contributed revenue. The cumulative amounts of other nonoperating revenues are available for construction activities and reflected as restricted net assets. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds reserved for capital projects, funds that are legally restricted for special purposes such as public housing projects, investments in strip treasuries held to maturity for the final payment on the purchase of land development rights and funds reserved for payment of zero coupon bonds.

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 balance sheet date. 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 2001. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating costs are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate $41,231,800. Actual cost 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. As of June 30, 2009, the County has recognized $34,503,000 of these costs. This cumulative amount reported to date is based on the use of 71.01 percent of the existing cell and 100 percent of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is $6,728,800. 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. Retirement Plans

Generally, the majority of employees of the primary government, except certain police and fire officers, participate in the Howard County Retirement Plan ("Retirement Plan") which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Certain police and fire personnel participate in the Howard County Police and Fire Employees' Retirement Plan ("Police and Fire Plan") which was established July 1, 1990. The Retirement Plan and the Police and Fire Plan are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees"). The Retirement Plan and the Police and Fire Plan were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478 and 1.401A to 1.478A. Substantially all of the County's full-time benefited and part-time benefited employees are eligible to participate in the Retirement Plan, except for certain exceptions provided for in Howard County Code Section 1.406. Responsibility for administration and operation of the Retirement Plan and the Police and Fire Plan vests in 7-member Retirement Committees ("Committees"). The Committees and the Trustees have authority to establish and amend the respective benefit and contribution provisions. All full-time and permanent part-time employees of the County must be members of one of the plans. Police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. All other employees hired after July 1, 1995 must enroll in the Retirement Plan.

The payroll for employees covered by the Retirement Plan for the year ended June 30, 2009 was $84,885,555. The payroll for police and fire employees covered by the Police and Fire Plan for the year ended June 30, 2009 was $52,617,234. The payroll for employees covered by the State Retirement System and State Pension System for the year ended June 30, 2009 was $2,365,647 and $5,370,586 respectively. The County's total payroll was approximately $171,359,166. 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 contacting the County via e-mail at staghavi@howardcountymd.gov.

The Retirement Plan and the Police and Fire Plan provide retirement benefits as well as death and disability benefits and cost-of-living adjustments. Under the conditions of the Retirement Plan, participants attaining the age of 62 who have completed two years of eligibility service and the sum of attained age in whole years and years of eligibility service equal at least 67 or participants who have completed 30 years eligibility service, are entitled to a normal retirement benefit. After July 1, 2005, normal retirement is also defined as 20 years of service for participating Corrections employees. For non-Corrections participants, the benefit is 1.55% of the participants average compensation times the participant's creditable service. The Plan permits early retirement for participants who attain the age of 55 and have completed 15 years of eligibility service. The benefit is reduced ½ percent for each month the early retirement date precedes the participant attaining age 62. For participants who reach a termination after August 31, 2002, early retirement is also provided to participants who achieve 25 years of eligibility service. This benefit is reduced by ½ percent each month the benefit commencement date precedes 30 years of eligibility service, or ½ percent for each month the retiree's age precedes age 62, if less. Participating Corrections employees who retire on or after July 1, 2005 are entitled to receive a normal retirement benefit of 2.5 percent of average compensation multiplied by years of creditable service (up to 20 years) plus 1 percent of average compensation multiplied by service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1 percent of average compensation.) Prior to July 1, 2005, other rules applied. The benefit was 2.0 percent of average compensation multiplied by post-1997 creditable service. The benefit for pre-1998 creditable service is 1.55 percent or 2 percent, depending on phase-in rules. Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent interest are refunded to the employee or designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty. Participant contributions are 8.5 percent of base pay for participating Corrections participants with less than 20 years of creditable service, 0 percent for Corrections participants with greater than 20 years of creditable service and 2 percent of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan.

