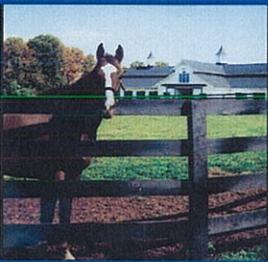


**Comprehensive
Annual
Financial
Report**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011



David R. Craig
County Executive



*"Preserving Harford's past;
Promoting Harford's Future"*

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HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2011



Prepared by:

*Department of the Treasury
Harford County, Maryland*

*Kathryn L. Hewitt, CPA
Harford County Treasurer*

HARFORD COUNTY, MARYLAND
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HARFORD
COUNTY

WELCOMES YOU!

Introductory Section

DAVID R. CRAIG
HARFORD COUNTY EXECUTIVE



KATHRYN L. HEWITT, CPA
TREASURER

MARY F. CHANCE
DIRECTOR OF ADMINISTRATION

RICK PERNAS, CPA
DEPUTY TREASURER

HARFORD COUNTY GOVERNMENT

October 31, 2011

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

The Comprehensive Annual Financial Report (CAFR) of Harford County, Maryland (the County) for the fiscal year ended June 30, 2011 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County annually issue a report of its financial position and activity, and that an independent firm of licensed Certified Public Accountants selected by the County Council audit this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

The County's financial statements have been audited by SB & Company, LLC, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Harford County Government for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent Certified Public Accountants concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for Harford County Government for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent Certified Public Accountants' report is presented as the first component of the financial section of this report.

≈ Preserving Harford's past; promoting Harford's future ≈

A1

410-638-3314 • 410-879-2000 • FAX: 410-879-4883
220 SOUTH MAIN STREET, BEL AIR, MARYLAND 21014 • www.harfordcountymd.gov

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent Public Accountants.

PROFILE OF THE GOVERNMENT

Harford County, Maryland was formed in 1773 and had a Commissioner form of government until 1972. Upon enactment of the Harford County Charter, a charter form of government became effective on December 7, 1972. A County Executive and a seven member County Council, one of whom is President of the Council, govern the County. The County Executive and President of the Council are elected at large. The other six members of the County Council are elected by in-district elections. All executive powers vested in Harford County by the Constitution and laws of the State of Maryland and County Charter are vested in the County Executive, who is the chief executive officer of the County and is responsible for the affairs of the Executive Branch and assuring that they are properly and efficiently administered. All legislative powers, which may be exercised by Harford County under the Constitution, and laws of the State of Maryland, including all lawmaking powers, are vested in the County Council.

Harford County occupies a land area of 448 square miles and serves a population of 245,460. The County provides a full range of municipal services, including sheriff's office, volunteer fire and rescue, corrections, public works, planning and zoning, solid waste, water and sewer, economic development, parks and recreation and general administrative services. The County also provides the majority of funds that support public schools, the community college, and libraries through its component units. The entities that meet these criteria are the Harford Community College, Harford County Board of Education, Harford County Library, and Harford Center, Inc. Additional information on the component units can be found in note 1A.

Harford County's annual operating and capital budget represents a comprehensive financial plan for the County effective each year on the first day of July. The proposed budget is submitted each year by the County Executive to the County Council and published to the public on April 1 of each year. The County Council conducts budget hearings with departments, the Board of Education, etc, as well as public hearings prior to approving the budget and the tax rates by May 31 of each year. No expenditure of County funds may be made in excess of appropriation at the department level. A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the four major governmental funds which adopted an annual budget, the general, highway, agricultural land preservation and Beechtree TIF funds, and can be found on pages 23 through 25 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy: The Global, National, State and County economy continue to experience problems and challenges in 2011. Fears of sovereign debt default in Greece and Ireland and depressed housing prices are holding back a robust recovery of our National economy. Maryland's economy is slowly advancing toward recovery, with normalcy in revenue growth several years off. The issues at the National and State level play an important role in the economic climate at the County level which is managing these challenges by a conservative approach to spending. County operating departments, the Board of Education, Harford Community College, the Public Libraries and most of the other outside agencies returned up to 3.0 percent of their fiscal year 2011 budgets.

The revenue outlook for fiscal year 2011 remained uncertain while preparing the fiscal year 2012 budget. Cuts in State funding to the County, and increased mandates from the State and Federal governments to local jurisdictions played a major influence in the budget revenue estimates. The revenue outlook for fiscal year 2012 is guarded. The County has major concerns about the global economy, the housing market and an unclear picture of both Federal and State finances and their impact on local subdivisions. For a third consecutive year, the fiscal year 2012 budget had no pay raises or COLAs for County employees. The County property tax rate did not increase over the fiscal year 2011 rates and for the first time in the County's history fell below the Constant Yield.

The County's largest revenue source remains real property taxes in spite of recent declines in the real estate market. The fiscal year 2011 taxable assessable base resulted in an increase over the fiscal year 2010 assessable base of 1.4 percent. The assessable base growth rate is expected to decline to a negative 4.6 percent in fiscal year 2012. The reduction in property tax revenue as a result of the declining assessable base will be offset in large part by the reduction in the Homestead Tax Credit. General Fund property tax revenues net of credits are estimated to decrease by 0.4 percent from fiscal year 2011 to fiscal year 2012.

Income tax revenue, the second largest revenue source in the County, which is directly affected by population growth, employment levels and personal income, showed steady growth through fiscal year 2008. Starting in fiscal year 2009 income tax revenues declined. That trend reversed itself in fiscal year 2011 with an 8.0 percent increase of income tax revenue over fiscal year 2010. Income tax is conservatively budgeted at \$161.6 million for fiscal year 2012, a 2.9 percent reduction from 2011 actual income tax revenue due to the uncertain economic conditions at the national and state level.

The County must also contend with reductions in revenues tied to the State and affected by Maryland's budget shortfalls. The most significant revenue reductions have been Highway User tax and Board of Prisoner revenue. There has been a 92.2 percent reduction in Highway User revenue and a 95.0 percent reduction in Board of Prisoner revenue from fiscal year 2009 through fiscal year 2011 with no sign of a recovery to 2009 revenue levels going forward. Additionally, the State is requiring counties to absorb 90.0 percent of the cost of local state assessment offices located in their county. Harford County included \$1,600,000 in their fiscal year 2012 budget for this purpose.

Long-term financial planning: In spite of the current economic difficulties Harford County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. The County's fiscal strength has been attested to by two of three bond rating agencies with triple "A" ratings for its general obligation (GO) bonds. Moody's Investor Services contacted Harford County in August 2011 to inform the County that the triple "A" rating was assigned a negative outlook following the announcement on August 2nd that the U.S. government's Aaa rating was being assigned a negative outlook. Shortly thereafter, Moody's reaffirmed Harford County's triple "A" rating but continued the assignment of a negative outlook.

Completion of the Department of Defense Base Realignment and Closure (BRAC) 2005 implementation process was officially recognized on September 15, 2011. An unprecedented 67.0 percent of BRAC employees will relocate with their new positions. Approximately 8,300 positions have transferred to the Aberdeen Proving Ground and 6,300 personnel have already relocated.

The fiscal year 2012 budget once again faces fiscal challenges requiring the balancing of financial needs with the available uncertain or shrinking financial resources. Education continues to be a major concern of the County and its residents. County funding to the Board of Education increased by \$229,838 in fiscal year 2012 over fiscal year 2011 budget. The Maintenance of Effort funding level for fiscal year 2012 decreased by \$613,244 due to lower school enrollment thus the total increase over the Maintenance of Effort for fiscal year 2012 was \$843,082. Public Safety received \$1.7 million to improve communication technology and interoperability among public safety agencies. Harford County is investing \$8.0 million to increase access to the web via high speed connectivity for citizens, businesses and government.

In spite of the fiscal challenges the fiscal year 2012 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highway Fund operating budget to preserve its high credit ratings and provide for emergencies. Any excess unassigned fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, can be appropriated into the next fiscal year as one time funding for that fiscal year. In fiscal year 2012 appropriated fund balance in the general fund is \$41.2 million.

The County continues to invest 100.0 percent of cash held temporarily idle during the year using an equity-in-pooled-cash system, except for bond funds, Firemen's Pension, Agricultural Preservation, Sheriff's Pension, and the Other Post-Employment Benefits (OPEB) trust fund, which are invested separately. For fiscal year 2011 the weighted average yield on investments was 0.25 percent. The total amount of interest earned by the County on investments was \$1,082,147.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirement, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County received its twenty-third GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2009, to June 30, 2010. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility for another award.

The County also received a Certificate of Recognition from the National Federation of Municipal Analysts in February 1992. This award was presented for special consideration and responsibility to the community of investors in its securities through an expressed commitment to continuing disclosure. The County continues its commitment to financial disclosure. In fiscal year 1996, the County began the issuance of unaudited interim financial statements in order to provide additional disclosure for an anticipated bond sale. The County continues to issue unaudited interim financial statements for the six-month period ending December 31st of each year.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of the Treasury. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

I would also like to thank the County Executive and County Council for their leadership and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Kathryn L. Hewitt
Treasurer

KLH/AFG/srn

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Harford County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

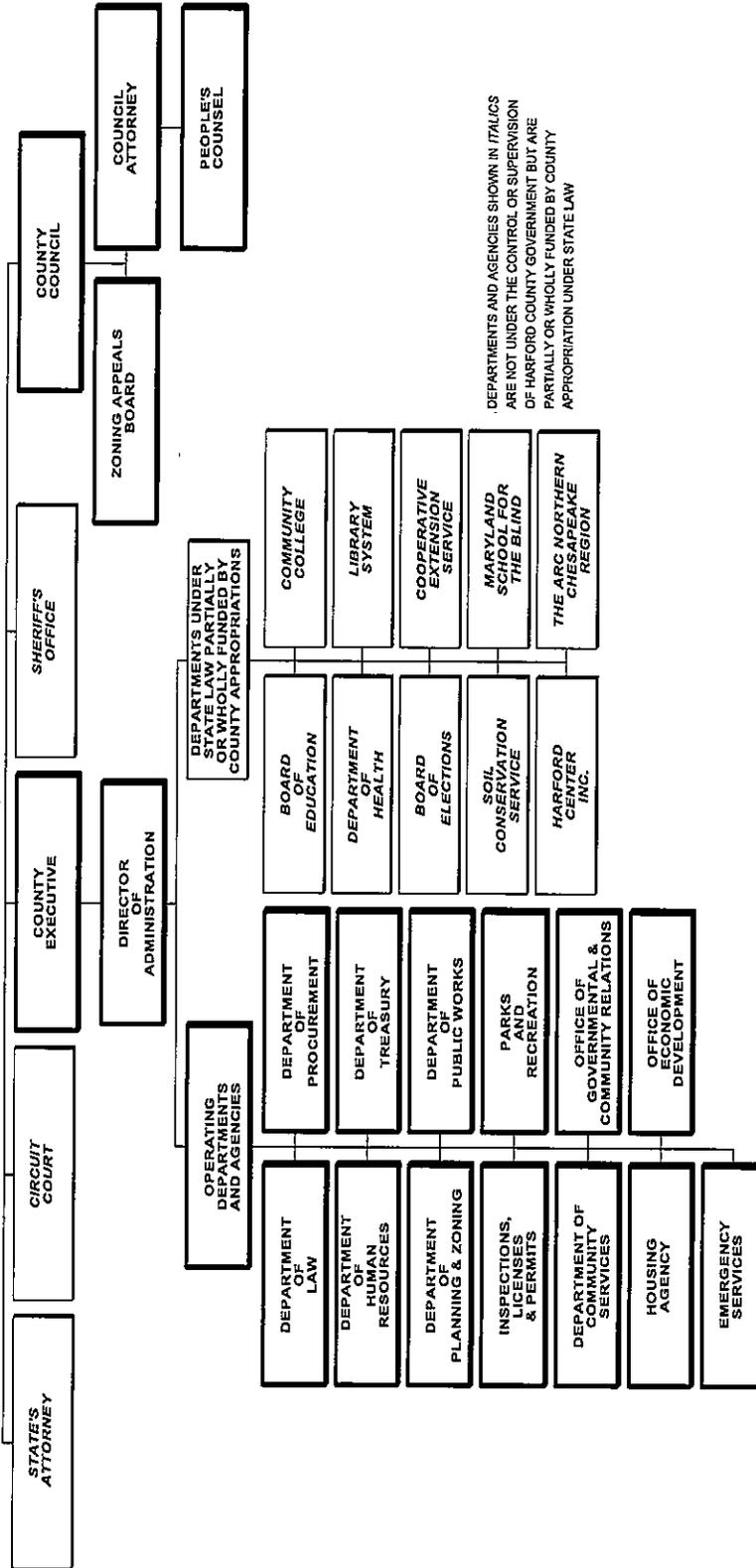


President

Executive Director

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART

CITIZENS



**HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2011**

CERTAIN ELECTED OFFICIALS

County Executive

David R. Craig

President of the County Council
County Council Members

William Boniface
Dion F. Guthrie
Joseph M. Woods
James McMahan
Chad Shrodes
Richard C. Slutzky
Mary Ann Lisanti

CERTAIN APPOINTED OFFICIALS

Director of Administration
Treasurer
County Attorney
Director of Community Services
Director of Economic Development
Director of Human Resources
Director of Inspections, Licenses and Permits
Director of Parks and Recreation
Director of Planning and Zoning
Director of Procurement
Director of Public Works

Mary F. Chance
Kathryn L. Hewitt
Robert S. McCord
Elizabeth Hendrix
James C. Richardson
Scott T. Gibson
Richard D. Lynch
Arden McClune
C. Peter Gutwald
Deborah L. Henderson
Robert B. Cooper

Independent Public Accountants
SB & Company, LLC
Certified Public Accountants
Hunt Valley, Maryland

Bond Counsel
Royston, Mueller, McLean
& Reid, LLP
Baltimore, Maryland

Financial Advisor
Public Advisory Consultants
Owings Mills, Maryland



EDEN MILL NATURE CENTER

The most recent improvements to Eden Mill Nature Center involved the construction of a deck and access to the Nature Center for individuals with disabilities as well as the provision of heating and air conditioning to permit year round use of this popular facility. These projects included expenditures of approximately \$246,000. The rehabilitation of Eden Mill is an ongoing project and improvements are made as conditions dictate.



Financial Section

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SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Members of the County Council
Harford 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 Harford County, Maryland (the County), as of June 30, 2011 and for the year then ended, 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 Harford County Community College, the Harford County Library and the Harford Center, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general, highways, and agriculture land preservation funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



SB & COMPANY, LLC
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In accordance with *Government Auditing Standards*, we have issued our report dated September 27, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Hunt Valley, Maryland
September 27, 2011

SB & Company, LLC

Management's Discussion and Analysis

This section of the Comprehensive Annual Financial Report of Harford County, Maryland (the County) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The County's assets exceeded its liabilities at the close of the fiscal year by \$715.9 million. The unrestricted portion of this is a negative \$89.2 million and is composed of an unrestricted deficit in the governmental activities of \$207.0 million and a balance of \$117.9 million unrestricted in the Water and Sewer Fund. The unrestricted deficit occurred in the governmental funds due to the issuance of debt for public school construction, although the assets are held by the Board of Education.
- Total net assets of the County have decreased by \$27.8 million, a decrease which is \$29.0 million less than the prior year decrease. In the governmental activities, total expenditures exceeded total revenue by \$36.6 million. In the business-type activities, total revenues increased 19.3 percent while expenses remained consistent with fiscal year 2010, contributing to the \$8.8 million increase in net assets.

Fund Level:

- The County's governmental funds reported combined fund balances of \$235.4 million, a decrease of \$33.0 million from the prior year. The greatest net change in fund balance occurred in the Capital Project Fund, where capital outlay expenditures exceeding total revenues contributed to the \$56.8 million decrease in fund balance.
- In accordance with the Governmental Accounting Standards Board Statement No. 54, effective for the year ended June 30, 2011, new fund balance categories were established for financial statement reporting purposes of all governmental funds. These new categories, nonspendable, restricted, committed, assigned and unassigned, were established to enhance fund balance presentation and improve the usefulness of fund balance information. Approximately 73.6 percent of the total governmental fund balance, \$173.2 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.
- Available fund balance for the General Fund was \$83.5 million, or 18.9 percent of total General Fund expenditures. Restricted fund balance of the General Fund was \$12.8 million or 13.2 percent of total fund balance, leaving \$0.5 million of nonspendable fund balance in the General Fund.
- During fiscal year 2011, the County established the Beechtree Tax Increment Financing Fund to accumulate a certain portion of the incremental property tax revenues and any special assessment tax related to the Beechtree Estates Project. The fund had a restricted fund balance of \$2.9 million at year end.
- The County liquidated the Fleet Management Internal Service Fund effective April 30, 2011. Capital assets and related debt were transferred to the government or proprietary fund that had exercised control through operations. The dissolution of the Fleet Management Fund contributed to the overall decrease of \$1.3 million in internal service fund net assets at year end.
- The business-type operating activities revenue increased by \$1.1 million or 4.6 percent and the operating loss decreased by \$2.5 million or 19.7 percent from the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and non-required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position and condition of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the 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: sheriff's office, volunteer fire and rescue, corrections, public works, planning and zoning, landfill, economic development, agricultural preservation, parks and recreation and general administrative services. The business-type activities of the County include water and sewer operations.

The government-wide financial statements include not only the County, known as the *primary government*, but also legally separate component units. The County has the following component units; Board of Education of Harford County, Harford Community College, Harford County Library, and Harford Center, Inc. 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 14 to 17 of this report.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses 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.

Governmental funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing

decisions. The governmental fund Balance Sheet including the Reconciliation to the Statement of Net Assets and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities, provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains seven individual governmental funds, the General, Highways, Grant, Agricultural Land Preservation, Capital Project, Beechtree Tax Increment Financing and Parks & Recreation Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all seven governmental funds.

The County adopts an annual appropriated budget for its General Fund, Highways Fund, Parks & Recreation Fund, Agricultural Land Preservation Fund and Beechtree Tax Increment Financing Fund. A budgetary comparison statement has been provided for each of the four major funds, the General, Highways, Agricultural Preservation and Beechtree Tax Increment Financing, to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 18 to 25 of this report.

Proprietary funds The County maintains two 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's Water and Sewer activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The County uses internal service funds to account for risk management and fleet management. The County liquidated the Fleet Management Internal Service Fund effective April 30, 2011. The basic proprietary fund financial statements can be found on pages 26 to 28 of this report.

Fiduciary funds 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 statement 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 fund financial statements can be found on pages 29 and 30 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 34 to 90 of this report.

Financial Analysis of the County as a Whole

The County's net assets are divided into three categories; invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. The largest portion of the County's net assets, \$713.2 million, reflects its investment in capital assets net of depreciation (e.g. land, development rights, buildings, machinery, equipment, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted net assets, at \$91.9 million, are resources subject to external restrictions on how they may be used. Accounting principles generally accepted in the United States of America direct that the difference between total net assets and the two categories of net assets just discussed be recorded as unrestricted net assets regardless of any negative balances that may result. Unrestricted net assets of the total primary government are a negative \$89.2 million; business-type activities have a balance of \$117.9 million unrestricted net assets while the unrestricted net assets for governmental activities are a negative \$207.1 million. The major reason for negative unrestricted net assets in the governmental funds relates to the

building of schools. Counties in the State of Maryland issue debt for public school construction; however school buildings are recorded as assets of each public school system. Although net assets, as noted earlier, are an indicator of a government's overall financial condition, the issuance of debt for Board of Education and Harford Community College construction, which increases the government's liabilities without the addition of corresponding assets, causes an imbalance on the Statement of Net Assets. The County's net assets decreased \$27.8 million during the current fiscal year.

The net assets of governmental activities decreased \$36.5 million during fiscal year 2011, a decrease which is \$21.2 million less than the fiscal year 2010 decrease. Program expenses of the governmental activities decreased \$23.6 million from fiscal year 2010 while general revenues, increased \$1.5 million and program revenues decreased \$3.9 million over fiscal year 2010. Governmental activities program expense for 2011 decreases in education \$34.1 million, general government \$10.0 million and public works \$11.1 million were off set with increases in public safety \$16.2 million, libraries \$5.3 million, parks and recreation \$3.2 million and interest and other costs \$6.9 million to account for the over all net decrease in expenses.

The net assets of business-type activities of the County increased \$8.8 million during fiscal year 2011, an increase which is \$7.9 million greater than the increase in 2010. Capital grants and contributions revenue, primarily from developers, increased \$7.0 million. Governmental activities property and income tax revenue increased slightly from the prior fiscal year, \$5.7 million or 1.3 percent. Due to declining cash and investment balances and low interest rates, total investment income decreased \$3.2 million or 40.3 percent from fiscal year 2010.