All of the County's full-time career police and fire officers are eligible to participate in the Police and Fire Plan. Effective January 1, 2003, employees attaining the age of 62 who have completed 5 years of eligibility service and employees who have completed 20 years of eligibility service are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50 percent (with 20 years of service) to 80 percent (with 30 years of service) of average compensation for police and from 50 percent (with 20 years of service) to 70 percent (with 30 years of service) of average compensation for fire fighters. Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive 2.5 percent of average compensation times the number of years of creditable service at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent interest are refunded to the employee or designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty. Participant contributions are 11.6 percent of pay for participating Police Department Employees and 7.7 percent of pay for participating Fire Department Employees. The County funds the remainder of the cost of its employees' participation in the Police and Fire Plan.

Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

The Retirement Plan and the Police and Fire Plan's funding policies provide for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. During the year ended June 30, 2009 contributions to each plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2008. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the accrued actuarial liability.

Actuarial assumptions are as follows:

	Howard County Retirement Plan	Police and Fire Retirement Plan
Contribution rates:		
County	11.3%	26.9%
Plan members	2.0-8.5%	7.7-11.6%
Annual pension cost (thousands)	$9,745	$14,426
Contributions made (thousands)	$9,745	$14,426
Actuarial valuation date	7/1/08	7/1/08
Actuarial methods and significant assumptions:		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, increases 3.0% annually	Level percentage of pay, increases 3.0% annually
Remaining amortization period	15-30 years, except actuarial gains and losses which are amortized over 15 years	15-30 years, except actuarial gains and losses which are amortized over 15 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	8% compounded annually, gross of investment expenses	8%compounded annually, gross of investment expenses
Projected salary increases*	4.0-7.0%	4.0-8.5%
Cost-of-living adjustments	3%, compounded	2%, compounded

* Includes inflation at 3%

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

	Year Ending	Annual Pension Cost (000)	Percentage of ARC Contributed	Net Pension Obligation
Retirement Plan	6/30/04	$ 6,432	100	0
	6/30/05	7,163	100	0
	6/30/06	9,253	100	0
	6/30/07	9,695	100	0
	6/30/08	10,022	100	0
	6/30/09	9,745	100	0
Police and Fire Plan	6/30/04	$ 7,923	100	0
	6/30/05	9,401	100	0
	6/30/06	12,217	100	0
	6/30/07	13,549	100	0
	6/30/08	14,717	100	0
	6/30/09	14,426	100	0

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

Schedule of Funding Progress - Howard County Retirement Plan

Actuarial Valuation Date of July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2008	$ 217.2	$ 225.6	96.3%	$ 8.4	$ 81.5	10.3%

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

Actuarial Valuation Date of July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2008	$ 238.4	$ 300.7	79.3%	$ 62.3	$ 46.9	132.9%

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

The Plan's investments are reported at fair market value. Short-term investments consisting of money market funds are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is approximated by the net asset value of the Plan's share of ownership of the co-mingled real estate investment funds. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities.

Generally, all employees of the component units participate in The State of Maryland Employees' Retirement and Pension Systems ("Employees' Retirement and Pension Systems") and the Teachers' Retirement and Pension Systems ("Teachers' Retirement and Pension Systems"). The component units' employer contributions to the Employees' Retirement and Pension Systems were $3,466,173, $3,694,713 and $3,100,937 for the years ended June 30, 2009, 2008 and 2007 respectively. Contributions to the Teachers' Retirement and Pension Systems are made directly by the State of Maryland according to State statute on behalf of the component units and amounted to $44,755,291, $41,099,879 and $32,258,775 in 2009, 2008 and 2007, respectively.

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

15. Other Post-Employment Benefits

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

Plan Description

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

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 14. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of ten years of County service, and immediately preceding retirement, 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 the eligible retirees who must have provided ten years of service with the school system and have retired at the Howard County Public School System.

As of 12/1/2008 for Board of Education, 2/1/2009 for General Government and 3/1/2009 for College, 9,413 employees of the County and its component units met the eligibility requirements set by each entity. Separate financial statements for the OPEB Plan are not available.

Basis of Accounting

The Plan's financial information is prepared based on the accrual accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. For FY 2009, the Plan's insurance costs are $13.4 million; $5.2 million is paid by the retirees and the balance that is paid by the County and its component units through the County's self insurance fund (internal service fund) is reimbursed by the trust.

Funding Policies and Funded Progress

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). In FY 2009, the County contributed $5 million from operating revenue. The County's eight year phase-in funding policy has been deferred due to the extraordinary economic downturn. Fiscal Year 2010 includes funding for pay-as-you go OPEB costs only. Effective July 1, 2009 (for the County and Library) and July 1, 2010 (Public Schools) the benefit has been reduced. Those reductions are estimated to reduce the ARC by $10.7 million. The County expects to return to its eight year phase in of the ARC in Fiscal Year 2012.

The required contribution amount and OPEB expense per the most recent actuarial valuation report with valuation date of 12/1/2008 for Board of Education, 2/1/2009 for General Government and 3/1/2009 for College are presented below:

	Actuarial Unfunded Accrued Liability	Amortization of Actuarial Unfunded Accrued Liability	Normal Cost	Annual Required Contribution	ARC Funding	Net OPEB Obligation (NOO)
	1	*2*	*3*	*2 + 3*	*4*	*2 + 3 - 4*
Schools	$ 461,904,000	20,776,000	23,520,000	44,296,000	8,068,884	36,227,116
College	11,777,000	530,000	838,000	1,368,000	255,278	1,112,722
County (1)	199,783,000	8,986,000	10,518,000	19,504,000	6,408,386	13,095,614
	$ 673,464,000	30,292,000	34,876,000	65,168,000	14,732,548	50,435,452

(1) Enterprise Fund share of PAYGO funding and net OPEB obligation is $164,317 and $741,449 respectively.

Actuarial Assumptions

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

Actuarial valuation date	12/1/08 for Board of Ed, 2/1/09 for General Gov't and 3/1/09 for College
Actuarial cost method	Projected Unit Credit
Amortization method	29 years using level percentage of pay
Asset valuation method	Fair Value
Actuarial trend assumption:	Medical and prescription drug trend rate applied to FY 2009 is 8.50%. This rate decreases by .5% for FY 2010 thru FY 2011, then decrease by 1.70% in FY2012 . The ultimate rate is 4.20%. Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.70%
Salary increases	3.00%

16. Deferred Compensation Plan

Deferred compensation plans are available to all county employees. The plans were established in accordance with Internal Revenue Code Section 457. A deferred compensation plan offers employees an opportunity to defer a portion of their salary along with the related Federal and State income tax, until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of this plan were transferred to custodial accounts and the County no longer reports those assets and liabilities in the Agency Funds of the County.

17. Risk Management

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

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage provided by the reporting entity's Risk Management Fund. The County pays an annual premium to LGIT for this coverage. The reporting entity participates in LGIT in the areas of excess property, general and automobile liability coverages. LGIT consists of various counties and local municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages which would otherwise be unavailable, and loss control and risk management services. Settled claims have not exceeded this coverage in any of the past five fiscal years.

All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the Internal Service Funds based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management program.

As of June 30, 2009, the combined net assets for the two Internal Service Funds are $10,229,348 and are reported as reserved for insurance claims in the Internal Service Funds. The combined claims liability of the two funds, $11,487,988 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 2008 and 2009 are presented in the schedule below.

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2009	$ 9,972,713	39,784,845	(38,269,570)	11,487,988	5,807,231
2008	$ 9,946,031	35,407,488	(35,380,806)	9,972,713	-

The current portion is included under accounts payable and other current liabilities and the non current portion is included under Noncurrent liabilities – due in more than one year on the Government Wide Statement of Net Assets.

18. Prior Period Adjustment and Individual Fund Disclosure

The General, Public Libraries, and Storm Drainage Capital Projects Funds will eliminate their deficits of ($53,062,003), ($507,307) and ($991,258), respectively, through future bond sales.