The following tables summarize net assets and the changes in net assets for governmental and business-type activities:

Harford County--Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current & Other Assets | \$ 303,445,898 | \$ 364,520,806 | \$ 161,236,133 | \$ 185,635,139 | \$ 464,682,031 | \$ 550,155,945 |
| Capital Assets | 638,009,174 | 643,349,142 | 390,619,344 | 367,351,325 | 1,028,628,518 | 1,010,700,467 |
| Total Assets | <u>941,455,072</u> | <u>1,007,869,948</u> | <u>551,855,477</u> | <u>552,986,464</u> | <u>1,493,310,549</u> | <u>1,560,856,412</u> |
| Long-term Liabilities | 593,296,113 | 580,456,084 | 128,836,240 | 131,774,699 | 722,132,353 | 712,230,783 |
| Other Liabilities | 40,901,396 | 83,617,123 | 14,366,315 | 21,321,024 | 55,267,711 | 104,938,147 |
| Total Liabilities | <u>634,197,509</u> | <u>664,073,207</u> | <u>143,202,555</u> | <u>153,095,723</u> | <u>777,400,064</u> | <u>817,168,930</u> |
| Net Assets: | | | | | | |
| Invested in capital | | | | | | |
| assets net related debt | 422,414,425 | 444,082,892 | 290,793,475 | 285,389,182 | 713,207,900 | 729,472,074 |
| Restricted | 91,867,107 | 77,888,816 | - | - | 91,867,107 | 77,888,816 |
| Unrestricted | <u>(207,023,969)</u> | <u>(178,174,967)</u> | <u>117,859,447</u> | <u>114,501,559</u> | <u>(89,164,522)</u> | <u>(63,673,408)</u> |
| Total Net Assets | <u>\$ 307,257,563</u> | <u>\$ 343,796,741</u> | <u>\$ 408,652,922</u> | <u>\$ 399,890,741</u> | <u>\$ 715,910,485</u> | <u>\$ 743,687,482</u> |

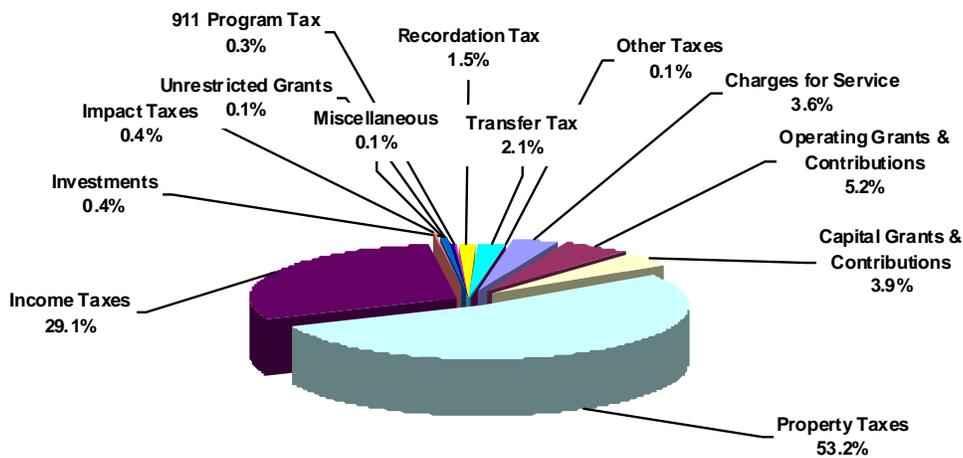
Harford County Government-Changes in Net Assets

| | Governmental | | Business-type | | Total | |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services | \$ 19,434,766 | \$ 21,977,165 | \$ 26,142,956 | \$ 24,994,995 | \$ 45,577,722 | \$ 46,972,160 |
| Operating Grants & Contributions | 28,476,585 | 33,788,214 | - | - | 28,476,585 | 33,788,214 |
| Capital Grants & Contributions | 21,112,129 | 17,130,252 | 19,897,191 | 12,941,591 | 41,009,320 | 30,071,843 |
| General revenues: | | | | | | |
| Property taxes | 290,004,412 | 286,733,047 | - | - | 290,004,412 | 286,733,047 |
| Income taxes | 158,374,084 | 155,948,152 | - | - | 158,374,084 | 155,948,152 |
| Impact fees | 2,137,200 | 3,499,446 | - | - | 2,137,200 | 3,499,446 |
| 911 Program taxes | 1,629,407 | 1,684,100 | - | - | 1,629,407 | 1,684,100 |
| Recordation taxes | 8,255,845 | 8,530,100 | 1,651,107 | 1,706,028 | 9,906,952 | 10,236,128 |
| Transfer taxes | 11,241,949 | 11,098,306 | - | - | 11,241,949 | 11,098,306 |
| Other taxes | 716,326 | 797,931 | - | - | 716,326 | 797,931 |
| Investment earnings | 2,113,223 | 5,094,195 | 2,582,713 | 2,773,806 | 4,695,936 | 7,868,001 |
| Unrestricted Grants & Contributions | 185,216 | 132,964 | - | - | 185,216 | 132,964 |
| Miscellaneous | 1,248,675 | 553,164 | - | - | 1,248,675 | 553,164 |
| Transfers (net) | (347,722) | - | 347,722 | - | - | - |
| Total Revenues | 544,582,095 | 546,967,036 | 50,621,689 | 42,416,420 | 595,203,784 | 589,383,456 |
| Program Expenses: | | | | | | |
| Agricultural Land Preservation | 3,319,578 | 4,249,774 | - | - | 3,319,578 | 4,249,774 |
| County Council | 2,198,979 | 2,148,195 | - | - | 2,198,979 | 2,148,195 |
| Education | 257,424,328 | 291,542,340 | - | - | 257,424,328 | 291,542,340 |
| General Government | 38,564,852 | 48,547,861 | - | - | 38,564,852 | 48,547,861 |
| Harford Center | 553,036 | 553,036 | - | - | 553,036 | 553,036 |
| Judicial | 10,159,127 | 9,943,671 | - | - | 10,159,127 | 9,943,671 |
| Libraries | 21,721,995 | 16,446,279 | - | - | 21,721,995 | 16,446,279 |
| Parks and Recreation | 20,811,081 | 17,598,714 | - | - | 20,811,081 | 17,598,714 |
| Public Safety | 113,230,332 | 96,984,770 | - | - | 113,230,332 | 96,984,770 |
| Public Works | 63,368,723 | 74,378,929 | - | - | 63,368,723 | 74,378,929 |
| Health/Social Services | 29,806,456 | 29,228,702 | - | - | 29,806,456 | 29,228,702 |
| Unallocated Debt Interest and Other | 19,962,786 | 13,071,359 | - | - | 19,962,786 | 13,071,359 |
| Water and Sewer | - | - | 41,859,508 | 41,514,775 | 41,859,508 | 41,514,775 |
| Total Expenses | 581,121,273 | 604,693,630 | 41,859,508 | 41,514,775 | 622,980,781 | 646,208,405 |
| Change in Net Assets | (36,539,178) | (57,726,594) | 8,762,181 | 901,645 | (27,776,997) | (56,824,949) |
| Net Assets-Beginning | 343,796,741 | 401,523,335 | 399,890,741 | 398,989,096 | 743,687,482 | 800,512,431 |
| Net Assets-Ending | \$ 307,257,563 | \$ 343,796,741 | \$ 408,652,922 | \$ 399,890,741 | \$ 715,910,485 | \$ 743,687,482 |

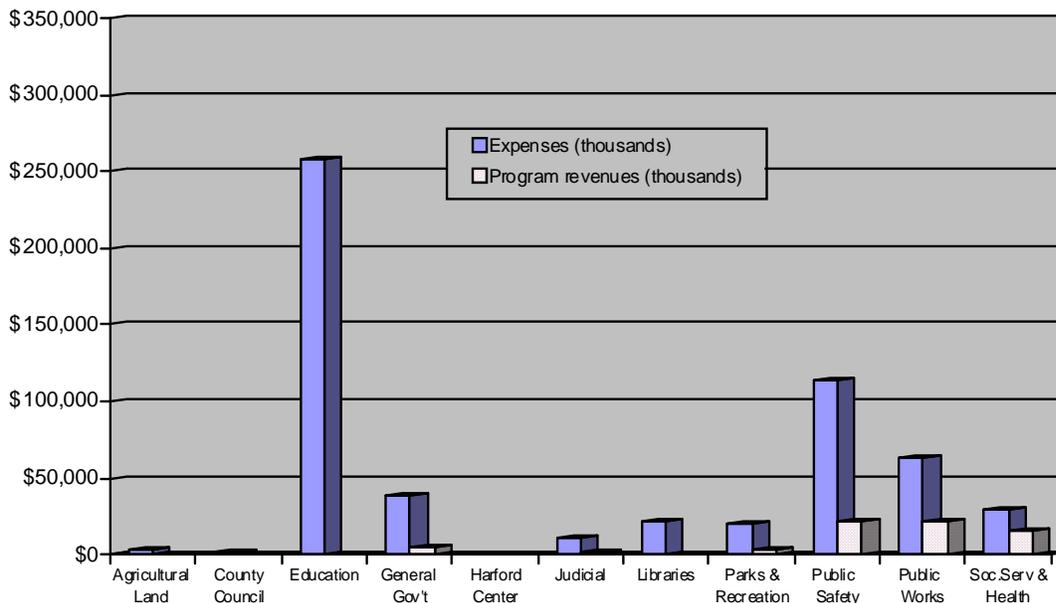
Governmental activities: The net assets of governmental activities decreased \$36.5 million during fiscal year 2011. Total expenses decreased 3.9 percent for a total of \$23.5 million. Key factors include:

- In keeping with the taut fiscal policies instituted in the prior year, the County asked all departments within the County to hold back 3.0 percent of their approved fiscal year 2011 budget.
- The County’s component units were also asked to return 3.0 percent of their approved fiscal year 2011 budget. The efforts of the component units resulted in a \$3.8 million decrease in expense.
- The County did not go to the bond market during fiscal year 2011 as originally anticipated. The decision not to issue bonds resulted in an approximate \$6.6 million savings in debt service expense.

Revenues by Source-Governmental Activities



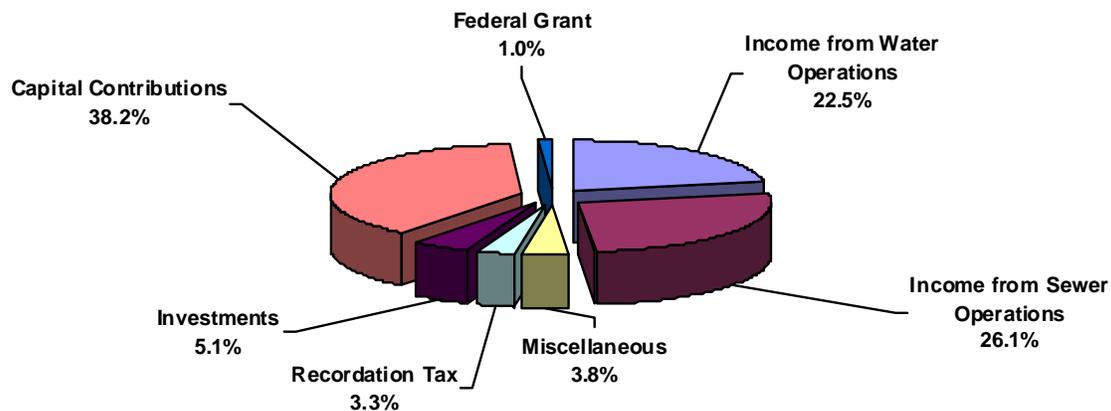
Expenses and Program Revenues-Governmental Activities



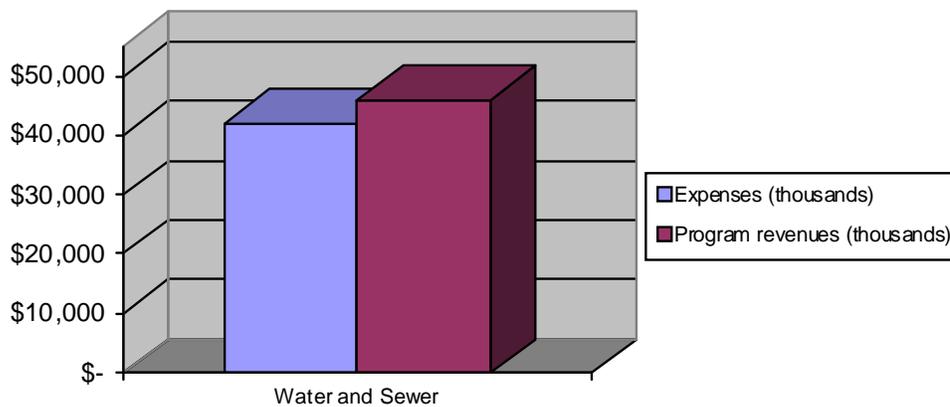
Business-type activities: Business-type activities recorded an increase in net assets of \$8.8 million during fiscal year 2011. Key elements are as follows:

- The most significant increase occurred in capital contributions due to a \$4.0 million additional water capacity charge paid to the County by a local municipality and \$4.5 million in fiscal year 2011 of developer contributed assets over 2010.
- Federal grant revenue, 1.0 percent of total business-type activity revenue, attributed to the County’s Build America Bonds, was a new revenue source in fiscal 2011.
- Program revenues exceeded total expenses by \$4.2 million or 10.0 percent.

Revenues by Source-Business-type Activities



Expenses and Program Revenues-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 the 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 government's financing requirements. In particular, *committed, assigned and unassigned fund balance* 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 governmental funds reported combined ending fund balances of \$235.4 million, a decrease of \$33.0 million in comparison with the prior year. Approximately 73.6 percent of this total amount, or \$173.2 million, constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$62.2 million, is *nonspendable and restricted* to indicate that it is not available for new spending because it has been dedicated: 1) to liquidate general and capital project contracts and purchase orders of the prior period, \$46.9 million; 2) for dedicated revenues, \$9.7 million; 3) for special taxing district, \$2.9 million, 4) for inventories, \$2.1 million; or 5) for a loan receivable of \$0.6 million. The nonspendable and restricted fund balance, at 26.4 percent of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$83.5 million, while total fund balance reached \$96.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 18.9 percent of total General Fund expenditures, while total fund balance represents 21.9 percent of that same amount.

The County's General Fund total fund balance has increased by \$17.0 million during the current fiscal year. The increase is primarily due to an increase in income tax revenues of \$12.3 million over fiscal year 2010, assisted by a \$6.0 million decrease in the County's homestead tax credit. Falling tipping fee revenue contributed to the overall drop in charges for current services revenue of \$1.0 million from fiscal year 2010. General fund expenditures increased \$5.1 million from the prior fiscal year primarily to debt service obligations.

The Highways Fund has a total fund balance of \$22.4 million, representing an increase of \$0.9 million from the prior fiscal year. The Highways Fund has 90.0 percent, \$20.2 million, of its total fund balance assigned to the purpose of the fund. Of this amount, 12.2 percent is designated for fiscal stabilization purposes. The Highway's Fund balance of \$2.2 million classified as nonspendable represents inventory.

The Grant Fund has a total fund balance of \$8.6 million. The \$0.1 million decrease in fund balance over the prior fiscal year is due primarily to a decrease in grant revenues.

The Agricultural Land Preservation Fund has a total fund balance of \$48.5 million, an increase of \$2.9 million over the prior year. Of the total fund balance, \$43.3 million or 89.2 percent is committed for future payments of principal on development rights. There were no purchases of development rights during fiscal year 2011. The Agricultural Land Preservation Fund has \$5.2 million, of its total fund balance assigned to the purpose of the fund.

The Capital Project Fund has a total fund balance of \$55.9 million; a \$56.8 million decrease over the prior fiscal year. There were no bonds issued during fiscal year 2011 to help offset the cost of County capital projects. Of the total fund balance, \$35.1 million is restricted for Board of Education, Parks & Recreation

and other bonded capital projects, \$16.8 million is assigned to liquidate contracts and purchase orders of the prior period and \$4.0 million is assigned to future general projects.

The Beechtree Tax Increment Financing Fund has a restricted fund balance of \$2.9 million at year end. Revenues for the fund from special obligation bonds totaled \$4.1 million.

Proprietary funds The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$118.0 million and unrestricted net assets of the Internal Service Fund totaled \$7.5 million. Net assets of the Water and Sewer Fund have increased by \$8.9 million over 2010. Factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County's business-type activities. The Internal Service Fund net assets have decreased by \$1.3 million, primarily due to the dissolution of the Fleet Management Fund during the current fiscal year.

General Fund Budgetary Highlights

The final budget of the General Fund for fiscal year 2011 was increased by \$6.9 million over the original budget. Appropriated fund balance was increased \$6.4 million to account for estimated expenses attributable to other post employment benefits for County employees. A supplemental appropriation was also done to provide \$0.5 million in funding for necessary repairs to a County Library. Final budget variances from the original budget include a \$16.9 million increase in revenue from fiscal year 2011 income taxes, a \$1.9 million decrease in revenue from the State of Maryland for the Board of Prisoners and \$2.7 million decrease in investment income earned. A conservative spending policy led to the 4.5 percent decrease in actual General Fund expenditures compared to the final budget.

Capital Asset and Debt Administration

Capital assets The County's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$1.0 billion (net of accumulated depreciation). This investment in capital assets includes land, development rights, buildings, improvements, machinery and equipment, vehicles, park facilities, roads, highways and bridges and construction in process. The total increase in the County's investment in capital assets for the current fiscal year was 1.8 percent.

The County's Capital Assets

| | (Net of depreciation) | | | | | |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 236,130,041 | \$ 233,289,372 | \$ 1,976,218 | \$ 1,973,277 | \$ 238,106,259 | \$ 235,262,649 |
| Development Rights | 109,316,236 | 108,566,236 | - | - | 109,316,236 | 108,566,236 |
| Construction in Process | 70,795,719 | 115,380,355 | 86,920,591 | 69,112,404 | 157,716,310 | 184,492,759 |
| Buildings | 82,032,338 | 52,631,658 | 86,643,331 | 81,111,989 | 168,675,669 | 133,743,647 |
| Improvements | 23,492,647 | 15,247,214 | 210,754,383 | 211,230,340 | 234,247,030 | 226,477,554 |
| Equipment | 6,440,554 | 6,690,489 | 3,101,116 | 3,123,286 | 9,541,670 | 9,813,775 |
| Vehicles | 17,826,012 | 16,357,455 | 1,223,705 | 800,029 | 19,049,717 | 17,157,484 |
| Infrastructure | 91,975,627 | 95,186,363 | - | - | 91,975,627 | 95,186,363 |
| Total | \$ 638,009,174 | \$ 643,349,142 | \$ 390,619,344 | \$ 367,351,325 | \$ 1,028,628,518 | \$ 1,010,700,467 |

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

- The Abingdon Water Treatment Plant Expansion project is nearing completion. The project will allow for an increase in the existing capacity of the water treatment plant from 10mgd to 20mgd as well as provide enhancements to plant safety and reliability. During fiscal year 2011, \$15.5 million was spent for total expenditures to date of \$67.2 million.
- The Harford Waste Disposal Center Future Expansion project which is for the permitting, engineering and construction of landfill cells, gas control and leachate management spent \$8.9 million in fiscal year 2011. The total expenditures for this project are \$12.4 million and the total appropriations for this project are \$20.4 million.
- The Harford County Detention Center is undergoing a 288 bed expansion for medium security inmates. During fiscal year 2011, \$8.1 million of the \$32.0 million appropriated for the project was spent. Total project expenditures to date are \$31.6 million.

Additional information on Harford County's capital assets can be found in Note 4C, pages 56 and 57 of this report.

Education Capital Expenditures:

Board of Education and Community College projects made up 56.7 percent of the fiscal year 2011 Capital Budget. Some of the major expenditures were:

- The Red Pump Elementary School has a total projected cost of \$31.3 million. The project provides a new elementary school to relieve overcrowding in the schools to the north and east of Bel Air. The facility opened to new students and staff in August 2011. During fiscal year 2011, \$15.7 million was spent for total expenditures to date of \$23.9 million.
- The Edgewood High School Replacement Project had expenditures in fiscal year 2011 of \$10.0 million, bringing total project expenses to date to \$80.7 million. The total projected cost for the on-site replacement and expansion of Edgewood High School, originally constructed in 1954, is estimated at \$90.5 million.
- The Bel Air High School Replacement Project has a total projected cost of \$78.2 million. During fiscal year 2011, \$1.9 million of the total appropriation was spent, increasing total project expenses to \$77.4 million.
- Harford Community College's Susquehanna Center is undergoing an expansion and renovation to serve the physical education, athletics and health programs of the Community College. The improvements will include an arena/gym, expanded classrooms, additional space for faculty and staff and a renovated pool. During fiscal year 2011, \$.5 million was spent for total expenditures to date of \$1.2 million.

Long-term debt At the end of the current fiscal year, the County had total debt outstanding of \$646.1 million. Of this amount, \$125.8 million is considered self-supporting debt, funded through various surcharges and assessments related to the operation of the water and sewer systems of the County. Also considered self-supporting are \$56.2 million in installment contracts to purchase easements for agricultural land preservation, payable from special revenue funds supported through one-half of one percent of the transfer tax levy, and \$14.0 million associated with the incremental property tax revenues related to a special taxing district.

The County's Outstanding Debt

Bonds, Notes and Capital Leases

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Ag Land | | | | | | |
| Preservation | \$ 56,179,578 | \$ 57,100,122 | \$ - | \$ - | \$ 56,179,578 | \$ 57,100,122 |
| Bonds Payable | 447,558,610 | 454,902,883 | 125,140,703 | 136,066,543 | 572,699,313 | 590,969,426 |
| Capital Leases | 8,590,078 | 14,801,760 | 631,140 | 134,150 | 9,221,218 | 14,935,910 |
| Notes Payable | 7,987,123 | 9,582,561 | - | 36,089 | 7,987,123 | 9,618,650 |
| | <u>\$ 520,315,389</u> | <u>\$ 536,387,326</u> | <u>\$ 125,771,843</u> | <u>\$ 136,236,782</u> | <u>\$ 646,087,232</u> | <u>\$ 672,624,108</u> |

Total debt of the County has decreased by \$26.5 million, 4.0 percent, during the current fiscal year. For the governmental activities, total debt decreased \$16.1 million due to the issuance of \$14.0 million in special obligation bonds offset by principal payments and reductions of \$30.1 million. In business-type activities, total debt decreased \$10.5 million. The decrease was comprised of \$11.1 million in principal payments and reductions offset by a \$0.6 million increase in capital lease obligations due to the dissolution of the Fleet Management Fund.

During fiscal year 2011, The County's bond ratings remained unchanged. Fitch has assigned the County a "AAA" rating and Moody's Investor Service assigned a "Aaa", the highest ratings for both agencies. Standard and Poors Corp. has rated the County "AA+."

State statutes limit the amount of general obligation debt a government entity may issue; up to 15.0 percent of its net assessed valuation of personal and corporate property plus 6.0 percent of the net assessed valuation of real property. The current debt limitation for the County is \$1.8 billion, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note 4F on pages 62 to 73 of this report.