The adjustment of the beginning fund balance of the Community Renewal Program Fund is to properly record housing loans receivable from prior fiscal years in the amount of $2,480,860.

The adjustment to restate net assets of governmental activities shown on the Statement of Activities is largely the result of failing to capitalize all eligible expenditures as construction in progress in the amount of $24,775,457. Of this amount, $2.7 million relates to fiscal years prior to 2008.

19. Commitments and Contingencies

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

Construction
The County had $692,576,791 authorized but unobligated capital project appropriations at June 30, 2009.

Yard Debris Composting Intergovernmental Agreement
The County participates in a regional yard waste composting program under the terms of a June 1995 Intergovernmental agreement with Baltimore and Anne Arundel Counties, and Maryland Environmental Services ("MES").

Pursuant to the agreement, the County agrees to deliver a minimum of 8,000 tons of yard debris per year for composting to the site located in Howard County. The $54.28 per ton processing fee covers the County's share of the operating cost. In lieu of delivering the required 8,000 tons of yard debris, the County has an option under the agreement to pay for its proportionate share of the program's operating costs. The agreement expires in 2015.

Composting operations ceased at the composting site due to odor problems. Yard debris is currently delivered to the facility and then exported for composting. The parties modified the inter-governmental agreement to provide for the sale of the property and to use the proceeds of the sale to defease the bonds. The property sale was completed in September 1999. The bonds were defeased in September 2005.

Litigation
The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Solicitor that such lawsuits and claims will not have a material adverse impact on the County's financial condition.

Howard County, Maryland
Required Supplementary Information
Pension Trust Funds
For the Year Ended June 30, 2009

Required supplementary information (unaudited) for the Howard County Retirement Plan for the years ended June 30, 2007, 2008, and 2009 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/06	$ 165,915,183	$ 181,249,863	91.5%	$ 15,334,680	$ 71,415,550	21.5%
7/1/07	192,985,856	199,722,676	96.6%	6,736,820	72,454,154	9.3%
7/1/08	217,212,899	225,594,376	96.3%	8,381,477	81,475,327	10.3%

Required supplementary information (unaudited) for the Howard County Police and Fire Employees' Retirement Plan for the years ended June 30, 2007, 2008, and 2009 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/06	$ 180,087,521	$ 245,378,647	73.4%	$ 65,291,126	$ 41,773,853	156.3%
7/1/07	210,784,674	270,497,729	77.9%	59,713,055	43,604,715	136.9%
7/1/08	238,417,336	300,686,389	79.3%	62,269,053	46,863,025	132.9%

Howard County, Maryland
Required Supplementary Information
Other Post Employment Benefits Fund
For the Year Ended June 30, 2009

Schedule of funding progress (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2009 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/07	-	707,256,000	0.0%	707,256,000	486,385,877	145.4%
7/1/08	14,000,000	687,464,000	2.0%	673,464,000	627,617,736	107.3%

Schedule of employer contribution (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2009 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligations
6/30/08	73,601,000	21,977,714	30%	51,623,286
6/30/09	65,168,000	14,732,748	23%	50,435,252

Appendix B

Forms of Opinion of Bond Counsel

[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 Bonds, 2010 Series A (Tax-Exempt Bonds) (the "Bonds").

The Bonds are dated March 16, 2010, 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 Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2009 Supplement) (the "Enabling Law"), the Howard County Charter (the "Charter"), Section 2C of Article 31 of the Annotated Code of Maryland (2003 Replacement Volume and 2009 Supplement) (the "Consolidating Act"), certain bond enabling ordinances of the County Council of Howard County, specifically Council Bill Nos. 28 and 29 enacted during the 2006 Legislative Session, Council Bill Nos. 20 and 22 enacted during the 2007 Legislative Session, Council Bill Nos. 28 and 30 enacted during the 2008 Legislative Session, Council Bill Nos. 22, 24 and 35 enacted during the 2009 Legislative Session, (collectively, the "Enabling Ordinances"), Council Bill No. 41-2009 enacted and effective on October 7, 2009 (the "Ordinance"), and Executive Order No. 2010-03, executed and delivered on February 23, 2010 (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, 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 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) Under existing law, 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 at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind; 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 under existing statutes, regulations and decisions. 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 Bonds, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds 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 Bonds; and (iii) requirements applicable to the use of the proceeds of the Bonds and the use of the facilities financed 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 Bonds 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. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment and is not taken into account in determining "adjusted current earnings" for purposes of computing the alternative minimum tax on corporations. However, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

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 (the "County") of its Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds) (the "Bonds").

The Bonds are dated March 16, 2010, 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 Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2009 Supplement) (the "Enabling Law"), the Howard County Charter (the "Charter"), Section 2C of Article 31 of the Annotated Code of Maryland (2003 Replacement Volume and 2009 Supplement) (the "Consolidating Act"), certain bond enabling ordinances of the County Council of Howard County, specifically Council Bill Nos. 28 and 29 enacted during the 2006 Legislative Session, Council Bill Nos. 20 and 22 enacted during the 2007 Legislative Session, Council Bill Nos. 28 and 30 enacted during the 2008 Legislative Session, Council Bill Nos. 22, 24 and 35 enacted during the 2009 Legislative Session, (collectively, the "Enabling Ordinances"), Council Bill No. 41-2009 enacted and effective on October 7, 2009 (the "Ordinance"), and Executive Order No. 2010-03, executed and delivered on February 23, 2010 (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, 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 Laws, the Charter, the Consolidating Act, the Enabling Ordinances, the 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) Under existing law, 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 at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind; 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 under existing statutes, regulations and decisions.

The opinion expressed above is limited to 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.

Investors are urged to obtain independent federal income tax advice regarding the Bonds based upon their particular circumstances. Federal income tax advice set forth herein regarding the Bonds was not intended or written to be used, and cannot be used, for purposes of avoiding federal income tax penalties. The advice provided herein was written to support the promotion or marketing of the Bonds. This notice is intended to comply with the provisions of Section 10.35 of the United States Treasury Publication Circular 230.

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 (the "County") of its Consolidated Public Improvement Bonds, 2010 Series C (Taxable – Build America Bonds – Direct Pay) (the "Bonds").

The Bonds are dated March 16, 2010, 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 Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2009 Supplement) (the "Enabling Law"), the Howard County Charter (the "Charter"), Section 2C of Article 31 of the Annotated Code of Maryland (2003 Replacement Volume and 2009 Supplement) (the "Consolidating Act"), certain bond enabling ordinances of the County Council of Howard County, specifically Council Bill Nos. 28 and 29 enacted during the 2006 Legislative Session, Council Bill Nos. 20 and 22 enacted during the 2007 Legislative Session, Council Bill Nos. 28 and 30 enacted during the 2008 Legislative Session, Council Bill Nos. 22, 24 and 35 enacted during the 2009 Legislative Session, (collectively, the "Enabling Ordinances"), Council Bill No. 41-2009 enacted and effective on October 7, 2009 (the "Ordinance"), and Executive Order No. 2010-03, executed and delivered on February 23, 2010 (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, 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 Laws, the Charter, the Consolidating Act, the Enabling Ordinances, the 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) Under existing law, 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 at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind; 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 under existing statutes, regulations and decisions.

The opinion expressed above is limited to 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.

Investors are urged to obtain independent federal income tax advice regarding the Bonds based upon their particular circumstances. Federal income tax advice set forth herein regarding the Bonds was not intended or written to be used, and cannot be used, for purposes of avoiding federal income tax penalties. The advice provided herein was written to support the promotion or marketing of the Bonds. This notice is intended to comply with the provisions of Section 10.35 of the United States Treasury Publication Circular 230.

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 Bonds, 2010 Series A (Tax-Exempt Bonds) (the "Bonds").