Economic Factors and Next Year's Budgets and Rates

- The County Real Property Tax Rate for fiscal year 2012 remains unchanged at \$1.042 per \$100 of the assessed valuation. This is the first time in County history that the real property tax rate falls below the constant yield rate. Net property tax receipts recorded in the General Fund for fiscal year 2012 are expected to decline \$1.0 million or 0.4 percent over those projected for fiscal year 2011. The decline is primarily due to a decrease in reassessment value of one-third of County property owners in a designated municipality area, which is the largest decrease in real estate values for residential properties in the history of Maryland Department of Assessments and Taxation.
- The County Council has set the County income tax rate at 3.06 percent. Fiscal year 2011 saw a rebound in income tax revenue for the County; 8.0 percent increase of income tax revenue over fiscal year 2010. Income tax is conservatively budgeted at \$161.6 million for fiscal year 2012, a 2.9 percent reduction from 2011 actual income tax revenue due to the uncertain economic conditions at the national and state level.

- A normal budget year includes twenty-six pay dates for County employees. Fiscal year 2012 has twenty-seven pay dates. The additional pay period only occurs every twelfth budget year. The 2012 approved budget includes an additional \$4.4 million to cover this expense.
- The Board of Education is being funded at \$214.3 million. For fiscal year 2012, Maintenance of Effort decreased due to lower enrollment, therefore the County reduced funding from fiscal year 2011 by \$613,244, thus still meeting the required Maintenance of Effort level. After the adjustment for Maintenance of Effort, the County Executive appropriated additional funds resulting in an overall increase from fiscal year 2011 of \$229,838. The Board of Education fiscal year 2012 capital budget contains forty seven planned projects totaling \$16.2 million. Of the total General Fund debt service budget, 60.9 percent is allocated for school debt.
- For fiscal year 2012, the County's support of Harford Community College fiscal year 2012 budget remains at the same funding level as fiscal year 2011, \$15.0 million. The County plans to match State funding for two of Harford Community College's fiscal year 2012 capital projects.

These and other economic factors were considered when preparing the fiscal year 2012 General Fund budget, which estimates total revenues at \$476.4 million; an increase of \$21.9 million or 4.8 percent over fiscal year 2011. Approximately 25.0 percent of this increase is for public safety, 24.0 percent is for debt service requirements and 8.0 percent is to cover increased health and pension benefits. Mindful of the status of the State of Maryland budget deficit and its consequences on future funding, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2012 will continue to be tightened and trimmed where possible. The County also anticipates issuing bonds during fiscal year 2012.

There are no new taxes to fund the fiscal year 2012 budget. The income tax rate of 3.06 percent is unchanged. The real property tax rate is also unchanged at \$1.042 per \$100 of assessed value. The Homestead Tax Credit rate was lowered from 9.0 percent to 5.0 percent for Harford County for fiscal year 2011 and remains unchanged for fiscal year 2012.

The Water and Sewer Fund rates will increase by 1.6 percent for fiscal year 2012. The Water and Sewer rates affect both residential and industrial consumers by adjusting rates to the change in the Consumer Price Index each fiscal year. The net change in the fiscal year 2012 approved budget from the 2011 fiscal year approved budget for the Water and Sewer Fund is flat.

Requests for Information

This financial report is designed to provide a general overview of the 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 Office of the Treasurer, Harford County Government, 220 S. Main Street, Bel Air, Maryland, 21014.

The County's component units issue their own separately audited financial statements. These statements may be obtained by directly contacting the component unit, contact information can be found on page 34 of this report.

Basic Financial Statements

HARFORD COUNTY, MARYLAND
Statement of Net Assets
June 30, 2011

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities | Total Primary Government |
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 171,498,091 | \$ 93,472,410 | \$ 264,970,501 |
| Cash and Investments | 32,388 | 650 | 33,038 |
| Taxes and Accounts Receivable (Net) | 3,161,720 | 6,632,198 | 9,793,918 |
| Federal and State Receivable | 41,215,115 | 359,170 | 41,574,285 |
| Internal Balances | 94,285 | (94,285) | - |
| Due From Primary Government | - | - | - |
| Inventories | 2,114,574 | 1,295,778 | 3,410,352 |
| Loans Receivable | 3,611,563 | - | 3,611,563 |
| Other Assets | 131,282 | - | 131,282 |
| Deposit with Trustee | 7,764,767 | - | 7,764,767 |
| Benefit Assessments | 793,265 | 40,089,531 | 40,882,796 |
| Restricted Assets--Cash & Investments | 71,011,845 | 18,848,115 | 89,859,960 |
| Unamortized Bond Costs | 2,017,003 | 632,566 | 2,649,569 |
| Capital Assets: | | | |
| Land, Land Improvements, Development Rights and CIP | 416,241,996 | 88,896,809 | 505,138,805 |
| Other Capital Assets, Net of Depreciation | 221,767,178 | 301,722,535 | 523,489,713 |
| Total Assets | <u>941,455,072</u> | <u>551,855,477</u> | <u>1,493,310,549</u> |
| LIABILITIES | | | |
| Accounts Payable | 9,261,078 | 3,058,878 | 12,319,956 |
| Due to Component Units | 6,729,125 | - | 6,729,125 |
| Retainages Payable | 2,230,599 | 3,709,548 | 5,940,147 |
| Payable to State of Maryland | 236,712 | 609,356 | 846,068 |
| Accrued Expenses | 15,371,437 | 2,748,762 | 18,120,199 |
| Unearned Revenue | 4,262,108 | 1,588 | 4,263,696 |
| Performance Deposits | 686,373 | 84,693 | 771,066 |
| Escrow Accounts | 1,681,161 | 4,129,932 | 5,811,093 |
| Other Liabilities | 442,803 | 23,558 | 466,361 |
| Noncurrent Liabilities: | | | |
| Due within one year | 45,712,076 | 10,461,383 | 56,173,459 |
| Due in more than one year | 547,584,037 | 118,374,857 | 665,958,894 |
| Total Liabilities | <u>634,197,509</u> | <u>143,202,555</u> | <u>777,400,064</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 422,414,425 | 290,793,475 | 713,207,900 |
| Restricted for: | | | |
| Highways Projects | 22,537,463 | - | 22,537,463 |
| Agricultural Land Preservation | 48,455,544 | - | 48,455,544 |
| Board of Education | 8,358,302 | - | 8,358,302 |
| Grant Programs | 8,584,742 | - | 8,584,742 |
| Other Purposes | 3,931,056 | - | 3,931,056 |
| Unrestricted | (207,023,969) | 117,859,447 | (89,164,522) |
| Total Net Assets | <u>\$ 307,257,563</u> | <u>\$ 408,652,922</u> | <u>\$ 715,910,485</u> |

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

HARFORD COUNTY, MARYLAND

Statement of Net Assets

June 30, 2011

(continued)

Exhibit 1

| Component Units | | | |
|-----------------------|-------------------------|------------------------------|---------------------------|
| Board of Education | Harford Center, Inc. | Harford Community College | Harford County Library |
| \$ - | \$ - | \$ - | \$ - |
| 37,950,135 | 1,754,171 | 30,038,247 | 3,672,252 |
| 268,840 | 4,019 | 847,254 | 47,923 |
| 1,227,053 | - | 1,147,855 | 4,411 |
| - | - | - | - |
| 6,166,285 | - | 528,076 | 34,764 |
| 828,508 | - | 632,800 | - |
| - | - | - | - |
| - | 122,091 | 370,394 | 28,737 |
| 7,307,624 | - | 1,901,153 | 2,128,426 |
| - | - | - | - |
| - | - | 6,361,958 | - |
| - | - | - | - |
| 148,762,046 | - | 6,909,704 | - |
| 422,044,992 | 487,587 | 58,747,924 | 5,543,781 |
| 624,555,483 | 2,367,868 | 107,485,365 | 11,460,294 |
| 7,820,349 | 53,483 | 1,575,798 | 110,659 |
| - | - | - | - |
| - | - | 62,792 | - |
| - | - | - | - |
| 1,548,044 | 72,646 | 785,437 | 331,460 |
| 6,790,112 | - | 2,557,931 | - |
| - | - | - | - |
| - | - | - | - |
| - | - | 373,067 | 66,862 |
| 5,038,074 | - | 73,053 | 98,443 |
| 143,340,040 | - | 1,130,500 | 5,797,909 |
| 164,536,619 | 126,129 | 6,558,578 | 6,405,333 |
| 560,834,110 | 487,587 | 65,657,628 | 5,307,631 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 9,862,937 | 583,121 | 6,898,358 | 53,342 |
| (110,678,183) | 1,171,031 | 28,370,801 | (306,012) |
| \$ 460,018,864 | \$ 2,241,739 | \$ 100,926,787 | \$ 5,054,961 |

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

HARFORD COUNTY, MARYLAND
Statement of Activities
For The Year Ended June 30, 2011

| Functions/Programs | Expenses | Program Revenues | | | |
|---|-----------------------|-----------------------------|---|---|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Revenues |
| Primary Government: | | | | | |
| Government Activities | | | | | |
| Agricultural Preservation | \$ 3,319,578 | \$ - | \$ 69,992 | \$ - | \$ 69,992 |
| County Council | 2,198,979 | - | 103,474 | - | 103,474 |
| Education-Primary thru Com. College | 257,424,328 | - | - | 500,000 | 500,000 |
| General Government | 38,564,852 | 2,375,772 | 1,723,674 | 295,171 | 4,394,617 |
| Harford Center | 553,036 | - | - | - | - |
| Judicial | 10,159,127 | - | 1,425,283 | - | 1,425,283 |
| Libraries | 21,721,995 | - | - | 50,963 | 50,963 |
| Parks and Recreation | 20,811,081 | 907,024 | 238,326 | 2,059,172 | 3,204,522 |
| Public Safety | 113,230,332 | 3,636,934 | 8,902,859 | 9,092,625 | 21,632,418 |
| Public Works | 63,368,723 | 12,048,111 | 1,044,455 | 8,512,427 | 21,604,993 |
| Social Services & Health | 29,806,456 | 466,925 | 14,968,522 | 601,771 | 16,037,218 |
| Unallocated Debt Interest and Other Costs | 19,962,786 | - | - | - | - |
| Total Government Activities | 581,121,273 | 19,434,766 | 28,476,585 | 21,112,129 | 69,023,480 |
| Business-type Activities | | | | | |
| Water and Sewer | 41,859,508 | 26,142,956 | - | 19,897,191 | 46,040,147 |
| Total Business-type Activities | 41,859,508 | 26,142,956 | - | 19,897,191 | 46,040,147 |
| Total Primary Government | \$ 622,980,781 | \$ 45,577,722 | \$ 28,476,585 | \$ 41,009,320 | \$ 115,063,627 |
| Component Units: | | | | | |
| Board of Education | \$ 548,500,758 | \$ 9,694,002 | \$ 136,195,979 | \$ 47,666,945 | \$ 193,556,926 |
| Harford Center, Inc. | 2,033,470 | 23,266 | 1,965,870 | - | 1,989,136 |
| Harford Community College | 54,733,515 | 17,637,761 | 36,760,682 | 1,141,193 | 55,539,636 |
| Harford County Library | 19,639,073 | 883,110 | 2,832,012 | - | 3,715,122 |
| Total Component Units | \$ 624,906,816 | \$ 28,238,139 | \$ 177,754,543 | \$ 48,808,138 | \$ 254,800,820 |

General Revenues:
Taxes:
Property Taxes
Income Taxes
Impact Taxes
911 Program Taxes
Recordation Taxes
Transfer Taxes
Other Taxes
Investment Earnings
Grants and Contributions not Restricted to Specific Purposes
Miscellaneous
Transfers (net)
Total General Revenues
Change in net assets
Net Assets--Beginning
Net Assets--Ending

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

HARFORD COUNTY, MARYLAND
Statement of Activities
For The Year Ended June 30, 2011

(continued)

Exhibit 2

| Net (Expense) Revenue and Changes in Net Assets | | | | | | |
|---|-----------------------------|-----------------------|--------------------------|----------------------------|---------------------------------|------------------------------|
| Primary Government | | | Component Units | | | |
| Governmental Activities | Business-Type Activities | Total | Board of Education | Harford Center, Inc. | Harford Community College | Harford County Library |
| \$ (3,249,586) | \$ - | \$ (3,249,586) | \$ - | \$ - | \$ - | \$ - |
| (2,095,505) | - | (2,095,505) | - | - | - | - |
| (256,924,328) | - | (256,924,328) | - | - | - | - |
| (34,170,235) | - | (34,170,235) | - | - | - | - |
| (553,036) | - | (553,036) | - | - | - | - |
| (8,733,844) | - | (8,733,844) | - | - | - | - |
| (21,671,032) | - | (21,671,032) | - | - | - | - |
| (17,606,559) | - | (17,606,559) | - | - | - | - |
| (91,597,914) | - | (91,597,914) | - | - | - | - |
| (41,763,730) | - | (41,763,730) | - | - | - | - |
| (13,769,238) | - | (13,769,238) | - | - | - | - |
| (19,962,786) | - | (19,962,786) | - | - | - | - |
| <u>(512,097,793)</u> | <u>-</u> | <u>(512,097,793)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 4,180,639 | 4,180,639 | - | - | - | - |
| - | 4,180,639 | 4,180,639 | - | - | - | - |
| <u>(512,097,793)</u> | <u>4,180,639</u> | <u>(507,917,154)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | (354,943,832) | - | - | - |
| - | - | - | - | (44,334) | - | - |
| - | - | - | - | - | 806,121 | - |
| - | - | - | - | - | - | (15,923,951) |
| - | - | - | <u>(354,943,832)</u> | <u>(44,334)</u> | <u>806,121</u> | <u>(15,923,951)</u> |
| 290,004,412 | - | 290,004,412 | - | - | - | - |
| 158,374,084 | - | 158,374,084 | - | - | - | - |
| 2,137,200 | - | 2,137,200 | - | - | - | - |
| 1,629,407 | - | 1,629,407 | - | - | - | - |
| 8,255,845 | 1,651,107 | 9,906,952 | - | - | - | - |
| 11,241,949 | - | 11,241,949 | - | - | - | - |
| 716,326 | - | 716,326 | - | - | - | - |
| 2,113,223 | 2,582,713 | 4,695,936 | 43,075 | 26,665 | 1,250,797 | 10,059 |
| 185,216 | - | 185,216 | 352,401,023 | 553,036 | - | 15,112,147 |
| 1,248,675 | - | 1,248,675 | 3,960,060 | - | - | - |
| (347,722) | 347,722 | - | - | - | - | - |
| <u>475,558,615</u> | <u>4,581,542</u> | <u>480,140,157</u> | <u>356,404,158</u> | <u>579,701</u> | <u>1,250,797</u> | <u>15,122,206</u> |
| (36,539,178) | 8,762,181 | (27,776,997) | 1,460,326 | 535,367 | 2,056,918 | (801,745) |
| 343,796,741 | 399,890,741 | 743,687,482 | 458,558,538 | 1,706,372 | 98,869,869 | 5,856,706 |
| <u>\$ 307,257,563</u> | <u>\$ 408,652,922</u> | <u>\$ 715,910,485</u> | <u>\$ 460,018,864</u> | <u>\$ 2,241,739</u> | <u>\$ 100,926,787</u> | <u>\$ 5,054,961</u> |

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

HARFORD COUNTY, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2011

| | General | Highways | Grant |
|---------------------------------------|-----------------------|----------------------|----------------------|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 81,548,773 | \$ 22,617,356 | \$ 5,380,719 |
| Cash and Investments | 32,388 | - | - |
| Taxes and Accounts Receivable (Net) | 2,644,543 | 320,240 | 196,164 |
| Federal and State Receivable | 32,704,656 | 71,734 | 6,199,901 |
| Inventories | - | 2,114,574 | - |
| Loans Receivable | 538,285 | - | 3,073,278 |
| Other Assets | - | 131,282 | - |
| Deposit with Trustee | - | - | - |
| Benefit Assessment | - | - | - |
| Investments-Restricted | 8,020,953 | - | - |
| Total Assets | <u>\$ 125,489,598</u> | <u>\$ 25,255,186</u> | <u>\$ 14,850,062</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 2,582,987 | \$ 1,098,475 | \$ 1,463,096 |
| Due to Component Units | - | - | - |
| Retainages Payable | - | - | - |
| Payable to State of Maryland | 235,936 | - | - |
| Accrued Expenditures | 4,911,348 | 796,803 | 295,078 |
| Unearned Revenue | 2,381,919 | - | 1,283,511 |
| Deferred Revenue | 17,536,249 | 119,579 | 3,223,635 |
| Performance Deposits | 364,281 | 322,092 | - |
| Escrow Accounts | 233,777 | 500,353 | - |
| Other Liabilities | 442,803 | - | - |
| Total Liabilities | <u>28,689,300</u> | <u>2,837,302</u> | <u>6,265,320</u> |
| FUND BALANCES | | | |
| Nonspendable | 538,285 | 2,245,856 | - |
| Restricted | 12,749,563 | - | 8,584,742 |
| Committed | - | - | - |
| Assigned | 76,202,075 | 20,172,028 | - |
| Unassigned | 7,310,375 | - | - |
| Total Fund Balances | <u>96,800,298</u> | <u>22,417,884</u> | <u>8,584,742</u> |
| Total Liabilities and Fund Balances | <u>\$ 125,489,598</u> | <u>\$ 25,255,186</u> | <u>\$ 14,850,062</u> |

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

HARFORD COUNTY, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2011
(continued)

Exhibit 3

| Agricultural Land Preservation | Capital Project | Beechtree TIF | Non Major Parks & Recreation | Total Governmental Funds |
|-----------------------------------|----------------------|---------------------|------------------------------------|--------------------------------|
| \$ 5,128,961 | \$ 43,596,415 | \$ - | \$ 332,074 | \$ 158,604,298 |
| - | - | - | - | 32,388 |
| - | - | - | 773 | 3,161,720 |
| 62,884 | 2,175,940 | - | - | 41,215,115 |
| - | - | - | - | 2,114,574 |
| - | - | - | - | 3,611,563 |
| - | - | - | - | 131,282 |
| - | 4,848,863 | 2,915,904 | - | 7,764,767 |
| - | 793,265 | - | - | 793,265 |
| 43,308,194 | 19,682,698 | - | - | 71,011,845 |
| <u>\$ 48,500,039</u> | <u>\$ 71,097,181</u> | <u>\$ 2,915,904</u> | <u>\$ 332,847</u> | <u>\$ 288,440,817</u> |
| \$ 41,414 | \$ 3,878,624 | \$ - | \$ 39,502 | \$ 9,104,098 |
| - | 6,729,125 | - | - | 6,729,125 |
| - | 2,230,599 | - | - | 2,230,599 |
| - | - | - | 776 | 236,712 |
| 3,081 | - | - | 19,472 | 6,025,782 |
| - | 596,678 | - | - | 4,262,108 |
| - | 793,265 | - | - | 21,672,728 |
| - | - | - | - | 686,373 |
| - | 939,086 | - | 7,945 | 1,681,161 |
| - | - | - | - | 442,803 |
| <u>44,495</u> | <u>15,167,377</u> | <u>-</u> | <u>67,695</u> | <u>53,071,489</u> |
| - | - | - | - | 2,784,141 |
| - | 35,119,270 | 2,915,904 | - | 59,369,479 |
| 43,308,194 | - | - | - | 43,308,194 |
| 5,147,350 | 20,810,534 | - | 265,152 | 122,597,139 |
| - | - | - | - | 7,310,375 |
| <u>48,455,544</u> | <u>55,929,804</u> | <u>2,915,904</u> | <u>265,152</u> | <u>235,369,328</u> |
| <u>\$ 48,500,039</u> | <u>\$ 71,097,181</u> | <u>\$ 2,915,904</u> | <u>\$ 332,847</u> | |

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements.

94,285

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

638,009,174

Unamortized bond costs are not financial resources and therefore are not reported in the funds.

2,017,003

Some of the County's revenues will be collected after year-end, but not available soon enough to pay for the current period expenditures, and therefore are reported as deferred revenues in the funds.

21,672,728

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net assets.

8,247,469

Long-term liabilities, including bonds payable, compensated absences, bond premium, and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.

(598,152,424)

Net Assets of Governmental Activities:

\$ 307,257,563

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2011

| | General | Highways | Grant |
|---|----------------------|----------------------|---------------------|
| REVENUES | | | |
| Taxes | \$ 426,020,587 | \$ 35,148,370 | \$ - |
| Revenues from Other Agencies | 1,604,149 | 1,038,256 | 24,919,085 |
| Investment Income | 426,730 | 60,414 | 47 |
| Charges for Current Services | 13,150,948 | 846,656 | 895,001 |
| Miscellaneous | 724,024 | 80,356 | 1,203,897 |
| Licenses and Permits | 3,302,291 | - | - |
| Fines and Forfeitures | 112,671 | 8,159 | 107,043 |
| Total Revenues | <u>445,341,400</u> | <u>37,182,211</u> | <u>27,125,073</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Agricultural Preservation | - | - | - |
| County Council | 2,090,645 | - | 101,261 |
| General Government | 31,976,831 | - | 2,007,607 |
| Education-Primary thru Comm. College | 223,580,152 | 2,000,000 | - |
| Harford Center | 553,036 | - | - |
| Judicial | 7,777,330 | - | 1,748,508 |
| Libraries | 15,112,147 | - | - |
| Parks, Recreation and Natural Resources | 9,853,412 | - | 336,872 |
| Public Safety | 84,420,997 | 1,039,159 | 8,697,190 |
| Public Works | 14,349,056 | 26,735,193 | 4,398 |
| Social Services | 10,938,253 | - | 16,455,222 |
| Capital Outlay | - | - | - |
| Debt Service: | | | |
| Principal | 24,557,381 | 582,470 | - |
| Interest | 16,797,849 | 39,322 | - |
| Administrative Costs | 35,932 | - | - |
| Total Expenditures | <u>442,043,021</u> | <u>30,396,144</u> | <u>29,351,058</u> |
| (Deficiency) Excess of Revenues | | | |
| Over Expenditures | <u>3,298,379</u> | <u>6,786,067</u> | <u>(2,225,985)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 20,434,048 | 699,120 | 2,947,757 |
| Transfers (Out) | (6,746,585) | (6,686,200) | (821,807) |
| Issuance of Bonds | - | - | - |
| Total Other Financing Sources (Uses) | <u>13,687,463</u> | <u>(5,987,080)</u> | <u>2,125,950</u> |
| Net Change in Fund Balances | 16,985,842 | 798,987 | (100,035) |
| Fund Balances--Beginning | 79,814,456 | 21,523,397 | 8,684,777 |
| Increase in Inventory | - | 95,500 | - |
| Fund Balances--Ending | <u>\$ 96,800,298</u> | <u>\$ 22,417,884</u> | <u>\$ 8,584,742</u> |

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2011

(continued)

Exhibit 4

| Agricultural Land Preservation | Capital Project | Beechtree TIF | Non Major Parks & Recreation | Governmental Funds |
|-----------------------------------|----------------------|---------------------|------------------------------------|-----------------------|
| \$ 5,620,987 | \$ 13,876,808 | \$ - | \$ - | \$ 480,666,752 |
| 69,992 | 15,487,386 | - | - | 43,118,868 |
| 1,479,875 | 111,105 | 545 | 637 | 2,079,353 |
| - | - | - | 795,746 | 15,688,351 |
| 32,338 | 1,242,278 | - | 1,979 | 3,284,872 |
| - | - | - | - | 3,302,291 |
| - | - | - | - | 227,873 |
| <u>7,203,192</u> | <u>30,717,577</u> | <u>545</u> | <u>798,362</u> | <u>548,368,360</u> |
| 188,385 | - | - | - | 188,385 |
| - | - | - | - | 2,191,906 |
| - | - | - | - | 33,984,438 |
| - | - | - | - | 225,580,152 |
| - | - | - | - | 553,036 |
| - | - | - | - | 9,525,838 |
| - | - | - | - | 15,112,147 |
| - | - | - | 673,904 | 10,864,188 |
| - | - | - | - | 94,157,346 |
| - | - | - | - | 41,088,647 |
| - | - | - | - | 27,393,475 |
| - | 89,082,362 | - | - | 89,082,362 |
| 920,544 | - | - | - | 26,060,395 |
| 3,130,911 | - | - | - | 19,968,082 |
| 14,483 | - | 1,146,834 | - | 1,197,249 |
| <u>4,254,323</u> | <u>89,082,362</u> | <u>1,146,834</u> | <u>673,904</u> | <u>596,947,646</u> |
| <u>2,948,869</u> | <u>(58,364,785)</u> | <u>(1,146,289)</u> | <u>124,458</u> | <u>(48,579,286)</u> |
| - | 10,485,028 | - | - | 34,565,953 |
| - | (18,813,522) | - | - | (33,068,114) |
| - | 9,937,807 | 4,062,193 | - | 14,000,000 |
| - | 1,609,313 | 4,062,193 | - | 15,497,839 |
| 2,948,869 | (56,755,472) | 2,915,904 | 124,458 | (33,081,447) |
| 45,506,675 | 112,685,276 | - | 140,694 | 268,355,275 |
| - | - | - | - | 95,500 |
| <u>\$ 48,455,544</u> | <u>\$ 55,929,804</u> | <u>\$ 2,915,904</u> | <u>\$ 265,152</u> | <u>\$ 235,369,328</u> |

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

HARFORD COUNTY, MARYLAND
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Exhibit 5

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|--|------------------------|
| Net change in fund balances--total governmental funds | \$ (33,081,447) |
| 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. This is the amount by which capital outlays exceeded depreciation in the current period. | (6,845,161) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | (6,321,648) |
| The issuance of long-term debt (i.e. bonds, leases, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | 10,131,965 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | 131,146 |
| Eliminating the effect of the internal service fund using the "look-back" method resulted in a decrease in expenses in the governmental activities in the statement of activities. | 133,489 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities, of (\$1,292,014) less \$604,492 of transfers to the General and Highways Funds (See Note 4E.b). | <u>(687,522)</u> |
| Change in net assets of governmental activities | <u>\$ (36,539,178)</u> |

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2011

| | General | | | Variance With Final Budget Positive(Negative) |
|---|---------------------|---------------------|-----------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 409,279,547 | \$ 409,279,547 | \$ 426,020,587 | \$ 16,741,040 |
| Revenues from Other Agencies | 1,297,000 | 1,297,000 | 1,604,149 | 307,149 |
| Investment Income | 3,171,501 | 3,171,501 | 426,730 | (2,744,771) |
| Charges for Current Services | 16,099,673 | 16,099,673 | 13,150,948 | (2,948,725) |
| Miscellaneous | 8,676,923 | 8,676,923 | 8,537,131 | (139,792) |
| Licenses and Permits | 2,947,200 | 2,947,200 | 3,302,291 | 355,091 |
| Fines and Forfeitures | 105,000 | 105,000 | 112,671 | 7,671 |
| Total Revenues | <u>441,576,844</u> | <u>441,576,844</u> | <u>453,154,507</u> | <u>11,577,663</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Agricultural Preservation | - | - | - | - |
| County Council | 2,169,069 | 2,267,669 | 2,088,790 | 178,879 |
| General Government | 39,725,118 | 41,124,818 | 37,070,478 | 4,054,340 |
| Education-Primary thru Comm. College | 229,023,401 | 229,023,401 | 225,580,152 | 3,443,249 |
| Harford Center | 553,036 | 553,036 | 553,036 | - |
| Judicial | 7,482,426 | 7,943,026 | 7,756,063 | 186,963 |
| Libraries | 15,512,147 | 15,512,147 | 15,112,147 | 400,000 |
| Parks, Recreation and Natural Resources | 9,762,257 | 10,235,957 | 9,651,735 | 584,222 |
| Public Safety | 84,292,686 | 87,794,386 | 85,477,586 | 2,316,800 |
| Public Works | 15,398,099 | 15,668,699 | 14,069,265 | 1,599,434 |
| Social Services | 11,728,083 | 11,974,483 | 10,967,829 | 1,006,654 |
| | <u>415,646,322</u> | <u>422,097,622</u> | <u>408,327,081</u> | <u>13,770,541</u> |
| Debt Service | 47,963,993 | 47,963,993 | 41,391,162 | 6,572,831 |
| Total Expenditures | <u>463,610,315</u> | <u>470,061,615</u> | <u>449,718,243</u> | <u>20,343,372</u> |
| (Deficiency)/Excess of Revenues | | | | |
| Over Expenditures | <u>(22,033,471)</u> | <u>(28,484,771)</u> | <u>3,436,264</u> | <u>31,921,035</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Appropriated Fund Balance | 3,500,000 | 10,439,691 | - | (10,439,691) |
| Transfers In | 24,841,665 | 24,841,665 | 20,434,048 | (4,407,617) |
| Transfers (Out) | (6,308,194) | (6,796,585) | (6,746,585) | 50,000 |
| Issuance of Bonds | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>22,033,471</u> | <u>28,484,771</u> | <u>13,687,463</u> | <u>(14,797,308)</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>17,123,727</u> | <u>\$ 17,123,727</u> |
| Fund Balance - Beginning | | | 83,004,126 | |
| Prior Year Encumbrances Cancelled | | | 196,291 | |
| Increase in Inventory | | | - | |
| Fund Balance - Ending | | | <u>\$ 100,324,144</u> | |

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2011
(continued)

| | Highways | | | Variance With Final Budget Positive(Negative) |
|---|--------------------|--------------------|----------------------|---|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 35,578,278 | \$ 35,578,278 | \$ 35,148,370 | \$ (429,908) |
| Revenues from Other Agencies | - | - | 1,038,256 | 1,038,256 |
| Investment Income | 125,000 | 125,000 | 60,414 | (64,586) |
| Charges for Current Services | 3,580,329 | 3,580,329 | 3,621,110 | 40,781 |
| Miscellaneous | 5,567,684 | 5,567,684 | 4,731,539 | (836,145) |
| Licenses and Permits | - | - | - | - |
| Fines and Forfeitures | 10,000 | 10,000 | 8,159 | (1,841) |
| Total Revenues | <u>44,861,291</u> | <u>44,861,291</u> | <u>44,607,848</u> | <u>(253,443)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Agricultural Preservation | - | - | - | - |
| County Council | - | - | - | - |
| General Government | - | - | - | - |
| Education-Primary thru Comm. College | 2,000,000 | 2,000,000 | 2,000,000 | - |
| Harford Center | - | - | - | - |
| Judicial | - | - | - | - |
| Libraries | - | - | - | - |
| Parks, Recreation and Natural Resources | - | - | - | - |
| Public Safety | 1,039,159 | 1,039,159 | 1,039,159 | - |
| Public Works | 34,634,138 | 35,625,738 | 33,216,215 | 2,409,523 |
| Social Services | - | - | - | - |
| | <u>37,673,297</u> | <u>38,664,897</u> | <u>36,255,374</u> | <u>2,409,523</u> |
| Debt Service | 626,794 | 626,794 | 621,792 | 5,002 |
| Total Expenditures | <u>38,300,091</u> | <u>39,291,691</u> | <u>36,877,166</u> | <u>2,414,525</u> |
| (Deficiency)/Excess of Revenues | | | | |
| Over Expenditures | <u>6,561,200</u> | <u>5,569,600</u> | <u>7,730,682</u> | <u>2,161,082</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Appropriated Fund Balance | - | 991,600 | - | (991,600) |
| Transfers In | 125,000 | 125,000 | 699,120 | 574,120 |
| Transfers (Out) | (6,686,200) | (6,686,200) | (6,686,200) | - |
| Issuance of Bonds | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>(6,561,200)</u> | <u>(5,569,600)</u> | <u>(5,987,080)</u> | <u>(417,480)</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | 1,743,602 | <u>\$ 1,743,602</u> |
| Fund Balance - Beginning | | | 20,408,649 | |
| Prior Year Encumbrances Cancelled | | | 341,672 | |
| Increase in Inventory | | | <u>95,500</u> | |
| Fund Balance - Ending | | | <u>\$ 22,589,423</u> | |

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes in Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For the Year Ended June 30, 2011
(continued)

Exhibit 6

| Agricultural Land Preservation | | | | Beechtree TIF | | | |
|--------------------------------|------------------|----------------------|---|------------------|------------------|---------------------|--|
| Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive(Negative) | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
| Original | Final | | | Original | Final | | |
| \$ 5,085,000 | \$ 5,085,000 | \$ 5,620,987 | \$ 535,987 | \$ - | \$ - | \$ - | \$ - |
| 115,000 | 115,000 | 69,992 | (45,008) | - | - | - | - |
| 15,701 | 15,701 | 1,479,875 | 1,464,174 | - | - | 545 | 545 |
| - | - | - | - | - | - | - | - |
| 15,000 | 15,000 | 32,338 | 17,338 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>5,230,701</u> | <u>5,230,701</u> | <u>7,203,192</u> | <u>1,972,491</u> | <u>-</u> | <u>-</u> | <u>545</u> | <u>545</u> |
| 1,128,101 | 1,128,101 | 189,090 | 939,011 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>1,128,101</u> | <u>1,128,101</u> | <u>189,090</u> | <u>939,011</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4,102,600 | 4,102,600 | 4,065,938 | 36,662 | 2,900,000 | 2,900,000 | 1,146,834 | 1,753,166 |
| <u>5,230,701</u> | <u>5,230,701</u> | <u>4,255,028</u> | <u>975,673</u> | <u>2,900,000</u> | <u>2,900,000</u> | <u>1,146,834</u> | <u>1,753,166</u> |
| - | - | 2,948,164 | 2,948,164 | (2,900,000) | (2,900,000) | (1,146,289) | 1,753,711 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 2,900,000 | 2,900,000 | 4,062,193 | 1,162,193 |
| - | - | - | - | 2,900,000 | 2,900,000 | 4,062,193 | 1,162,193 |
| <u>\$ -</u> | <u>\$ -</u> | <u>2,948,164</u> | <u>\$ 2,948,164</u> | <u>\$ -</u> | <u>\$ -</u> | <u>2,915,904</u> | <u>\$ 2,915,904</u> |
| | | 45,509,511 | - | | | - | - |
| | | - | - | | | - | - |
| | | <u>-</u> | | | | <u>-</u> | |
| | | <u>\$ 48,457,675</u> | | | | <u>\$ 2,915,904</u> | |

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

HARFORD COUNTY, MARYLAND
Statement of Net Assets
Proprietary Funds
June 30, 2011

Exhibit 7

| | Business-Type Activities | Governmental Activities |
|--|-------------------------------------|------------------------------------|
| | Enterprise Fund Water and Sewer | Internal Service Fund |
| ASSETS | | |
| Current Assets: | | |
| Equity in Pooled Cash and Investments | \$ 93,472,410 | \$ 12,893,793 |
| Cash and Investments | 650 | - |
| Restricted Assets - Investments | 18,848,115 | - |
| Taxes and Accounts Receivable (Net) | 6,632,198 | - |
| Federal and State Receivable | 359,170 | - |
| Inventories | 1,295,778 | - |
| Benefit Assessments | 2,872,675 | - |
| Total Current Assets | 123,480,996 | 12,893,793 |
| Noncurrent Assets: | | |
| Benefit Assessments | 37,216,856 | - |
| Unamortized Bond/Lease Costs | 632,566 | - |
| Capital Assets, Net of Depreciation | | |
| Land | 1,976,218 | - |
| Construction in Process | 86,920,591 | - |
| Property, Plant & Equipment | 301,722,535 | - |
| Total Capital Assets | 390,619,344 | - |
| Total Noncurrent Assets | 428,468,766 | - |
| Total Assets | 551,949,762 | 12,893,793 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | 1,053,426 | 156,980 |
| Accounts Payable from Restricted Assets | 2,005,452 | - |
| Retainage Payable from Restricted Assets | 3,709,548 | - |
| Payable to the State of Maryland | 609,356 | - |
| Accrued Expenses | 2,748,762 | - |
| Unearned Revenue | 1,588 | - |
| Performance Deposits | 84,693 | - |
| Escrow Accounts | 4,129,932 | - |
| Other Liabilities | 23,558 | - |
| Compensated Absences-Current | 1,175,135 | - |
| Bonds Payable-Current | 9,036,097 | - |
| Leases Payable-Current | 250,151 | - |
| Estimated Current Liability for Claims in Process | - | 1,164,377 |
| Total Current Liabilities | 24,827,698 | 1,321,357 |
| Noncurrent Liabilities: | | |
| Compensated Absences | 1,889,262 | - |
| Bonds Payable (net of unamortized discounts) | 109,006,748 | - |
| Leases Payable | 380,989 | - |
| Bond Premium | 7,097,858 | - |
| Estimated Liability for Claims in Process | - | 3,324,967 |
| Total Noncurrent Liabilities | 118,374,857 | 3,324,967 |
| Total Liabilities | 143,202,555 | 4,646,324 |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 290,793,475 | - |
| Restricted for Worker Compensation Claims | - | 750,000 |
| Unrestricted | 117,953,732 | 7,497,469 |
| Total Net Assets | 408,747,207 | 8,247,469 |
| The net result of the look-back approach for consolidating the Internal Service fund is an interfund payable for the business-type activities in the Statement of Net Assets | (94,285) | |
| Net Assets of Business-Type Activities | \$ 408,652,922 | |

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit 8

| | Business-Type Activities | Governmental Activities |
|---|-------------------------------------|------------------------------------|
| | Enterprise Fund Water and Sewer | Internal Service Funds |
| Operating Revenues: | | |
| Charges for Services | \$ - | \$ 5,058,990 |
| Income from Water Operations | 11,434,466 | - |
| Income from Sewer Operations | 13,244,916 | - |
| Miscellaneous | 1,463,574 | 125,858 |
| Total Operating Revenues | <u>26,142,956</u> | <u>5,184,848</u> |
| Operating Expenses: | | |
| General and Administrative Expenses | 4,034,503 | 23,773 |
| Operations and Maintenance-Water | 9,901,189 | - |
| Operations and Maintenance-Sewer | 13,460,107 | - |
| Insurance Claims and Expenses | - | 3,128,830 |
| Depreciation | 9,126,525 | 775,403 |
| Total Operating Expenses | <u>36,522,324</u> | <u>3,928,006</u> |
| Operating (Loss) Income | <u>(10,379,368)</u> | <u>1,256,842</u> |
| Non-operating Revenues (Expenses): | | |
| Recordation Tax Revenue | 1,651,107 | - |
| Federal Grant Revenue | 512,576 | - |
| Interest Income | 2,582,713 | 33,871 |
| Interest Expense | (5,001,220) | (132,674) |
| Other Income (Expense) | (202,475) | - |
| Transfer In | 347,722 | - |
| Transfers Out | - | (2,450,053) |
| Total Non-operating Revenue (Expenses) | <u>(109,577)</u> | <u>(2,548,856)</u> |
| Income Before Contributions | (10,488,945) | (1,292,014) |
| Capital Contributions | 19,384,615 | - |
| Change in Net Assets | <u>8,895,670</u> | <u>(1,292,014)</u> |
| Total Net Assets--Beginning | 399,851,537 | 9,539,483 |
| Total Net Assets--Ending | <u>\$ 408,747,207</u> | <u>\$ 8,247,469</u> |

**Reconciliation of the Statement of Revenues, Expenses and Changes in Fund
Net Assets of the Enterprise Fund to the Statement of Activities:**

| | |
|---|---------------------|
| Net change in Net Assets --total business type activities | \$ 8,895,670 |
| Eliminating the effect of the internal service fund, using the "look-back" method resulted in increased expenses in the enterprise fund | <u>(133,489)</u> |
| Change in Net Assets of Business Type Activities | <u>\$ 8,762,181</u> |

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

HARFORD COUNTY, MARYLAND
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2011

Exhibit 9

| | <u>Business Type Activities</u> | <u>Governmental Activities</u> |
|--|------------------------------------|--------------------------------|
| | Enterprise Fund Water and Sewer | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Customers | \$ 27,724,119 | \$ - |
| Receipts from Interfund Services Provided | - | 5,058,990 |
| Receipts from Others for Claims | - | 125,858 |
| Receipts from Customer Deposits | 1,415,201 | - |
| Payment of Deposits to Customer | (84,901) | - |
| Payments to Employees for Services | (14,908,024) | - |
| Payments to Suppliers for Goods and Services | (13,534,297) | (550,578) |
| Payments for Claims | - | (3,223,573) |
| Net Cash Provided by Operating Activities | <u>612,098</u> | <u>1,410,697</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and Construction of Capital Assets | (32,416,023) | (1,205,127) |
| Principal Payments on Long Term Debt | (10,301,219) | (1,356,007) |
| Deposit with Trustee | - | 1,266,428 |
| Bond/Lease Service Costs | (251,963) | - |
| Interest Paid on Bonds/Leases | (4,703,353) | (132,674) |
| Proceeds from Federal and State Grants | 2,818,235 | - |
| Recordation Tax Revenue | 1,716,071 | - |
| Tap Fees in Excess of Connection Costs | 18,810,896 | - |
| Proceeds from Rental Income | 89,627 | - |
| Proceeds from Sale of Capital Assets | 23,635 | - |
| Transfer In (Out) | 223,815 | (1,721,656) |
| Net Cash (Used in) Capital and Related Financing Activities | <u>(23,990,279)</u> | <u>(3,149,036)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment Income | 2,586,570 | 33,871 |
| Net Cash Provided by Investing Activities | <u>2,586,570</u> | <u>33,871</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(20,791,611)</u> | <u>(1,704,468)</u> |
| Cash and Cash Equivalents, July 1 (including \$46,450,245 reported as restricted investments) | <u>133,112,786</u> | <u>14,598,261</u> |
| Cash and Cash Equivalents, June 30 (including \$18,848,115 reported as restricted investment) | <u>\$ 112,321,175</u> | <u>\$ 12,893,793</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating (Loss) Income | \$ (10,379,368) | \$ 1,256,842 |
| Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | 9,126,525 | 775,403 |
| (Increase) Decrease in Accounts Receivable | 1,637,155 | - |
| (Increase) Decrease in Inventory | (23,788) | - |
| Increase (Decrease) in Accounts Payable | (750,498) | 21,244 |
| Increase (Decrease) in Accrued Expenses | 21,372 | (34,267) |
| Increase (Decrease) Estimated Payables for Future Claims | - | (608,525) |
| Increase (Decrease) in Performance Deposits | 4,797 | - |
| Increase (Decrease) in Escrow Accounts | 1,270,194 | - |
| Increase (Decrease) in Deferred Revenue | (683) | - |
| Increase (Decrease) in Other Liabilities | 4,304 | - |
| Increase (Decrease) in Compensated Absences | (297,912) | - |
| Net Cash Provided by Operating Activities | <u>\$ 612,098</u> | <u>\$ 1,410,697</u> |
| NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | |
| Developer Contributions of Capital Assets to the Water and Sewer Fund | \$ 4,111,327 | \$ - |
| Capital assets net of related debt transferred from (to) other funds | 123,907 | (728,397) |
| Total Non-Cash Investing, Capital and Financing Activities | <u>\$ 4,235,234</u> | <u>\$ (728,397)</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO EXHIBIT 7 | | |
| Equity in Pooled Cash and Investments | \$ 93,472,410 | \$ 12,893,793 |
| Cash and Investments | 650 | - |
| Investments - Current Restricted Assets | 18,848,115 | - |
| Cash and Cash Equivalents, June 30 | <u>\$ 112,321,175</u> | <u>\$ 12,893,793</u> |