The Bonds are dated March 16, 2010, 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 Article 25A of the Annotated Code of Maryland (2005 Replacement Volume and 2009 Supplement) (the "Enabling Law"), the Howard 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 Howard County, specifically Council Bill No. 23 enacted during the 2007 Legislative Session, Council Bill No. 31 enacted during the 2008 Legislative Session, and Council Bill No. 23 enacted during the 2009 Legislative Session (collectively, the "Enabling Ordinances"), and in accordance with Council Bill No. 41-2009 enacted and effective on October 7, 2010 (the "Ordinance") and Executive Order No. 2010-03, executed and delivered on February 23, 2010 (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, 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 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) Under existing law, 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 at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind; 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.

(d) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. 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 Bonds, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds 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 Bonds; and (iii) requirements applicable to the use of the proceeds of the Bonds and the use of the facilities financed 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 Bonds 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. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(e) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment and is not taken into account in determining "adjusted current earnings" for purposes of computing the alternative minimum tax on corporations. However, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

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,

Appendix C

Continuing Disclosure Agreement

This Continuing Disclosure Agreement dated as of March 16, 2010 (this "Disclosure Agreement") is executed and delivered by HOWARD COUNTY, MARYLAND (the "County") in connection with the issuance of its $106,530,000 Howard County, Maryland general obligation bonds, consisting of the $49,015,000 Consolidated Public Improvement Bonds, 2010 Series A (Tax-Exempt Bonds), $12,590,000 Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds), $39,405,000 Consolidated Public Improvement Bonds, 2010 Series C (Taxable-Build America Bonds-Direct Pay), and $5,520,000 Metropolitan District Bonds, 2010 Series A (Tax-Exempt Bonds) (collectively, the "Bonds"). The County, intending to be legally bound hereby and for 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 owners of the Bonds, including beneficial owners, and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

SECTION 2. *Definitions.* In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"EMMA" shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

"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.

"Reportable Event" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"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 or replaced 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, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year, commencing with the fiscal year ended June 30, 2009.

(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, commencing with the fiscal year ended June 30, 2009, 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 (commencing with the fiscal year ended June 30, 2009), the County will provide unaudited financial statements within such time period.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) of this Section 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.

(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.

(e) The County hereby represents and warrants that it has not failed to comply with any prior disclosure undertaking made pursuant to the Rule.

SECTION 4. *Reporting of Significant Events.*

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Reportable Events with respect to the Bonds, each of which shall constitute a Reportable Event for purposes hereof:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(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 or events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of owners of the Bonds;

(8) Bond calls;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds; or

(11) Rating changes.

(b) Whenever the County obtains knowledge of the occurrence of a Reportable Event, the County shall as soon as possible determine if such event would constitute material information for owners of the Bonds, in accordance with the applicable "materiality" standard under then-current securities laws.

(c) If the County has determined that a Reportable Event is material, the County shall file in a timely manner 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 indentifying information as prescribed by the MSRB.

SECTION 6. *Termination of Reporting Obligations.* The County's 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 the Rule.

SECTION 7. *Amendments.*

(a) 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:

(1) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the County as the obligated person with respect to the Bonds, or type of business conducted by the County;

(2) this Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, 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

(3) the amendment does not materially impair the interests of owners of the Bonds, including beneficial owners, as determined by bond counsel selected by the County or by an approving vote of at least 25% of the outstanding principal amount of the Bonds.

(b) 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 financial information or operating data being provided will be explained in narrative form in information provided with the annual financial information containing the additional or amended financial information or operating data.

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 disclaimers or any other information in any disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Reportable 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 3(a) or 3(b) hereof or notice of occurrence of a Reportable 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 3(a) or 3(b) hereof or notice of occurrence of a Reportable Event.

SECTION 9. *Limitation on Remedies and Forum.*

(a) 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 this 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 Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or at such alternate address as shall be specified by the County in disclosures made pursuant to Section 3(a) or 3(b) hereof or a notice of occurrence of a Reportable Event.