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

HARFORD COUNTY, MARYLAND
Statement of Fiduciary Net Assets
June 30, 2011

Exhibit 10

| | Pension Trust Funds | Other Post Employment Benefit Trust Fund | Private Purpose Trust Funds | Agency Fund |
|---|------------------------|---|-----------------------------------|-------------------|
| ASSETS | | | | |
| Equity in Pooled Cash and Investments | \$ 695,528 | \$ 7,063,063 | \$ 1,449,702 | \$ 49,682 |
| Accounts Receivable | - | - | 9,819 | 2,434 |
| Investments, at Fair Value | | | | |
| Cash Equivalents | 270,914 | 407,023 | 1,101,114 | 11,529,282 |
| Fixed Income Fund | 15,684,077 | 8,731,468 | - | - |
| Equities & Equivalents | 36,236,293 | 24,149,339 | - | - |
| Total Investments | <u>52,191,284</u> | <u>33,287,830</u> | <u>1,101,114</u> | <u>11,529,282</u> |
| Total Assets | <u>52,886,812</u> | <u>40,350,893</u> | <u>2,560,635</u> | <u>11,581,398</u> |
| LIABILITIES | | | | |
| Accounts Payable | 50,865 | - | 13,641 | - |
| Accrued Expense | - | - | 47,091 | - |
| Deferred Revenue | - | - | 1,101,114 | - |
| Due to Beneficiaries | - | - | - | 11,581,398 |
| Total Liabilities | <u>50,865</u> | <u>-</u> | <u>1,161,846</u> | <u>11,581,398</u> |
| NET ASSETS | | | | |
| Held in Trust for pension benefits and other purposes | <u>\$ 52,835,947</u> | <u>\$ 40,350,893</u> | <u>\$ 1,398,789</u> | <u>\$ -</u> |

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

HARFORD COUNTY, MARYLAND
Statement of Changes in Fiduciary Net Assets
For Fiscal Year Ending June 30, 2011

Exhibit 11

| | Pension Trust Funds | Other Post Employment Benefit Trust Fund | Private Purpose Trust Funds |
|---|------------------------|---|-----------------------------------|
| ADDITIONS | | | |
| Contributions and Donations | \$ - | \$ - | \$ 222,246 |
| Employee Contributions | 461,209 | - | - |
| Employer Contributions | 2,140,299 | 12,623,000 | - |
| Plan Sponsor Contributions | 1,670,207 | - | - |
| Retiree Contributions | - | 608,212 | - |
| Total Contributions | <u>4,271,715</u> | <u>13,231,212</u> | <u>222,246</u> |
| Investment Earnings | | | |
| Net Appreciation in Fair Value of Investments | 7,227,049 | 1,077,130 | - |
| Interest and Dividends | 2,518,705 | 301,359 | 4,043 |
| Total Investment Earnings | <u>9,745,754</u> | <u>1,378,489</u> | <u>4,043</u> |
| Less Investment Expense | <u>(249,013)</u> | <u>(63,196)</u> | <u>-</u> |
| Net Investment Income | <u>9,496,741</u> | <u>1,315,293</u> | <u>4,043</u> |
| Total Additions | <u>13,768,456</u> | <u>14,546,505</u> | <u>226,289</u> |
| DEDUCTIONS | | | |
| Administrative Expenses | 45,765 | 12,000 | 75,987 |
| Benefits | 3,564,494 | 4,734,675 | - |
| Contractual Service | - | - | 396,887 |
| Total Deductions | <u>3,610,259</u> | <u>4,746,675</u> | <u>472,874</u> |
| Change in Net Assets | 10,158,197 | 9,799,830 | (246,585) |
| Net Assets--Beginning of the Year | 42,677,750 | 30,551,063 | 1,645,374 |
| Net Assets--End of the Year | <u>\$ 52,835,947</u> | <u>\$ 40,350,893</u> | <u>\$ 1,398,789</u> |

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

Notes to the Basic Financial Statements

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Harford County Government (the County) was formed in 1773. Under home rule, as approved during 1972, the County is governed by an elected County Executive and a seven-member County Council, with each serving separate executive and legislative functions. The accompanying financial statements include various agencies, departments, organizations and offices which are legally part of Harford County (the Primary Government) and the County's Component Units. The Primary Government's major operations include health and social services, public safety, public works, parks and recreation, road and highway administration, agricultural preservation and general administrative services. Harford Community College, Board of Education of Harford County, Harford County Library and Harford Center, Inc. are legally separate organizations included as component units.

Component units have been included within the financial reporting entity using a discrete presentation. The component units do not provide services entirely, or almost entirely, to the County nor are any of the governing boards substantially the same. Discrete presentations in the combined financial statements are created with separate columns for the individual component unit in the government-wide financial statements (see note below for description and for the specific factors that led to the inclusion in our financial statements) to emphasize that it is legally separate from the government.

Harford Community College – Operates the community college in Harford County. The College receives the major portion of its funding from Harford County Government and cannot issue debt or levy taxes.

Board of Education of Harford County – Operates all public schools (grades K through 12) within Harford County. The Board of Education receives the major portion of its funding from Harford County Government and cannot issue debt or levy taxes.

Harford County Library – Operates all public libraries within Harford County. The Library receives the major portion of its funding from Harford County Government and cannot issue debt or levy taxes.

Harford Center, Inc. – Operates a rehabilitation center for disabled individuals in Harford County. The Harford Center is partially funded by Harford County Government appropriations under Maryland State law. The Harford Center's 15 members of the Board of Directors are appointed by the County Executive.

Complete financial statements of individual component units can be obtained from their respective administrative offices listed below:

Harford Community College
401 Thomas Run Road
Bel Air, Maryland 21015

Harford Center, Inc.
4 North Earlton Road
Havre de Grace, Maryland 21078

**Board of Education
of Harford County**
102 S. Hickory Avenue
Bel Air, Maryland 21014

Harford County Library
1221 A Brass Mill Road
Belcamp, Maryland 21017

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide Financial Statements: The statement of net assets and the statement of changes in net assets, report information on all activities of the primary government and its component units, excluding fiduciary funds. The effect of interfund activity, such as transfers between funds, has been removed from these statements to minimize the double counting of internal activities. *Governmental activities*, which normally 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 or for which their relationship with the County is of such significance that exclusion would cause the County's financial statements to be misleading.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with 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 as *general revenues*.

Fund Financial Statements: 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 governmental funds and 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, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is 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 imposed by the provider 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 *susceptible to accrual*—that is, 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes, income taxes, state shared tax revenues, 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 government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the County, the General Fund includes such activities as public safety, education, and recreation services.

The Highways Operating Fund accounts for dedicated revenues that are legally restricted to the maintenance, care, and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County, all expenses of the County Department of Public Works concerning county highways, all expenses of the County and/or Sheriff's Office regarding traffic patrol and highway safety and County-related transportation expenses.

The Grants Fund accounts for the receipt, appropriation and expenditure of federal, state, and private monies in accordance with Harford County Charter, Article V.

The Agricultural Land Preservation Fund accounts for dedicated transfer tax revenues and provides for easement purchases of County agricultural land.

The Capital Project Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities of all major and non-major governmental funds.

The Beechtree Tax Increment Financing (TIF) accumulates the incremental property tax revenues related to the Beechtree Estates Project created in 2011 and also any special assessment tax imposed on the Beechtree Estates Project. The funds are used to pay the principal and interest on the special obligation bonds, the proceeds of which fund capital improvements within the Project. Any unused funds over contractual reserves revert to the General Fund at the end of the fiscal year.

The government reports the following major proprietary fund:

The Water and Sewer Fund accounts for the operation, maintenance, administration, and engineering of public water and sewer facilities.

Additionally, Harford County Government reports the following additional fund types:

Internal Service Funds:

Self-Insurance Fund:

This fund was established to account for the County's self-insurance program, which covers all County government agencies.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fleet Management Fund:

This fund was established to account for the County's fleet management program, which is responsible for the procurement and maintenance of the County's motor fleet. This fund was dissolved by management on April 30, 2011.

Pension and Other Employee Benefit Trust Funds:

Sheriff's Office Pension System;

This trust fund was established to account for the pension system of certain law enforcement and correctional employees of the Office of the Sheriff of Harford County.

Firemen's Length of Service Award Program (LOSAP);

This trust fund was established to account for the LOSAP for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

OPEB (Other Post Employment Benefits);

This trust fund was established to account for the County's other post-employment benefits; the trust fund will act as a funding mechanism for the employers cost of retiree benefits.

Private Purpose Trust Funds are used to account for resources legally held in a trustee capacity and are comprised of:

Revolving Loan Fund;

This private purpose trust fund was established in February 1998. This account, joined with funding from several local lending institutions, provides loans to credit-worthy businesses unable to obtain financing through traditional sources due to limited equity, collateral or marginal cash flow and serves as an alternative incentive offered by the County to attract, expand or retain a small business by extending below market rates and favorable terms. As of May 31, 2011 the Revolving Loan Fund no longer accepts new loans.

BVL Cooperating Parties Group;

This private purpose trust fund was established in September 1996 to account for revenues collected from potentially responsible parties for the purpose of undertaking the design and construction of the remedial systems deemed necessary at the Bush Valley Landfill Site.

Bar Library Trust Fund;

The Bar Library private purpose trust fund was established in 1999 to account for all expenditures associated with the operations of the Bar Library of the Circuit Court of Harford County. Fines and appearance fees provide the source of revenues.

Agency Funds are resources held in a purely custodial capacity and are comprised of:

Pass-Through Grants;

This fund accounts for financial assistance received from other governments and transferred to another government, individual, not-for-profit or other organization. Harford County Government serves as an agent with little or no discretion in determining how the assistance will be used.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Harford County Public Entities Healthcare Consortium;

This fund was established to account for a rate stabilization reserve fund created for the Harford County Public Entities Healthcare Consortium. The consortium was formed for the purpose of pooling resources to purchase health insurance thereby reducing administrative expenses. Harford County Government serves as an agent with little or no discretion in determining how the funding will be directed.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, the proprietary and the fiduciary 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 government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water and sewer function and various other functions of the government. Elimination of these 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 are charges to customers for sales and services. The principal operating revenues of the Self-Insurance Fund are budget allocations from contributing County programs. The principal operating revenues of the Fleet Management Fund are charges to departments for the leasing of vehicles. Operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. Operating expenses for the Self Insurance Fund include insurance claims and expenses. Operating expenses of the Fleet Management Fund include service and maintenance of the vehicles fleet and administrative expenses. 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 government's policy to use restricted first, and then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

a. POOLED CASH AND INVESTMENTS

The County operates a cash and investment pool for all funds of the Primary Government. Each fund has been allocated its respective share of pooled cash and investments as reflected in the fund financial statements as "equity in pooled cash and investments." In addition to participating in the County's cash and investment pool, each fund may maintain their own separate cash and investments that are specific to the individual fund. Based on an average daily balance of each fund's equity in pooled cash and investments, investment income earned on the cash and investment pool is distributed monthly to the General, Highways, Agricultural Land Preservation,

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Self-Insurance, Fleet Management, Capital Projects, Enterprise, Parks & Recreation, four Private Purpose Trusts, Other Post Employment Benefits Trust fund and both Pension Trust funds. Investment income earned on individual funds' separate cash and investments is recorded monthly in the corresponding fund. Per management policy, investment income earned monthly by general county capital projects is transferred to the General Fund and investment income earned monthly on highways capital projects is transferred to the Highways Fund.

For purposes of the statement of cash flows, the County considers cash, equity in pooled cash and investments, and investments with maturities of three months or less, when acquired, to be cash equivalents.

State statutes authorize the County to invest in obligations of the United States Government, federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the Maryland Local Government Investment Pool, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations.

The Maryland Local Government Investment Pool, (the "MLGIP") was created under Maryland State Law and is regulated by the Maryland State Treasurer's Office. It is maintained exclusively to assist eligible participants, as defined by Articles 95 and 22 of the Annotated Code of Maryland. The MLGIP may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Section 6-222 of the State Finance and Procurement Article. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the MLGIP are valued daily on an amortized cost basis, which approximates market value, and are held to maturity under normal circumstances.

The fair value of the position in the MLGIP is the same as the value of the MLGIP net assets (shares). The MLGIP is a 2a-7 like external investment pool, which issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: Maryland Local Government Investment Pool; c/o PNC Institutional Investments; Two Hopkins Plaza; 5th Floor; Baltimore, Maryland, 21201; by calling 1-800-492-5160 or the website, www.mlgip.com.

The County has an independent third party as custodian for securities collateralizing most repurchase agreements, certificates of deposit and all other investments. Collateralization is required on repurchase agreements and certificate of deposits at a level of 102 percent of market value of principal plus accrued interest. In order to mitigate risk, the County continually monitors the financial condition of this third party custodian.

Investments of the County are recorded at fair value, which is the quoted market price provided by Harford County's Custodian, except for the investments in the MLGIP and Money Market funds. MLGIP investments are recorded at cost, which approximates fair value. Investments in Money Market funds are valued at the closing net asset value per share on the day of valuation. Changes in fair value are reported as increases or decreases in investment income in the operating statements of the appropriate fund.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

The County's real property tax is levied and recorded each July 1 on the assessed values certified as of that date for all taxable real property located in the County on that date. On January 1, a tax on real property constructed during the period of July 1 through December 31 is levied on the assessed value as of that date. Assessed values are established by the Maryland Department of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years. All unpaid taxes on real property shall be, until paid, liens on the real property. The lien is imposed on the date the taxes are levied.

Currently, real property taxes are billed in two installments. The first installment is due by September 30 and the second installment is due by December 31.

Discounts of 1 percent and 1/2 percent are allowed on the amount paid in July or August respectively for both annual and semi-annual property tax payments. Beginning October 1, interest of 1½ percent per month is charged for each month or fraction thereof that taxes remain unpaid on annual bills. Interest of 1½ percent per month is not charged on the second semi-annual installment until January 1. In addition to interest, a 6 percent penalty is assessed on all unpaid delinquent property taxes on October 1. A penalty of 6 percent is imposed on the semi-annual installment overdue and in arrears on January 1. Any taxes not paid by the third Monday in June may subject the property to tax sale.

The County's real property tax rate for the year ended June 30, 2011, was \$1.042 per \$100 of assessed value for properties within the County, but not in an incorporated town and \$0.896 for properties within an incorporated town.

All receivables are reported at gross value and, where appropriate, reduced by the estimate considered to be uncollectible.

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

c. INVENTORIES

Inventories in the Highways special revenue fund are accounted for by the purchase method. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. Reservations of fund balances for the amounts of inventory have been made to reflect the non-availability of those amounts for appropriation for expenditures. Inventory of the Board of Education General Fund is charged to expenditures as consumed. All inventories are valued at the lower of cost or market using the First-In/First-Out (FIFO) method.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

d. RESTRICTED ASSETS

Certain assets of the Governmental Activities are classified as restricted assets on the balance sheet. These assets include debt proceeds held by the MLGIP and drawn down as needed for capital project expenses. Included as restricted assets are investments in strip treasuries held to maturity for the final payment on the purchase of land development rights. Certain assets of the Business-type Activities are classified as restricted assets on the balance sheet. These assets include unspent bond proceeds limited by applicable bond covenants to specific capital projects.

e. CAPITAL ASSETS

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The government defines capital assets as assets that have an estimated useful life in excess of one year, and have individual cost that meet or exceeds the minimal capitalization thresholds it has established for that asset class. Buildings, Building Improvements & Improvements Other Than Buildings must have an initial cost in excess of \$50,000. Infrastructure must have an initial cost in excess of \$100,000. Vehicles & Equipment must have an initial cost in excess of \$15,000. There is no minimum dollar requirement established for Land, Easements & Development Rights. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. Interest expense is not capitalized in the current year due to immateriality. The estimated useful lives are as follows:

| <u>Assets</u> | <u>Years</u> |
|--|--------------|
| Bridges | 50 |
| Buildings | 35-50 |
| Machinery and Equipment | 5-10 |
| Roads | 15 |
| Vehicles | 7 |
| Water and Sewer Lines and Improvements | 10-75 |

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

f. COMPENSATED ABSENCES

Vacation and personal leave benefits are earned by employees of the County based upon time in service. The rights to such benefits are vested. Employees, based on time in service, also accumulate sick leave. Accumulated sick leave benefits do not vest and are not paid unless sickness causes absence or upon retirement. At retirement, up to one-half of an employee's sick leave may be paid and the remaining balance is credited to their retirement. Vested sick leave is calculated at year-end using the terminated payments method. In the government-wide financial statements, proprietary fund and fiduciary funds financial statements, all vacation, personal, and vested sick pay are accrued when incurred. A liability for these amounts is only reported in governmental funds for the portion estimated to be due and payable at year-end.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

g. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, non-current obligations are reported as liabilities in either governmental activities, or business-type activities, in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred gains and loss.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. Invested in capital assets, net of related debt, represents all capital assets, including infrastructure reduced by accumulated depreciation and the outstanding debt directly attributable to the acquisition, construction or improvement of these assets. Restricted net assets represent external restrictions by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets represent the net assets of the County, not restricted for any project or purpose.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority which includes the County charter, ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (County charter, ordinance and resolution) it employed previously to commit those amounts.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assigned – This component consists of amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the County Executive or their designee.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the County’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker’s compensation, property damage and medical claims as of June 30, 2011. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

j. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

The County adopted the provision of a Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

During the year ended June 30, 2011, GASB issued Statement No. 60, entitled *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, entitled *The Financial Reporting Entity: Omnibus-an amendment of GASB No. 14 and No. 34*; Statement No. 62, entitled *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1998 GASB and AICPA Pronouncements*; Statement No. 63, entitled *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 64, entitled *Derivative Instruments: Application of Hedge Accounting Termination Provisions (an Amendment of GASB Statement No. 53)*. The County is analyzing the effects of these pronouncements and plans to adopt or has adopted them as applicable by their effective date.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, compensated absences, bond premium, and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

| | | |
|--|----|-------------|
| Accrued Bond Interest | \$ | 9,345,655 |
| Agricultural Preservation Installments | | 56,179,578 |
| Bonds Payable | | 420,214,947 |
| Capital Lease Obligations | | 8,590,078 |
| Notes Payable | | 7,987,123 |
| Landfill Closure Liability | | 42,284,722 |
| Compensated Absences | | 26,206,658 |
| Premium on Bonds, Less Amortization | | 27,343,663 |
| | \$ | 598,152,424 |

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 this difference are as follows:

| | | |
|---|----|--------------|
| Purchase of Capital Assets | \$ | 19,300,086 |
| Less: Purchase of Capital Assets by the Internal Service Fund | | (1,205,127) |
| Depreciation | | (25,715,523) |
| Depreciation of Capital Assets of the Internal Service Fund | | 775,403 |
| | \$ | (6,845,161) |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

| | | |
|---|----|--------------------|
| Contributed Assets | \$ | 4,609,888 |
| Loss on Disposal of Assets | | (2,851,794) |
| Decrease in Property Tax Deferred Revenue | | (198,570) |
| Decrease in Income Tax Deferred Revenue | | (8,108,959) |
| Increase in Deferred Loan Receivable | | 281,849 |
| Decrease in Deferred Special Assessments | | (77,163) |
| Increase in Restitution Deferred Revenue | | 23,101 |
| | \$ | <u>(6,321,648)</u> |

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases, installment purchase agreements) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities.” The details of this difference are as follows:

| | | |
|--|----|-------------------|
| Accrued Interest Expense | \$ | (3,835,428) |
| Amortization of Bond Premium | | 2,353,484 |
| Net Increase and Amortization of Costs of Issuance | | (185,723) |
| Amortization of Deferred Loss | | (260,763) |
| Issuance of Bonds Payable | | (14,000,000) |
| Principal Payments on General Obligation Debt | | 26,060,395 |
| | \$ | <u>10,131,965</u> |

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

| | | |
|--|----|----------------|
| Compensated Absences Liability | \$ | 147,254 |
| Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method Used in the Fund Statements | | 95,500 |
| Decrease in Deferred Health Care Consortium Receivable | | (141,010) |
| Net Increase in Landfill Closure Expenses | | 29,402 |
| | \$ | <u>131,146</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council during April. The County Council holds public hearings regarding the budget and prior to June 1 passes an annual appropriation ordinance. The legislation becomes effective July 1 and provides the spending authority at the department level for the operations of the County Government with unexpended or unencumbered appropriation authority expiring the following June 30, except in the case of Capital Projects Funds, where appropriations lapse after three years if no expenditures occur. Under Maryland State Law, Board of Education capital projects are exempt from this provision. The appropriated budgets are prepared by fund, function, and department. Expenditures and encumbrances of the funds may not legally exceed appropriations at the department level. During the fiscal year, the County Council may adopt supplemental appropriations. For the year-ended June 30, 2011, supplemental appropriations adopted in the General Fund were \$6,939,691; \$991,600 in the Highways Fund; and \$910,700 in the Water & Sewer Fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers. Transfers between departments require the County Council's approval and are only completed after April 1.

Annual budgets are adopted for the General Fund, Highways Fund, Agricultural Land Preservation Fund, Parks & Recreation Fund, Beechtree TIF Debt Service Fund, Enterprise Fund, Internal Service Funds, Firemen's LOSAP Trust Fund and Sheriff's Office Pension Trust Fund. Budgets are not adopted for the remaining private purpose trust funds due to their nature. Enterprise Fund, Internal Service Funds and Pension Trust Funds budgets are for management control only. Budgets are adopted using the same basis of accounting as that used for reporting purposes, except for the following:

- Encumbrances are treated as expenditures for budgetary accounting purposes.
- Payroll is accrued for financial statement purposes only.
- Interfund reimbursements are eliminated for financial statement purposes.

The capital budget reflects appropriations for the Capital Projects Fund at the individual project level. Expenditures and encumbrances may not legally exceed appropriations at that level and unencumbered appropriations lapse at the completion or abandonment of individual projects. The County Council and the County Executive must approve all transfers of appropriations between projects.

A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual is prepared for each major governmental fund with an annual budget. These are the General, Highways, Agricultural Land Preservation, Beechtree TIF Debt Service and Parks and Recreation funds.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

B. RECONCILIATION OF GAAP TO BASIS OF BUDGETING

The Governmental Funds, except for Grants and Capital Project Funds, have legally adopted annual budgets. The “Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual” are prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting where encumbrances are treated as expenditures of the current period. The “Statement of Revenues, Expenditures and Changes in Fund Balances” for all major governmental funds is prepared on a basis consistent with GAAP where encumbrances are treated as a reservation of fund balance. The other fund statements are reconciled below.

As of June 30, 2011, the changes in fund balances are reconciled as follows:

| | General Fund | Highway Fund | Agricultural Land Preservation | Parks & Recreation |
|---|----------------------|-------------------|--------------------------------------|-----------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Basis of Budgeting - Net Change in Fund Balances | \$ 17,123,727 | \$ 1,743,602 | \$ 2,948,164 | \$ 122,232 |
| Basis Adjustments: | | | | |
| Revenue for Budgetary, not GAAP Purposes | (7,813,107) | (7,425,637) | - | - |
| Encumbrances Adjustment | 195,349 | (796,542) | 950 | 5,761 |
| Expenditures for Budgetary, not GAAP Purposes | 7,813,107 | 7,425,637 | - | - |
| Expenditures for GAAP, not for Budgetary Purposes | <u>(333,234)</u> | <u>(148,073)</u> | <u>(245)</u> | <u>(3,535)</u> |
| GAAP Basis - Net Changes in Fund Balances | <u>\$ 16,985,842</u> | <u>\$ 798,987</u> | <u>\$ 2,948,869</u> | <u>\$ 124,458</u> |

As of June 30, 2011, the ending fund balances are reconciled as follows:

| | General Fund | Highway Fund | Agricultural Land Preservation | Parks & Recreation |
|---|----------------------|----------------------|--------------------------------------|-----------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Basis of Budgeting - Fund Balances | \$ 100,324,144 | \$ 22,589,423 | \$ 48,457,675 | \$ 271,397 |
| Basis Adjustments: | | | | |
| Encumbrances | 1,387,502 | 625,264 | 950 | 13,227 |
| Expenditures for GAAP, not for Budgetary Purposes | <u>(4,911,348)</u> | <u>(796,803)</u> | <u>(3,081)</u> | <u>(19,472)</u> |
| GAAP Basis - Fund Balances | <u>\$ 96,800,298</u> | <u>\$ 22,417,884</u> | <u>\$ 48,455,544</u> | <u>\$ 265,152</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. EQUITY IN POOLED CASH AND INVESTMENTS, CASH AND INVESTMENTS

a. DEPOSITS

PRIMARY GOVERNMENT

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. At year-end the collected bank balance was \$8,112,215. The Federal Depository Insurance Corporation (FDIC) insured the entire collected bank balance deposit of \$8,112,215. At June 30, 2011, the County’s deposits were not exposed to custodial credit risk.

The following table reconciles the County’s deposits and investments to the government-wide statement of net assets and the statement of fiduciary net assets.

Reconciliation:

| | | | |
|---|----|-------------------------|--|
| Total Primary Government - Exhibit 1 | | | |
| Equity in Pooled Cash and Investments | \$ | 264,970,501 | |
| Cash and Investments | | 33,038 | |
| Restricted Assets - Investments | | 89,859,960 | |
| Pension Trust Funds - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 695,528 | |
| Total Investments | | 52,191,284 | |
| Other Post Employment Benefit Trust Fund - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 7,063,063 | |
| Total Investments | | 33,287,830 | |
| Private Purpose Trust Funds - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 1,449,702 | |
| Total Investments | | 1,101,114 | |
| Agency Funds - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 49,682 | |
| Total Investments | | <u>11,529,282</u> | |
| Total All Equity in Pooled Cash | | <u>462,230,984</u> | |
| Less: Investments - Primary Government, p. 50 | | <u>(454,118,769)</u> | |
| The Collected Bank Balance | \$ | <u><u>8,112,215</u></u> | |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$14,348,247. All of the collected bank balance was insured by the FDIC and/or by securities held by the component unit or its' agent, in the component unit's name.

The following table reconciles the Component Unit's deposits and investments to the government-wide statement of net assets.

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

| | | |
|---|----|--------------------------|
| Board of Education | \$ | 37,950,135 |
| Harford Center, Inc. | | 1,754,171 |
| Harford Community College | | 30,038,247 |
| Harford Community College--Restricted | | 6,361,958 |
| Harford County Library | | <u>3,672,252</u> |
| Total Component Unit Cash & Investments | | 79,776,763 |
| Less: Investments--Component Units; page 52 | | <u>(65,428,516)</u> |
| Cash in the Bank | \$ | <u><u>14,348,247</u></u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2011, the County had the following investments and maturities.

| Investment Type | Fair Value | Investment Maturities (Years) | | |
|---|-----------------------|-------------------------------|-----------------------|----------------------|
| | | Less than 1 | 1 - 5 | 5+ |
| <u>Pooled Investments</u> | | | | |
| ¹ Federal Agencies | \$ 97,541,596 | \$ 11,075,813 | \$ 86,465,783 | \$ - |
| MLGIP | 159,122,624 | 159,122,624 | - | - |
| Mutual Funds | 9,485,078 | 9,485,078 | - | - |
| Subtotal | <u>266,149,298</u> | <u>179,683,515</u> | <u>86,465,783</u> | <u>-</u> |
| <u>Non-Pooled Investments</u> | | | | |
| MLGIP | 46,551,766 | 46,551,766 | - | - |
| ² U.S. Stripped Treasuries | 43,308,194 | 410,679 | 12,010,629 | 30,886,886 |
| ³ Trust Fund Annuity Contract | 1,101,114 | 30,436 | 185,538 | 885,140 |
| MLGIP - Fiduciary Funds | 11,529,282 | 11,529,282 | - | - |
| Other Post Employment Benefits and Pension Funds: | | | | |
| ³ Short-Term Investments | 677,937 | 677,937 | - | - |
| ³ Equities | 56,429,171 | 56,429,171 | - | - |
| ³ MTB Intermediate Term Bond | 7,158,304 | 7,158,304 | - | - |
| US Government Agencies | 2,158,653 | 709,926 | 1,426,776 | 21,951 |
| Corporate Bonds | 8,866,418 | 1,402,676 | 5,296,665 | 2,167,077 |
| ² US Treasury Obligations | <u>10,188,632</u> | <u>155,315</u> | <u>4,673,426</u> | <u>5,359,891</u> |
| Subtotal | <u>187,969,471</u> | <u>125,055,492</u> | <u>23,593,034</u> | <u>39,320,945</u> |
| Total | <u>\$ 454,118,769</u> | <u>\$ 304,739,007</u> | <u>\$ 110,058,817</u> | <u>\$ 39,320,945</u> |

¹ These Agencies mature in Fiscal Years 2012 and 2013, but are callable monthly, quarterly, and semi-annually until maturity; it is not anticipated that these Agencies will be called.

² These investments are backed by the full faith and credit of the US Government.

³ These investments are unrated.

Investments Other than Pensions and Other Post-Employment Benefits:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy prohibits investment of operating funds in securities maturing more than one year from the date of purchase, unless matched to a specific cash flow. Only Agricultural Land Preservation Funds will be invested in U.S. Stripped Treasuries to coincide with the maturity dates on installment purchase agreements; up to thirty years in length. Because the mutual bond funds and the MLGIP funds as of June 30, 2011, have a weighted average maturity of less than 2 months, they are presented as investments maturing in less than one year.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Credit Risk: In order to control credit risk, State statutes, which have been incorporated into the County's investment policy, authorize the County to invest only in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the MLGIP, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations. As of June 30, 2011, the County's investments in Federal agency obligations, including repurchase agreements, backed by Federal agency obligations, were rated Aaa by Moody's Investor Service; the MLGIP and the money market mutual funds were rated AAAM by Standard and Poor's.

Concentration of Credit Risk: In accordance with its investment policy, with the exception of US Treasury securities, repurchase agreements, US government agencies and MLGIP, no more than 50 percent of the County's total investment portfolio is to be invested in a single security type. With the exception of overnight repurchase agreements with the County's lead bank, and the MLGIP, no more than 50 percent of the County's portfolio may be invested with a single institution.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying all certificates of deposit, repurchase agreements and reverse repurchase agreements have a market value of at least 102 percent of the cost plus accrued interest of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all investments, in the government's name. At June 30, 2011, the County's investments were not exposed to custodial credit risk.

Other Post-Employment Benefits (OPEB) and Pension Investments:

Interest Rate Risk: The investment policies of the pension and OPEB plans do not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. Fluctuating rates of return are characteristic of the securities markets; the Fund's greatest concern is long-term appreciation of assets and consistency of portfolio returns. However cash and cash equivalent investments, such as commercial paper, repurchase agreements, etc. are limited to maturities of one year or less.

Credit Risk: The investment manager is allowed substantial discretion within a broad framework of approved investment choices. Equity holdings may be selected from those listed on the major securities markets. The Manager(s) may invest in commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, deposit accounts (with the custodian's bank) which is fully insured and/or fully collateralized, and money market funds to provide income, liquidity for expense payments, and preservation of the fund's principal value. All such assets must represent maturities of one year or less at time of purchase. Standard & Poor's and Moody's must rate commercial paper assets A-2 or P-2 respectively. The fixed income portion of the portfolio will consist primarily of fixed income securities denominated in U.S. dollars issued by the U.S. Government or U.S. corporations rated investment grade or better and having a weighted average maturity of no longer than 10 years. The Manager(s) should maintain the fixed income portion of the portfolio at a risk level roughly equivalent to the Barclays Government/Credit Intermediate-Term Bond Index. The portfolio's maximum exposure to non benchmark sectors including foreign issues, emerging market debt and high yield securities may not exceed 20% (10% for Firemen Pension) of its market value.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Concentration of Credit Risk: As a means of minimizing risk and providing a consistent return, the investment policies require diversification. U.S. corporate bonds shall be diversified by issuer type with no more than 5 percent of the portfolio invested in obligations of any one issuer and no more than 10 percent in any one outstanding debt issue. Investments by security type are to be diversified as follows:

| | Firemen's Pension | | Sheriff's Pension | | OPEB Pension | |
|------------------------|-------------------|----------------|-------------------|----------------|----------------|----------------|
| | <u>Minimum</u> | <u>Maximum</u> | <u>Minimum</u> | <u>Maximum</u> | <u>Minimum</u> | <u>Maximum</u> |
| Large Cap Equities | 20% | 36% | 25% | 47% | 25% | 47% |
| Mid Cap Equities | 5% | 9% | 3% | 13% | 3% | 13% |
| Small Cap Equities | 1% | 5% | 3% | 10% | 3% | 10% |
| International Equities | 12% | 22% | 14% | 27% | 14% | 27% |
| Fixed Income | 31% | 59% | 21% | 39% | 21% | 39% |

COMPONENT UNITS

As of June 30, 2011, total investments of the component units, in the amount of \$65,428,516, was distributed by type as follows:

| | <u>MLGIP</u> | <u>Other Investments</u> | <u>Total</u> |
|---------------------------|----------------------|--------------------------|----------------------|
| Board of Education | \$ 30,102,569 | \$ - | \$ 30,102,569 |
| Harford Center, Inc. | - | 285,504 | 285,504 |
| Harford Community College | 25,374,704 | 6,361,958 | 31,736,662 |
| Harford County Library | 3,303,781 | - | 3,303,781 |
| | <u>\$ 58,781,054</u> | <u>\$ 6,647,462</u> | <u>\$ 65,428,516</u> |

Interest Rate Risk: The component units of the County generally limit the term of investment maturities, except for the fiduciary funds of the Board of Education, which are allowed longer term maturities to match the cash flow of liabilities.

Credit Risk: The investment policies of the component units require that all investments be insured, or registered, or have underlying securities held by a custodian in the name of the component unit to protect against credit risk. The credit ratings related to the repurchase agreements are unknown but the MLGIP, a State sponsored investment pool, is rated AAAM by Standard and Poor's.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

B. RECEIVABLES

a. TAXES AND OTHERS

Receivables as of year-end for the government's individual major and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Highway</u> | <u>Grant</u> |
|-----------------------------------|---------------------|-------------------|-------------------|
| Property Taxes | \$ 2,189,608 | \$ 279,918 | \$ - |
| Interest Accrual | 93,782 | - | - |
| Service Billings | 1,318,625 | 219,739 | 45,806 |
| Restitution Receivable | - | - | 150,358 |
| Miscellaneous | 410,635 | - | - |
| Gross Receivables | <u>4,012,650</u> | <u>499,657</u> | <u>196,164</u> |
| Less: Allowance for Uncollectible | <u>(1,368,107)</u> | <u>(179,417)</u> | <u>-</u> |
| | <u>\$ 2,644,543</u> | <u>\$ 320,240</u> | <u>\$ 196,164</u> |

| | <u>Non-Major Parks & Rec</u> | <u>Water & Sewer</u> | <u>Total</u> |
|-----------------------------------|--------------------------------------|------------------------------|---------------------|
| Property Taxes | \$ - | \$ - | \$ 2,469,526 |
| Interest Accrual | - | 2,274,366 | 2,368,148 |
| Service Billings | 773 | 4,503,770 | 6,088,713 |
| Restitution Receivable | - | - | 150,358 |
| Miscellaneous | - | 52,783 | 463,418 |
| Gross Receivables | <u>773</u> | <u>6,830,919</u> | <u>11,540,163</u> |
| Less: Allowance for Uncollectible | <u>-</u> | <u>(198,721)</u> | <u>(1,746,245)</u> |
| | <u>\$ 773</u> | <u>\$ 6,632,198</u> | <u>\$ 9,793,918</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

b. DEFERRED REVENUES

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

| Deferred Revenues: | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|----------------------|---------------------|----------------------|
| Income Taxes | \$ 16,640,510 | \$ - | \$ 16,640,510 |
| Prepaid Property Taxes | - | 62,053 | 62,053 |
| Walk-in Assessment Escrow | - | 3,367 | 3,367 |
| Property Taxes Receivable | 485,104 | - | 485,104 |
| Consortium Receivable | 410,635 | - | 410,635 |
| Solid Waste Prepaid Fees | - | 885,675 | 885,675 |
| Build America Bonds Subsidy | - | 1,430,824 | 1,430,824 |
| Sub-total: General Fund | <u>17,536,249</u> | <u>2,381,919</u> | <u>19,918,168</u> |
| Property Taxes Receivable | 61,423 | - | 61,423 |
| Consortium Receivable | 58,156 | - | 58,156 |
| Sub-total: Highways Fund | <u>119,579</u> | <u>-</u> | <u>119,579</u> |
| Grant Drawdown in Excess of Expenditures | - | 1,283,511 | 1,283,511 |
| Grant Loans Receivable | 3,073,278 | - | 3,073,278 |
| Grant Restitution Receivable | 150,357 | - | 150,357 |
| Sub-total: Grant Fund | <u>3,223,635</u> | <u>1,283,511</u> | <u>4,507,146</u> |
| Grant Drawdown in Excess of Expenditures | - | 596,678 | 596,678 |
| Special Assessments Escrowed | - | 596,678 | 596,678 |
| Special Assessments Receivable | 793,265 | - | 793,265 |
| Sub-total: Capital Project Fund | <u>793,265</u> | <u>596,678</u> | <u>1,389,943</u> |
| Total Deferred Revenue for Governmental Funds | <u>\$ 21,672,728</u> | <u>\$ 4,262,108</u> | <u>\$ 25,934,836</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

c. LEASE RECEIVABLES

PRIMARY GOVERNMENT

Governmental activities: The County is obligated as the lessor under a number of lease agreements. Many of the leases are for \$1 per year to various government and nonprofit organizations. There are a few leases with end dates but most of the leases are for one year, with automatic renewals, indefinitely. In fiscal year 2011 rental income from all leases was \$517,352. The following is a five year schedule, by year, of future rental income, assuming all leases with automatic renewal clauses continue at their current lease amount.

| <u>Year ending June 30</u> | | <u>Amount</u> |
|----------------------------|----|-------------------------|
| 2012 | \$ | 637,249 |
| 2013 | | 624,718 |
| 2014 | | 553,531 |
| 2015 | | 541,228 |
| 2016 | | <u>461,855</u> |
| Rental Income | \$ | <u><u>2,818,581</u></u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2011, is as follows:

| Governmental Activities: | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|------------------------|---------------------------|
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 233,289,372 | \$ 5,038,169 | \$ (2,197,500) | \$ 236,130,041 |
| Development Rights | 108,566,236 | 750,000 | - | 109,316,236 |
| Construction in Process | 115,380,355 | 36,799,169 | (81,383,805) | 70,795,719 |
| Total Capital Assets, not being depreciated | <u>457,235,963</u> | <u>42,587,338</u> | <u>(83,581,305)</u> | <u>416,241,996</u> |
| Capital Assets, being depreciated: | | | | |
| Buildings | 90,257,196 | 36,053,995 | (260,000) | 126,051,191 |
| Improvements other than buildings | 63,985,561 | 10,946,267 | - | 74,931,828 |
| Machinery and Equipment | 47,135,789 | 4,363,523 | (1,980,939) | 49,518,373 |
| Vehicles | 39,792,102 | 2,280,439 | - | 42,072,541 |
| Infrastructure | 161,139,340 | 9,062,217 | (4,638,549) | 165,563,008 |
| Total Capital Assets, being depreciated | <u>402,309,988</u> | <u>62,706,441</u> | <u>(6,879,488)</u> | <u>458,136,941</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (37,625,538) | (6,400,744) | 7,429 | (44,018,853) |
| Improvements other than buildings | (48,738,347) | (2,700,834) | - | (51,439,181) |
| Machinery and Equipment | (40,445,300) | (4,608,953) | 1,976,434 | (43,077,819) |
| Vehicles | (23,434,647) | (4,370,588) | 3,558,706 | (24,246,529) |
| Infrastructure | (65,952,977) | (7,634,404) | - | (73,587,381) |
| Total Accumulated Depreciation | <u>(216,196,809)</u> | <u>(25,715,523)</u> | <u>5,542,569</u> | <u>(236,369,763)</u> |
| Total Capital Assets, being depreciated, net | <u>186,113,179</u> | <u>36,990,918</u> | <u>(1,336,919)</u> | <u>221,767,178</u> |
| Governmental Activities Capital Assets, net | <u>\$ 643,349,142</u> | <u>\$ 79,578,256</u> | <u>\$ (84,918,224)</u> | <u>\$ 638,009,174</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|-----------------------|---------------------------|
| Business-type Activities: | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 1,973,277 | \$ 2,941 | \$ - | \$ 1,976,218 |
| Construction in Process | 69,112,404 | 27,568,736 | (9,760,549) | 86,920,591 |
| Total Capital Assets, not being depreciated | <u>71,085,681</u> | <u>27,571,677</u> | <u>(9,760,549)</u> | <u>88,896,809</u> |
| Capital Assets, being depreciated: | | | | |
| Buildings | 154,006,425 | 9,422,561 | - | 163,428,986 |
| Improvements other than buildings | 278,117,115 | 4,249,777 | - | 282,366,892 |
| Machinery and Equipment | 7,936,423 | 228,353 | (268,726) | 7,896,050 |
| Vehicles | 3,676,619 | 682,725 | (137,578) | 4,221,766 |
| Total Capital Assets, being depreciated | <u>443,736,582</u> | <u>14,583,416</u> | <u>(406,304)</u> | <u>457,913,694</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (72,894,436) | (3,891,219) | - | (76,785,655) |
| Improvements other than buildings | (66,886,775) | (4,725,734) | - | (71,612,509) |
| Machinery and Equipment | (4,813,137) | (250,523) | 268,726 | (4,794,934) |
| Vehicles | (2,876,590) | (259,049) | 137,578 | (2,998,061) |
| Total Accumulated Depreciation | <u>(147,470,938)</u> | <u>(9,126,525)</u> | <u>406,304</u> | <u>(156,191,159)</u> |
| Total Capital Assets, being depreciated, net | <u>296,265,644</u> | <u>5,456,891</u> | <u>-</u> | <u>301,722,535</u> |
| Business-type Activities Capital Assets, net | <u>\$ 367,351,325</u> | <u>\$ 33,028,568</u> | <u>\$ (9,760,549)</u> | <u>\$ 390,619,344</u> |

Depreciation Expense was charged to functions/programs of the primary government as follows:

| | |
|---|----------------------|
| Governmental Activities: | |
| County Council | \$ 32,284 |
| General Government | 1,882,756 |
| Fleet Management | 775,403 |
| Judicial | 621,672 |
| Libraries | 2,420,698 |
| Parks & Recreation | 2,559,975 |
| Public Safety | 3,709,567 |
| Public Works | 12,255,133 |
| Social Services & Health | <u>1,458,035</u> |
| Total Depreciation Expense - Governmental activities | <u>\$ 25,715,523</u> |
| Business-type Activities | |
| Water & Sewer | <u>\$ 9,126,525</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