(b) Any suit or 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 for Howard County, Maryland.

SECTION 10. *Beneficiaries.* This Disclosure Agreement shall inure solely to the benefit of the owners from time to time of the Bonds, including beneficial owners, and shall create no rights in any other person or entity.

SECTION 11. *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 12. *Severability.* In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

SECTION 13. *Entire Agreement.* This Disclosure Agreement contains the entire agreement of the County with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto; provided, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in pari materia with the Rule.

SECTION 14. *Captions.* The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

SECTION 15. *Governing Law.* 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 in accordance with the federal securities laws, where applicable, and the laws of the State, without reference to the choice of law principles thereof.

IN WITNESS WHEREOF, the County has caused this Disclosure Agreement to be duly executed as of the day and year first above written.

HOWARD COUNTY, MARYLAND

By:________________________________

Director of Finance

Bond Amortization Tables

$49,015,000 Consolidated Public Improvement Bonds, 2010 Series A (Tax-Exempt Bonds)

Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2010	-		$839,718	$839,718	
2/15/2011	$1,910,000	3.000 %	1,014,425	2,924,425	$3,764,143
8/15/2011	-		985,775	985,775	
2/15/2012	3,120,000	3.000	985,775	4,105,775	5,091,550
8/15/2012	-		938,975	938,975	
2/15/2013	3,215,000	4.000	938,975	4,153,975	5,092,950
8/15/2013	-		874,675	874,675	
2/15/2014	3,345,000	4.000	874,675	4,219,675	5,094,350
8/15/2014	-		807,775	807,775	
2/15/2015	3,475,000	4.000	807,775	4,282,775	5,090,550
8/15/2015	-		738,275	738,275	
2/15/2016	3,615,000	4.000	738,275	4,353,275	5,091,550
8/15/2016	-		665,975	665,975	
2/15/2017	3,760,000	5.000	665,975	4,425,975	5,091,950
8/15/2017	-		571,975	571,975	
2/15/2018	3,950,000	5.000	571,975	4,521,975	5,093,950
8/15/2018	-		473,225	473,225	
2/15/2019	4,145,000	5.000	473,225	4,618,225	5,091,450
8/15/2019	-		369,600	369,600	
2/15/2020	4,355,000	4.000	369,600	4,724,600	5,094,200
8/15/2020	-		282,500	282,500	
2/15/2021	4,525,000	4.000	282,500	4,807,500	5,090,000
8/15/2021	-		192,000	192,000	
2/15/2022	4,705,000	4.000	192,000	4,897,000	5,089,000
8/15/2022	-		97,900	97,900	
2/15/2023	4,895,000	4.000	97,900	4,992,900	5,090,800
TOTAL	**$49,015,000**		**$15,851,443**	**$64,866,443**	**$64,866,443**

$12,590,000 Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds)

Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2010	-		$119,944	$119,944	
2/15/2011	$1,735,000	0.600 %	144,899	1,879,899	$1,999,843
8/15/2011	-		139,694	139,694	
2/15/2012	1,720,000	1.250	139,694	1,859,694	1,999,388
8/15/2012	-		128,944	128,944	
2/15/2013	1,745,000	1.850	128,944	1,873,944	2,002,888
8/15/2013	-		112,803	112,803	
2/15/2014	1,775,000	2.400	112,803	1,887,803	2,000,605
8/15/2014	-		91,503	91,503	
2/15/2015	1,815,000	2.800	91,503	1,906,503	1,998,005
8/15/2015	-		66,093	66,093	
2/15/2016	1,870,000	3.250	66,093	1,936,093	2,002,185
8/15/2016	-		35,705	35,705	
2/15/2017	1,930,000	3.700	35,705	1,965,705	2,001,410
TOTAL	**$12,590,000**		**$1,414,323**	**$14,004,323**	**$14,004,323**

$39,405,000 Consolidated Public Improvement Bonds, 2010 Series C (Taxable-Build America Bonds-Direct Pay)