COMPONENT UNITS

Board of Education: Capital Asset Activity for the year ended June 30, 2011, is as follows:

| | Beginning Balance | Increases | Decreases / Reclassifications | Ending Balance |
|--|-----------------------|----------------------|----------------------------------|-----------------------|
| Capital Assets, not being depreciated | | | | |
| Land | \$ 9,672,942 | \$ - | \$ - | \$ 9,672,942 |
| Construction in Process | 201,713,777 | 31,898,924 | (94,523,597) | 139,089,104 |
| Total Capital Assets, not being depreciated | <u>211,386,719</u> | <u>31,898,924</u> | <u>(94,523,597)</u> | <u>148,762,046</u> |
| Capital Assets, being depreciated | | | | |
| Land Improvements | 9,045,370 | 1,865,713 | 1,061,674 | 11,972,757 |
| Buildings and Improvements | 423,229,375 | 2,401,081 | 89,106,330 | 514,736,786 |
| Furniture and Equipment | 28,969,652 | 3,270,537 | (193,509) | 32,046,680 |
| Total Capital Assets, being depreciated | <u>461,244,397</u> | <u>7,537,331</u> | <u>89,974,495</u> | <u>558,756,223</u> |
| Accumulated Depreciation | | | | |
| Land Improvements | (3,040,755) | (496,826) | - | (3,537,581) |
| Buildings and Improvements | (109,771,018) | (9,093,878) | 4,355,594 | (114,509,302) |
| Furniture and Equipment | (15,962,624) | (2,849,065) | 147,341 | (18,664,348) |
| Total Accumulated Depreciation | <u>(128,774,397)</u> | <u>(12,439,769)</u> | <u>4,502,935</u> | <u>(136,711,231)</u> |
| Total Capital Assets, being depreciated, net | <u>332,470,000</u> | <u>(4,902,438)</u> | <u>94,477,430</u> | <u>422,044,992</u> |
| Total Capital Assets, net | <u>\$ 543,856,719</u> | <u>\$ 26,996,486</u> | <u>\$ (46,167)</u> | <u>\$ 570,807,038</u> |

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2011, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------------|-------------|-------------------|
| Capital Assets, being depreciated | | | | |
| Equipment - Other | \$ 262,115 | \$ 8,418 | \$ - | \$ 270,533 |
| Equipment - Transportation | 736,443 | 56,074 | - | 792,517 |
| Leasehold Improvements | 377,989 | - | - | 377,989 |
| Total Capital Assets, being depreciated | <u>1,376,547</u> | <u>64,492</u> | <u>-</u> | <u>1,441,039</u> |
| Accumulated Depreciation: | | | | |
| Capital Assets | (846,119) | (107,333) | - | (953,452) |
| Total Accumulated Depreciation | <u>(846,119)</u> | <u>(107,333)</u> | <u>-</u> | <u>(953,452)</u> |
| Total Capital Assets, net | <u>\$ 530,428</u> | <u>\$ (42,841)</u> | <u>\$ -</u> | <u>\$ 487,587</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

Harford Community College: Capital asset activity for the year ended June 30, 2011, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-----------------------|----------------------|
| Capital Assets, not being depreciated | | | | |
| Land | \$ 3,564,162 | \$ - | \$ - | \$ 3,564,162 |
| Construction in Process | 4,813,710 | 1,133,437 | (2,601,605) | 3,345,542 |
| Total Capital Assets, not being depreciated | <u>8,377,872</u> | <u>1,133,437</u> | <u>(2,601,605)</u> | <u>6,909,704</u> |
| Capital Assets, being depreciated | | | | |
| Buildings and Improvements | 74,176,046 | 3,701,752 | (640,285) | 77,237,513 |
| Furniture and Equipment | 9,597,666 | 479,200 | (208,585) | 9,868,281 |
| Vehicles | 460,349 | 19,981 | (23,436) | 456,894 |
| Library Books | 1,642,220 | 427,647 | (141,171) | 1,928,696 |
| Total Capital Assets, being depreciated | <u>85,876,281</u> | <u>4,628,580</u> | <u>(1,013,477)</u> | <u>89,491,384</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (19,411,702) | (2,428,372) | 573,640 | (21,266,434) |
| Furniture and Equipment | (7,015,606) | (648,767) | 197,302 | (7,467,071) |
| Vehicles | (279,016) | (48,823) | 5,022 | (322,817) |
| Library Books | (1,474,044) | (354,265) | 141,171 | (1,687,138) |
| Total Accumulated Depreciation | <u>(28,180,368)</u> | <u>(3,480,227)</u> | <u>917,135</u> | <u>(30,743,460)</u> |
| Total Capital Assets, being depreciated, net | <u>57,695,913</u> | <u>1,148,353</u> | <u>(96,342)</u> | <u>58,747,924</u> |
| Total Capital Assets, net | <u>\$ 66,073,785</u> | <u>\$ 2,281,790</u> | <u>\$ (2,697,947)</u> | <u>\$ 65,657,628</u> |

Harford County Library: Capital asset activity for the year ended June 30, 2011, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------------|--------------------|---------------------|
| Capital Assets, being depreciated | | | | |
| Buildings and Improvements | \$ 806,145 | \$ 193,726 | \$ - | \$ 999,871 |
| Circulating Materials | 7,030,298 | 2,435,856 | (2,519,294) | 6,946,860 |
| Furniture and Equipment | 2,127,540 | 42,394 | (2,249) | 2,167,685 |
| Computer Equipment | 1,020,467 | 628,570 | (14,438) | 1,634,599 |
| Vehicles | 302,614 | 4,521 | - | 307,135 |
| Copier Equipment | - | 125,814 | - | 125,814 |
| Total Capital Assets, being depreciated | <u>11,287,064</u> | <u>3,430,881</u> | <u>(2,535,981)</u> | <u>12,181,964</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (372,316) | (49,009) | - | (421,325) |
| Circulating Materials | (3,627,642) | (2,329,527) | 2,519,294 | (3,437,875) |
| Furniture and Equipment | (1,492,018) | (142,497) | 2,249 | (1,632,266) |
| Computer Equipment | (713,607) | (165,475) | 12,382 | (866,700) |
| Vehicles | (234,246) | (20,609) | - | (254,855) |
| Copier Equipment | - | (25,162) | - | (25,162) |
| Total Accumulated Depreciation | <u>(6,439,829)</u> | <u>(2,732,279)</u> | <u>2,533,925</u> | <u>(6,638,183)</u> |
| Total Capital Assets, net | <u>\$ 4,847,235</u> | <u>\$ 698,602</u> | <u>\$ (2,056)</u> | <u>\$ 5,543,781</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

D. OPERATING LEASES

The County is obligated under certain leases accounted for as operating leases. All leases are subject to annual appropriations. During fiscal year 2011, rental expenditures approximated \$2,709,074. These expenditures were primarily from the General Fund. The following is a schedule, by years, of the future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011:

| Year ending June 30 | Amount |
|------------------------------------|--------------|
| 2012 | \$ 2,704,047 |
| 2013 | 2,121,976 |
| 2014 | 1,496,965 |
| 2015 | 1,193,172 |
| 2016 | 703,994 |
| 2017-2020 | 596,456 |
| Total Minimum Payments Required | \$ 8,816,610 |

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

a. DUE FROM PRIMARY GOVERNMENT AND DUE TO COMPONENT UNITS

Interfund receivables and payables result from the time lag between the time reimbursable expenditures occur in the component units and when the payments are made. At June 30, these interfund balances are:

| | Due From | Due To |
|---------------------------|--------------|--------------|
| Primary Government: | | |
| Capital Projects Fund | \$ - | \$ 6,729,125 |
| Component Units: | | |
| Board of Education | 6,166,285 | - |
| Harford Community College | 528,076 | - |
| Harford County Library | 34,764 | - |
| | \$ 6,729,125 | \$ 6,729,125 |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INTERFUND TRANSFERS

Transfers are used to, (1) move general fund revenues to provide matching funds for various grant programs, (2) move operating fund revenues into the capital project fund as paygo monies, (3) move revenues from capital project funds to the general fund to pay debt service, (4) move interest revenue earned in the capital project fund to the operating funds per management policy and (5) transfer assets and liabilities associated with dissolving the Fleet Management Internal Services Fund. The interfund transfers for the current fiscal year are:

| | Transfers In | | |
|---------------------------|----------------------|-------------------|---------------------|
| | General Fund | Highways Fund | Grant Fund |
| Transfers Out | | | |
| General Fund | \$ - | \$ - | \$ 2,947,757 |
| Highways Fund | - | - | - |
| Grant Fund | 821,807 | - | - |
| Capital Projects Fund | 18,768,630 | 44,892 | - |
| Fleet Management | 843,611 | 654,228 | - |
| Total Transfers In | \$ 20,434,048 | \$ 699,120 | \$ 2,947,757 |

| | Transfers In | | |
|---------------------------|-------------------------|-------------------------|------------------------|
| | Capital Project Fund | Water and Sewer Fund | Total |
| Transfers Out | | | |
| General Fund | \$ 3,798,828 | \$ - | \$ 6,746,585 |
| Highways Fund | 6,686,200 | - | 6,686,200 |
| Grant Fund | - | - | 821,807 |
| Capital Projects Fund | - | - | 18,813,522 |
| Fleet Management | - | 347,722 | 1,845,561 ¹ |
| Total Transfers In | \$ 10,485,028 | \$ 347,722 | \$ 34,913,675 |

¹ The Fleet Management Internal Service Fund was dissolved effective April 30, 2011.

The specific difference in the Transfer Outs in Exhibit 8 of \$2,450,053 and the \$1,845,561 above is \$604,492, which represents the transfer to the General and Highways Funds of fixed assets, net of the related long term liabilities which were previously reported at the fund level in the Fleet Management Internal Service Fund before being assigned to the General and Highways Funds. Current assets and liabilities were transferred to the General and Highways Funds where the Fleet Management Division was established. Current assets and liabilities, fixed assets and long term liabilities were transferred to the Water and Sewer Fund based on their assessment of usage.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

| | Balance July 1, 2010 | Additions | Principal Repayments & Reductions | Balance June 30, 2011 | Due Within One Year |
|---|----------------------------|----------------------|---|-----------------------------|------------------------|
| Governmental activities: | | | | | |
| Agricultural Land Preservation | \$ 57,100,122 | \$ - | \$ (920,544) | \$ 56,179,578 | \$ 1,116,128 |
| Bonds Payable | | | | | |
| General Obligation Bonds | 454,902,883 | - | (21,344,273) ¹ | 433,558,610 | 25,229,498 |
| Special Obligation Bonds | - | 14,000,000 | - | 14,000,000 | - |
| Capital Lease Obligations | 14,801,760 | - | (6,211,682) | 8,590,078 | 5,648,138 |
| Notes Payable | 9,582,561 | - | (1,595,438) | 7,987,123 | 3,115,701 |
| Landfill Closure Liability | 42,314,124 | 268,075 ² | (297,477) | 42,284,722 | 297,477 |
| Compensated Absences | 26,353,912 | 4,096,907 | (4,244,161) | 26,206,658 | 9,140,757 |
| Est. Liab. For Claims in Process | 5,097,869 | 575,087 | (1,183,612) | 4,489,344 | 1,164,377 |
| | <u>\$ 610,153,231</u> | <u>\$ 18,940,069</u> | <u>\$ (35,797,187)</u> | <u>\$ 593,296,113</u> | <u>\$ 45,712,076</u> |
| Governmental activities - Long-term Liabilities | | | | | |
| | <u>\$ 610,153,231</u> | <u>\$ 18,940,069</u> | <u>\$ (35,797,187)</u> | <u>\$ 593,296,113</u> | <u>\$ 45,712,076</u> |
| Business-type activities: | | | | | |
| Capital Lease Obligations | \$ 134,150 | \$ 562,814 | \$ (65,824) | \$ 631,140 | \$ 250,151 |
| Bonds Payable | 136,066,543 | - | (10,925,840) ¹ | 125,140,703 | 9,036,097 |
| Notes Payable | 36,089 | - | (36,089) | - | - |
| Compensated Absences | 3,362,311 | 562 | (298,476) | 3,064,397 | 1,175,135 |
| | <u>\$ 139,599,093</u> | <u>\$ 563,376</u> | <u>\$ (11,326,229)</u> | <u>\$ 128,836,240</u> | <u>\$ 10,461,383</u> |
| Business-type activities - Long-term Liabilities | | | | | |
| | <u>\$ 139,599,093</u> | <u>\$ 563,376</u> | <u>\$ (11,326,229)</u> | <u>\$ 128,836,240</u> | <u>\$ 10,461,383</u> |

¹ Includes amortization of deferred loss on refunding of \$260,763 and amortization of premium of \$2,353,484 resulting in a net amount of \$2,092,721 for Governmental activities. Business-type activities include amortization of deferred loss of \$152,183, deferred gain of \$5,461 and premium of \$726,536 resulting in a net amount of \$579,814.

² See Note 4f. Landfill Closure Liability for more detail.

Agricultural Land Preservation long-term debt has typically been liquidated in the Agricultural Land Preservation special revenue fund. Governmental compensated absences typically have been liquidated in the General and other governmental funds. Special Obligation Bonds will be liquidated in the Beechtree TIF Debt Service Fund. Claims liabilities typically have been liquidated in the Self Insurance fund.

The debt limit for the primary government at June 30, 2011, was \$1,794,102,982 and the legal debt margin was \$1,343,967,171.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Non-current liabilities in the component units consist of liabilities for compensated absences, other post employment benefits (OPEB), capital lease and installment note. The changes and the portion due within one year are as follows:

| | <u>Beginning</u> <u>Balance</u> | | <u>Changes</u> | | <u>Ending</u> <u>Balance</u> | | <u>Due</u> <u>Within</u> <u>One Year</u> |
|----------------------------------|------------------------------------|-----------|-------------------|-----------|---------------------------------|-----------|--|
| <u>Board of Education</u> | | | | | | | |
| Capital Leases | \$ 10,284,642 | \$ | (311,714) | \$ | 9,972,928 | \$ | 327,235 |
| Compensated Absences | 28,856,490 | | (392,119) | | 28,464,371 | | 4,710,839 |
| OPEB | 82,212,815 | | 27,728,000 | | 109,940,815 | | - |
| | <u>\$ 121,353,947</u> | <u>\$</u> | <u>27,024,167</u> | <u>\$</u> | <u>148,378,114</u> | <u>\$</u> | <u>5,038,074</u> |
| <u>Harford Community College</u> | | | | | | | |
| Compensated Absences | \$ 1,126,890 | \$ | (37,558) | \$ | 1,089,332 | \$ | 73,053 |
| OPEB | 83,234 | | 30,987 | | 114,221 | | - |
| | <u>\$ 1,210,124</u> | <u>\$</u> | <u>(6,571)</u> | <u>\$</u> | <u>1,203,553</u> | <u>\$</u> | <u>73,053</u> |
| <u>Harford County Library</u> | | | | | | | |
| Capital Lease | \$ - | \$ | 103,754 | \$ | 103,754 | \$ | 25,947 |
| Installment Note | - | | 132,396 | | 132,396 | | 66,198 |
| Compensated Absences | 386,228 | | 10,119 | | 396,347 | | 6,298 |
| OPEB | 3,604,933 | | 1,658,922 | | 5,263,855 | | - |
| | <u>\$ 3,991,161</u> | <u>\$</u> | <u>1,905,191</u> | <u>\$</u> | <u>5,896,352</u> | <u>\$</u> | <u>98,443</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. AGRICULTURAL LAND PRESERVATION INSTALLMENTS

PRIMARY GOVERNMENT

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. The primary source of revenue for repayment of the indebtedness is a transfer tax of one-half of one percent on all transfers of real property in the County. Under the terms of the installment contracts, which range in length from ten to twenty years, the County pays the property owner annual interest and minimal portions of the installment purchase price for the term of the agreement. The final principal payment is made with a stripped-coupon U.S. Treasury obligation purchased at settlement and held to maturity. The interest rate of the stripped-coupon U.S. Treasury obligation is the interest rate used for the installment purchase agreement. Interest rates on securities owned at June 30, 2011, range from 3.74 percent to 8.45 percent. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2011, are as follows:

| As of June 30, 2011 | Principal | Interest | Total Requirement |
|------------------------|----------------------|----------------------|----------------------|
| 2012 | \$ 1,116,128 | \$ 3,081,179 | \$ 4,197,307 |
| 2013 | 2,895,399 | 3,019,469 | 5,914,868 |
| 2014 | 1,983,547 | 2,888,196 | 4,871,743 |
| 2015 | 2,675,661 | 2,778,198 | 5,453,859 |
| 2016 | 6,952,927 | 2,596,019 | 9,548,946 |
| 2017 | 7,347,521 | 2,148,862 | 9,496,383 |
| 2018 | 18,158,266 | 1,679,036 | 19,837,302 |
| 2019 | 4,617,132 | 763,273 | 5,380,405 |
| 2020 | 1,072,375 | 524,731 | 1,597,106 |
| 2021 | 568,331 | 458,668 | 1,026,999 |
| 2022 | 121,341 | 426,870 | 548,211 |
| 2023 | 1,933,994 | 420,976 | 2,354,970 |
| 2024 | 1,198,158 | 324,597 | 1,522,755 |
| 2025 | 354,137 | 257,357 | 611,494 |
| 2026 | 669,630 | 240,362 | 909,992 |
| 2027 | 384,422 | 208,265 | 592,687 |
| 2028 | 580,803 | 189,296 | 770,099 |
| 2029 | 3,549,806 | 161,275 | 3,711,081 |
| | <u>\$ 56,179,578</u> | <u>\$ 22,166,629</u> | <u>\$ 78,346,207</u> |

For the year ended June 30, 2011, total principal and interest incurred related to agricultural land preservation installment was \$920,544 and \$3,130,911.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

c. BONDS PAYABLES

1. General Obligation Bonds

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of the County, and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds and Water Quality Loan are payable from ad valorem taxes, unlimited as to rate or amount on all real tangible, personal, and certain intangible property subject to taxation at full rates for local purposes in the County. Those portions of the Public Improvement Bonds of 2002, 2003, 2004, 2005, 2007, 2009, and 2010 allocated to school projects are payable in the first instance from recordation and transfer tax revenues and impact fees. Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Funds, area connection charges, benefit and surcharge assessments, and recordation taxes. As of June 30, 2011, general obligation bonds payable are comprised of the following individual issues:

| Governmental activities: | <u>Originally Issued</u> | <u>Outstanding at June 30, 2011</u> |
|---|------------------------------|---|
| Water Quality Loan of 1999 - 2.52% - due serially to 2018..... | \$ 4,585,000 | \$ 1,515,574 |
| Public Improvement Bond of 2002 - 3.5% - 4.875% - due serially to 2022..... | 28,350,000 | 1,620,000 |
| Refunding Bond of 2003 - 3.0% - 5.0% - due serially to 2012..... | 12,007,969 | 2,872,497 |
| Public Improvement Bond of 2004 - 2.0% - 4.375% - due serially to 2024..... | 23,870,000 | 12,035,000 |
| Public Improvement Bond of 2005 - 3.0% - 5.0% - due serially to 2024..... | 35,905,000 | 27,016,576 |
| Public Improvement Bond of 2007- 4.0% - 5.0% - due serially to 2027..... | 95,900,000 | 85,400,000 |
| Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020..... | 21,738,036 | 15,636,498 |
| Public Improvement Bond of 2009- 4.0% - 5.0% - 2.25% due serially to 2029.. | 96,100,000 | 93,697,500 |
| Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021..... | 25,161,828 | 25,161,828 |
| Public Improvement Bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020 | 67,486,509 | 67,486,509 |
| Public Improvement Bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030 | <u>76,069,620</u> | <u>76,069,620</u> |
| Total Bonds Outstanding | 487,173,962 | 408,511,602 |
| Premium | 33,101,922 | 27,343,664 |
| Deferred Loss on Refunding | <u>(2,927,194)</u> | <u>(2,296,656)</u> |
| Total | <u>\$ 517,348,690</u> | <u>\$ 433,558,610</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2011, are as follows:

| Year Ending June 30, | Principal | Interest | Total Requirement |
|----------------------|-----------------------|-----------------------|-----------------------|
| 2012 | \$ 25,229,498 | \$ 18,926,880 | \$ 44,156,378 |
| 2013 | 25,595,792 | 17,880,189 | 43,475,981 |
| 2014 | 24,981,548 | 16,741,991 | 41,723,539 |
| 2015 | 24,875,458 | 15,567,684 | 40,443,142 |
| 2016 | 25,716,725 | 14,367,993 | 40,084,718 |
| 2017-2021 | 118,368,722 | 54,386,729 | 172,755,451 |
| 2022-2026 | 97,430,906 | 28,634,273 | 126,065,179 |
| 2027-2031 | 66,312,953 | 7,823,177 | 74,136,130 |
| Premium | 27,343,664 | - | 27,343,664 |
| Deferred Loss | (2,296,656) | - | (2,296,656) |
| | <u>\$ 433,558,610</u> | <u>\$ 174,328,916</u> | <u>\$ 607,887,526</u> |

For the year ended June 30, 2011, total principal and interest incurred related to general obligation bonds was \$19,251,552 and \$15,971,903.