Date	Principal Maturity	Interest Rate	Semiannual Interest	Federal Subsidy	Semiannual Debt Service	Annual Debt Service
8/15/2010	-		$858,337	(300,418)	$557,919	
2/15/2011	-		1,036,918	(362,921)	673,996	$1,231,916
8/15/2011	-		1,036,918	(362,921)	673,996	
2/15/2012	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2012	-		1,036,918	(362,921)	673,996	
2/15/2013	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2013	-		1,036,918	(362,921)	673,996	
2/15/2014	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2014	-		1,036,918	(362,921)	673,996	
2/15/2015	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2015	-		1,036,918	(362,921)	673,996	
2/15/2016	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2016	-		1,036,918	(362,921)	673,996	
2/15/2017	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2017	-		1,036,918	(362,921)	673,996	
2/15/2018	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2018	-		1,036,918	(362,921)	673,996	
2/15/2019	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2019	-		1,036,918	(362,921)	673,996	
2/15/2020	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2020	-		1,036,918	(362,921)	673,996	
2/15/2021	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2021	-		1,036,918	(362,921)	673,996	
2/15/2022	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2022	-		1,036,918	(362,921)	673,996	
2/15/2023	-		1,036,918	(362,921)	673,996	1,347,993
8/15/2023	-		1,036,918	(362,921)	673,996	
2/15/2024	$5,090,000	5.000 %	1,036,918	(362,921)	5,763,996	6,437,993
8/15/2024	-		909,668	(318,384)	591,284	
2/15/2025	5,255,000	5.000	909,668	(318,384)	5,846,284	6,437,568
8/15/2025	-		778,293	(272,402)	505,890	
2/15/2026	5,430,000	5.200	778,293	(272,402)	5,935,890	6,441,780
8/15/2026	-		637,113	(222,989)	414,123	
2/15/2027	5,610,000	5.200	637,113	(222,989)	6,024,123	6,438,246
8/15/2027	-		491,253	(171,938)	319,314	
2/15/2028	5,800,000	5.350	491,253	(171,938)	6,119,314	6,438,628
8/15/2028	-		336,103	(117,636)	218,467	
2/15/2029	6,005,000	5.450	336,103	(117,636)	6,223,467	6,441,933
8/15/2029	-		172,466	(60,363)	112,103	
2/15/2030	6,215,000	5.550	172,466	(60,363)	6,327,103	6,439,206
TOTAL	**$39,405,000**		**$35,504,897**	**(12,426,714)**	**$62,483,183**	**$62,483,183**

$5,520,000 Metropolitan District Bonds, 2010 Series A (Tax-Exempt Bonds)

Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2010	-		$73,714	$73,714	
2/15/2011	$1,055,000	2.000 %	89,050	1,144,050	$1,217,764
8/15/2011	-		78,500	78,500	
2/15/2012	1,065,000	3.000	78,500	1,143,500	1,222,000
8/15/2012	-		62,525	62,525	
2/15/2013	1,095,000	3.000	62,525	1,157,525	1,220,050
8/15/2013	-		46,100	46,100	
2/15/2014	1,130,000	4.000	46,100	1,176,100	1,222,200
8/15/2014	-		23,500	23,500	
2/15/2015	1,175,000	4.000	23,500	1,198,500	1,222,000
TOTAL	**$5,520,000**		**$584,014**	**$6,104,014**	**$6,104,014**

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Official Statement

$49,015,000 Consolidated Public Improvement Bonds, 2010 Series A (Tax-Exempt Bonds)
$12,590,000 Consolidated Public Improvement Bonds, 2010 Series B (Taxable Bonds)
$39,405,000 Consolidated Public Improvement Bonds, 2010 Series C (Taxable-Build America Bonds-Direct Pay)

$5,520,000 Metropolitan District Bonds, 2010 Series A (Tax-Exempt Bonds)

Howard County
MARYLAND

Howard County, Maryland, 3430 Court House Drive, Ellicott City, Maryland 21043 · (410) 313-2195