Business Type Activities:

| | Originally Issued | Outstanding at June 30, 2011 |
|---|-----------------------|---------------------------------|
| State of MD Water Quality Loan dated November 1991, 4.458% - due serially to 2013 | \$ 13,586,473 | \$ 2,017,624 |
| State of MD Water Quality Loan dated February 1999, 2.39% - due serially to 2019 | 1,200,000 | 570,926 |
| State of MD Water Quality Loan dated September 1999, 2.52% - due serially to 2018 | 11,585,000 | 3,829,426 |
| USDA Rural Development Bond of 2001, 4.5% - due serially to 2031 | 1,080,000 | 864,753 |
| Public Improvement Bond of 2002 - 3.5% - 5.0% - due serially to 2022 | 28,940,000 | 65,000 |
| Refunding Bond of 2003 - 3% - 5.0% - due serially to 2012 | 17,472,031 | 3,502,502 |
| Public Improvement Bond of 2004-2.0% - 4.375% - due serially to 2024 | 4,060,000 | 2,600,000 |
| USDA Rural Development Bond of 2004, 4.375% - due serially to 2034 | 210,000 | 182,170 |
| Public Improvement Bond of 2005 - 3% - 5.0% - due serially to 2024 | 6,510,000 | 4,898,424 |
| Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027 | 24,695,000 | 22,445,000 |
| USDA Rural Development Bond of 2008 4.5% - due serially to 2038 | 345,500 | 331,045 |
| Refunding Bond of 2009 3.0% - 4.0% - due serially to 2020 | 4,251,964 | 3,058,502 |
| Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029 | 23,900,000 | 23,302,500 |
| Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021 | 608,172 | 608,172 |
| Public Improvement bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020 | 23,513,491 | 23,513,491 |
| Public Improvement bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030 | 26,505,380 | 26,505,380 |
| Total Bonds Outstanding | 188,463,011 | 118,294,915 |
| Premium | 10,104,909 | 7,097,858 |
| Deferred Gain on Refunding | 60,652 | 52,296 |
| Deferred Loss on Refunding | (1,677,062) | (304,366) |
| Total | <u>\$ 196,951,510</u> | <u>\$ 125,140,703</u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2011, are as follows:

| Year Ending June 30, | Principal | Interest | Total Requirement |
|----------------------------|-----------------------|----------------------|-----------------------|
| 2012 | \$ 9,036,097 | \$ 5,400,599 | \$ 14,436,696 |
| 2013 | 8,692,231 | 5,044,556 | 13,736,787 |
| 2014 | 6,119,097 | 4,696,759 | 10,815,856 |
| 2015 | 6,973,741 | 4,407,143 | 11,380,884 |
| 2016 | 6,881,045 | 4,092,189 | 10,973,234 |
| 2017-2021 | 32,145,126 | 15,843,908 | 47,989,034 |
| 2022-2026 | 27,911,596 | 8,568,462 | 36,480,058 |
| 2027-2031 | 20,367,497 | 2,549,002 | 22,916,499 |
| 2032-2036 | 118,980 | 23,948 | 142,928 |
| 2037-2039 | 49,505 | 3,116 | 52,621 |
| Premium | 7,097,858 | - | 7,097,858 |
| Deferred Loss on Refunding | (252,070) | - | (252,070) |
| | <u>\$ 125,140,703</u> | <u>\$ 50,629,682</u> | <u>\$ 175,770,385</u> |

For the year ended June 30, 2011, total principal and interest incurred related to business-type activities was \$10,346,026 and \$4,993,322.

2. Special Obligations Bonds

PRIMARY GOVERNMENT

On March 23, 2011, Harford County issued \$14 million of Special Assessment Debt. The proceeds of the bonds shall be used to finance certain infrastructure improvements within the Beechtree Estates Project in connection with the development of an approximately 300-acre residential development consisting of approximately 768 single family homes and townhomes and to fund a debt service reserve fund, capitalized interest on the Bonds, and pre-fund administrative costs related to the Bonds, and pay costs incurred in connection with the issuance, sale and delivery of the Bonds. At settlement, a Debt Service Reserve Fund was set up for \$1.4 million, an Administrative Expense Fund was set up for \$60,506 and a Capitalized Interest Account of the Debt Service Fund was set up for \$1,463,464.

As of June 30, 2011, there was \$14,000,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment district. This debt is included in the primary government's long term debt on the Statement of Net Assets. In the future, these bonds will be paid from incremental property tax revenue and/or special district tax on the district. No special assessment receivables are due at June 30, 2011. These bonds do not have Harford County, Maryland's full faith and credit pledged.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES– CONTINUED

| Governmental activities: | Originally Issued | Outstanding at June 30, 2011 |
|----------------------------------|----------------------|---------------------------------|
| Special Obligation Bond of 2011 | | |
| 7.5% - due serially to 2041..... | \$ 14,000,000 | \$ 14,000,000 |
| Total Bonds Outstanding..... | \$ 14,000,000 | \$ 14,000,000 |

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2011 are as follows:

| Year Ending June 30, | Principal | Interest | Total Requirement |
|----------------------|---------------|---------------|-------------------|
| 2012 | \$ - | \$ 285,833 | \$ 285,833 |
| 2013 | - | 1,050,000 | 1,050,000 |
| 2014 | - | 1,050,000 | 1,050,000 |
| 2015 | - | 1,050,000 | 1,050,000 |
| 2016 | - | 1,050,000 | 1,050,000 |
| 2017-2021 | 255,000 | 5,230,125 | 5,485,125 |
| 2022-2026 | 1,015,000 | 5,030,250 | 6,045,250 |
| 2027-2031 | 2,200,000 | 4,486,875 | 6,686,875 |
| 2032-2036 | 3,960,000 | 3,419,250 | 7,379,250 |
| 2037-2041 | 6,570,000 | 1,572,750 | 8,142,750 |
| | \$ 14,000,000 | \$ 24,225,083 | \$ 38,225,083 |

There was no principal and interest incurred for the year ended June 30, 2011.

d. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities: The balance at June 30, 2011, consists of three capital leases:

| | |
|-----------------------------|--------------|
| Waste to Energy Lease | \$ 1,042,250 |
| 2007 Capital Lease Purchase | 3,781,306 |
| 2009 Capital Lease Purchase | 3,766,522 |
| | \$ 8,590,078 |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual debt service requirements to maturity for the capital lease obligations are as follows:

| <u>Fiscal Year Ending June 30,</u> | | |
|--------------------------------------|----|-------------------------|
| 2012 | \$ | 5,952,698 |
| 2013 | | 1,770,135 |
| 2014 | | 1,347,084 |
| Total minimum lease payments | | <u>9,069,917</u> |
| Less: deferred interest | | <u>(479,839)</u> |
| Present value minimum lease payments | \$ | <u><u>8,590,078</u></u> |

For the year ended June 30, 2011, total principal and interest incurred related to capital leases was \$5,648,868 and \$538,212.

The assets acquired through capital leases, by major classes, are as follows:

| <u>Capital Lease Assets</u> | | |
|----------------------------------|----|--------------------------|
| Vehicles | \$ | 12,872,435 |
| Equipment | | 10,789,413 |
| Harford Waste-to-Energy Facility | | |
| Land | \$ | 288,793 |
| Buildings | | 3,594,428 |
| Equipment | | 18,093,619 |
| Vehicles | | <u>593,910</u> |
| Total Waste-to-Energy Assets | | <u>22,570,750</u> |
| Total Capital Lease Assets | \$ | <u><u>46,232,598</u></u> |

Business-Type Activities: The balance at June 30, 2011, consists of two capital leases:

| | | |
|-----------------------------|----|-----------------------|
| 2007 Capital Lease Purchase | \$ | 68,326 |
| 2009 Capital Lease Purchase | | 562,814 |
| | \$ | <u><u>631,140</u></u> |

The annual debt service requirements to maturity for the capital lease obligations are as follows:

| <u>Fiscal Year Ending June 30,</u> | | |
|--------------------------------------|----|-----------------------|
| 2012 | \$ | 268,244 |
| 2013 | | 197,984 |
| 2014 | | 197,983 |
| Total minimum lease payments | | <u>664,211</u> |
| Less: deferred interest | | <u>(33,071)</u> |
| Present value minimum lease payments | \$ | <u><u>631,140</u></u> |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

For the year ended June 30, 2011, total principal and interest incurred related to capital leases was \$65,824 and \$7,524.

The assets acquired through capital lease, by major classes, are as follows:

| Capital Lease Assets | |
|----------------------------|--------------|
| Vehicles | \$ 1,045,500 |
| Equipment | 182,013 |
| Total Capital Lease Assets | \$ 1,227,513 |

COMPONENT UNITS

Board of Education: The Board has entered into lease agreements as lessee to construct the administration building in the amount of \$11,400,223, which was completed in January 2007. The lease agreement is for a period of twenty-five years. The asset acquired and capitalized under the capital lease is a building, valued at \$10,852,395. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

| Fiscal Year Ending June 30, | |
|--------------------------------------|--------------|
| 2012 | \$ 823,822 |
| 2013 | 823,822 |
| 2014 | 823,822 |
| 2015-2019 | 4,119,110 |
| 2020-2024 | 4,119,110 |
| 2025-2029 | 4,119,110 |
| 2030 | 823,822 |
| Total minimum lease payments | 15,652,618 |
| Less: Amount representing interest | (5,679,690) |
| Present value minimum lease payments | \$ 9,972,928 |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford County Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2016. The assets and liabilities under these leases are recorded at the lower of the minimum lease payments or the fair value of the assets and amortized over the life of the lease term. Included in property and equipment are assets under these leases with a cost of \$125,814 as of June 30, 2011. Depreciation of assets under capital leases is included in depreciation expense. The depreciation relating to the leases was \$25,162 for the year ended June 30, 2011. Future minimum lease payments under capital leases are as follows:

| Fiscal Year Ending June 30, | | |
|--------------------------------------|----|----------|
| 2012 | \$ | 35,352 |
| 2013 | | 29,922 |
| 2014 | | 29,922 |
| 2015 | | 27,142 |
| 2016 | | 4,023 |
| Total minimum lease payments | | 126,361 |
| Less: Amount representing interest | | (22,607) |
| Present value minimum lease payments | \$ | 103,754 |

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Government activities:

| | Principal Balance June 30, 2011 | Interest Paid In Fiscal Year 2011 | Annual Rate/ Payment Frequency | Payment Began | Date Matures |
|------------------|------------------------------------|--------------------------------------|-----------------------------------|------------------|-----------------|
| Paca Ltd., Inc. | \$ 1,300,000 | \$ 74,750 | 5.75%/Annually | 09/2008 | 09/2018 |
| Preston | 1,086,000 | 41,510 | 3.50%/Annually | 10/2009 | 10/2013 |
| Stuart Terrace | 16,123 | - | 0.00%/Annually | 07/2009 | 07/2033 |
| Washington Court | 1,385,000 | 91,086 | 5.78%/Semi | 02/2002 | 08/2015 |
| WTE Retrofit | 4,200,000 | 286,650 | 4.79%/Semi | 03/2005 | 03/2014 |
| | \$ 7,987,123 | \$ 493,996 | | | |

The annual debt service requirements to maturity for the notes payable are as follows:

| Year Ending June 30, | Principal | Interest | Total Requirement |
|----------------------|--------------|--------------|----------------------|
| 2012 | \$ 3,115,701 | \$ 375,425 | \$ 3,491,126 |
| 2013 | 1,800,701 | 249,435 | 2,050,136 |
| 2014 | 1,756,701 | 161,935 | 1,918,636 |
| 2015 | 701 | 74,750 | 75,451 |
| 2016 | 701 | 74,750 | 75,451 |
| 2017-2021 | 1,303,505 | 224,250 | 1,527,755 |
| 2022-2026 | 3,505 | - | 3,505 |
| 2027-2031 | 3,505 | - | 3,505 |
| 2032-2034 | 2,103 | - | 2,103 |
| | \$ 7,987,123 | \$ 1,160,545 | \$ 9,147,668 |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

For the year ended June 30, 2011, total principal and interest incurred related to notes payable was \$1,595,438 and \$493,996.

Harford County Library: During fiscal year 2011, the Library entered into an unsecured installment purchase agreement for the purchase of its new Polaris Integrated Library Software System (Polaris) in the amount of \$493,476. Total principal outstanding on the note was \$132,396 as of June 30, 2011, with the remaining amount payable in equal annual installments of \$66,198 plus accrued interest. The loan is scheduled to mature in May 2013 and bears interest at a rate of 7 percent. Future minimum payments on the installment note are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------------|------------|-----------|------------|
| 2012 | \$ 66,198 | \$ 9,267 | \$ 75,465 |
| 2013 | 66,198 | 4,634 | 70,832 |
| Total future minimum payments | \$ 132,396 | \$ 13,901 | \$ 146,297 |

f. LANDFILL CLOSURE LIABILITY

PRIMARY GOVERNMENT

Subtitle D of the Resource Conservation and Recovery Act of 1976, as amended, provides Federal regulations for municipal solid waste landfill closure and post-closure care. The State of Maryland's laws for solid waste management parallel Federal law. The permit for the Harford Waste Disposal Center is issued by the State and is subject to renewal every five years. Federal and State laws and regulations require the County to place a final cover on the Harford Waste Disposal Center when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a thirty-year period after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB Statement No. 18 requires the County to measure and recognize a portion of these closure and post-closure care costs each period based on landfill capacity used as of each balance sheet date.

As of June 30, 2011, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Assets:

| | Beginning Balance | Current Year Additions (Deductions) | Ending Balance |
|--|----------------------|---|-------------------|
| Cumulative Liability for Open Landfills | \$ 15,500,786 | \$ 169,445 | \$ 15,670,231 |
| Estimated Liability for Closed Landfills | 16,021,812 | (297,477) | 15,724,335 |
| Waste Exchange Landfill Liability | 10,791,526 | 98,630 | 10,890,156 |
| | \$ 42,314,124 | \$ (29,402) | \$ 42,284,722 |

The Cumulative Liability for the Open Landfill represents the cost, based on use of 98.8 percent of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$193,613 as the remaining estimated capacity is used. As of June 30, 2011, it is estimated that the landfill has approximately 12 months before permitted space is filled.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The Estimated Liability for Closed Landfills represents the cost for final closure and post-closure care of Harford County municipal solid waste landfills that are no longer accepting solid waste.

The Cumulative Liability for Open Landfills as of June 30, 2011, is \$15,670,231. Harford County has been assigning fund balance to cover the cost of this liability. We have \$9,020,231 Assigned Fund Balance (see NOTE 4 – DETAILED NOTES ON ALL FUNDS, G. FUND BALANCE – GOVERNMENTAL ACTIVITIES) for cost of the Landfill in fiscal year 2013 and beyond, and we have appropriated Fund Balance of \$6,650,000 for next year’s budget to begin the closure of this Landfill.

The total estimated future cost of landfill closure is calculated in current dollars. Annual reevaluation of the estimated total cost of closure and post-closure care will be made to adjust for the effects of inflation or deflation, changes in the closure or post-closure plan, and changes in Federal, State and local regulatory requirements.

Harford County, Maryland; Baltimore County, Maryland and Northeast Maryland Waste Disposal Authority entered into an agreement January 16, 2008, entitled “Municipal Solid Waste Disposal Agreement” and subsequently amended January 28, 2010. Baltimore County agrees to accept municipal solid waste from Harford County under the terms of this agreement. Once the expansion of the Harford County Waste Disposal Center has been permitted, Baltimore County will deliver to Harford County in an amount equal to 130 percent of the waste received from Harford County. As of June 30, 2011, Harford County had delivered 147,244 tons of municipal solid waste to Baltimore County. The cost estimate to dispose of this waste is \$10,890,156.

The County was issued a Refuse Disposal Permit (2000-WMY-0570) on October 5, 2007, which provides for construction and operation new landfill cells at the Harford Waste Disposal Center. The first of the new landfill cells is expected to be operational in July 2011. The additional design capacity of the initial area of expanded landfill is approximately 700,800 cubic yards of municipal solid waste and is anticipated to have a service life of approximately four years. The total remaining service life of the permitted landfill is estimated to be 20 or more years, depending upon future waste management practices.

g. PRIOR PERIOD DEFEASANCE OF DEBT

In prior years, the County defeased certain general obligation and other 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 in the County’s financial statements. At June 30, 2011, \$13.47 million of bonds outstanding are considered defeased.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

G. FUND BALANCE – GOVERNMENTAL ACTIVITIES

| | General | Highways | Grants | Agricultural Land Preservation | Capital Projects | Beechtree TIF | Non-Major Parks and Recreation | Total |
|---------------------------|---------------|---------------|--------------|--------------------------------------|---------------------|------------------|--------------------------------------|----------------|
| Nonspendable: | | | | | | | | |
| Inventory | \$ - | \$ 2,114,574 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,114,574 |
| Prepaid | - | 131,282 | - | - | - | - | - | 131,282 |
| Long Term Rec. | 538,285 | - | - | - | - | - | - | 538,285 |
| Sub-total | 538,285 | 2,245,856 | - | - | - | - | - | 2,784,141 |
| Restricted for: | | | | | | | | |
| Board of Education | 3,718,300 | - | - | - | 9,993,036 | - | - | 13,711,336 |
| Bonded Capital Proj. | 8,020,953 | - | - | - | 24,531,561 | 2,915,904 | - | 35,468,418 |
| Gen. Fund Det. Ctr. | 1,010,310 | - | - | - | - | - | - | 1,010,310 |
| Parks & Recreation | - | - | - | - | 594,673 | - | - | 594,673 |
| Grants | - | - | 8,584,742 | - | - | - | - | 8,584,742 |
| Sub-total | 12,749,563 | - | 8,584,742 | - | 35,119,270 | 2,915,904 | - | 59,369,479 |
| Committed to: | | | | | | | | |
| Development Rights | - | - | - | 43,308,194 | - | - | - | 43,308,194 |
| Sub-total | - | - | - | 43,308,194 | - | - | - | 43,308,194 |
| Assigned to: | | | | | | | | |
| Approp. of Fund Bal. | 41,220,097 | 5,431,263 | - | - | 3,968,850 | - | 26,512 | 50,646,722 |
| Fiscal Stabilization Fund | 24,574,245 | 2,453,826 | - | - | - | - | - | 27,028,071 |
| Encumbrances | 1,387,502 | 625,264 | - | 950 | 16,841,684 | - | 13,227 | 18,868,627 |
| Landfill Closure Costs | 9,020,231 | - | - | - | - | - | - | 9,020,231 |
| Highways | - | 11,661,675 | - | - | - | - | - | 11,661,675 |
| Ag. Preservation | - | - | - | 5,146,400 | - | - | - | 5,146,400 |
| Non-Major P&R Fund | - | - | - | - | - | - | 225,413 | 225,413 |
| Sub-total | 76,202,075 | 20,172,028 | - | 5,147,350 | 20,810,534 | - | 265,152 | 122,597,139 |
| Unassigned: | | | | | | | | |
| | 7,310,375 | - | - | - | - | - | - | 7,310,375 |
| Total Fund Balances | \$ 96,800,298 | \$ 22,417,884 | \$ 8,584,742 | \$ 48,455,544 | \$ 55,929,804 | \$ 2,915,904 | \$ 265,152 | \$ 235,369,328 |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE

PRIMARY GOVERNMENT

The County carries commercial property insurance coverage with a \$25,000 deductible on both real and personal property, and for physical damage to County-owned vehicles.

The County is self-insured for Workers' Compensation, General and Automobile liability losses. The self-insurance program is administered by a risk manager as established by the Harford County Code. The County carries excess coverage for these exposures, with \$350,000 retention for General and Automobile liability claims and \$500,000 retention for Workers' Compensation claims. The County is also required to maintain reserve funds of \$750,000 for Workers' Compensation claims in accordance with Article 101, Section 16 of the Code of Public General Laws of Maryland.

The pending claims liability of \$4,489,344 reported in the fund at June 30, 2011, is comprised of estimates of outstanding losses (including allocated loss adjustment expenses, ALAE, which are the direct expenses to settle specific claims) and losses projected to be paid as of June 30, 2011, and June 30, 2012. The estimated outstanding losses are the cost of unpaid claims, including case reserves, the development of known claims and claims incurred but not reported, IBNR claims. The amounts are limited to the self-insured retention. No estimate was made for unpaid unallocated loss adjustment expenses, which are typically 5 percent. The losses projected to be paid are the claim disbursements, regardless of accident or report date. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

There have been no significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The changes in the fund's claims liability are as follows:

| <u>Fiscal Year</u> | <u>Beginning of Year</u> | <u>Changes in Estimates</u> | <u>Payments</u> | <u>End of Year</u> |
|------------------------|------------------------------|---------------------------------|-----------------|--------------------|
| 2009 | \$ 4,990,720 | \$ 1,829,193 | \$ (1,456,614) | \$ 5,363,299 |
| 2010 | 5,363,299 | 1,157,253 | (1,422,683) | 5,097,869 |
| 2011 | 5,097,869 | 575,087 | (1,183,612) | 4,489,344 |

COMPONENT UNITS

Board of Education: The Board 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 Board is a member of the Maryland Association of Boards of Education Group Liability Insurance Pool and the Workmen's Compensation Self-Insurance Fund. These pools are self-insurance funds for the various member Maryland Boards of Education. The pools were organized for the purpose of minimizing the cost of insurance and related administrative expenses. Coverage is provided up to specified limits and the Harford County Board of Education pays an annual premium for the coverage provided by these pools. In addition to general liability insurance, the Group Liability Insurance Pool also provides coverage for property liability and automobile liability. Third-party carriers provide coverage above these limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Harford Community College: The College 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 College purchases commercial insurance to protect its interests.

Harford County Library: The Library 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. As a component unit of Harford County, Maryland, insurance for such losses is purchased from Harford County each year via a reduction in annual appropriations. Harford County purchases commercial insurance to cover the Library's buildings. Other claims are covered by Harford County's Self Insurance fund. As a condition to this participation, the Library must provide a physical inventory of all building contents, which the risk management department of the County appraises for insurance purposes. In addition, Harford County performs an inspection of all Library buildings annually. There have been no significant reductions in insurance coverage from the prior year. In addition, the amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

B. COMMITMENT AND CONTINGENCIES

PRIMARY GOVERNMENT

The County is involved in numerous lawsuits that normally occur in governmental operations, including claims for personal injury and personnel practices and disputes over contractual obligations and condemnation proceedings. The County has provided allowances for estimated probable losses on outstanding claims and incurred but not reported claims. The County is actively defending its position in each of these cases. In the opinion of the County officials and solicitors, resolution of these matters will not have a material adverse effect on the financial statements.

The County and Component Units receive significant financial assistance from the U.S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowance as a result of these audits becomes a liability of the County. As of June 30, 2011, the County estimates that no material liabilities will result from such audits.

The County had \$216,582,009 authorized but unobligated capital project appropriations at June 30, 2011, in the governmental capital fund and \$117,107,401 in the water & sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit C-1 and D-1.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

Board of Education: The Board has been named as defendant in several lawsuits, the outcome of which is uncertain. It is anticipated by the Board that an adverse decision on any or all of these suits would not have a material adverse effect on their financial statements.

C. ARBITRAGE REBATE REQUIREMENTS

PRIMARY GOVERNMENT

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of the Consolidated Public Improvement Bonds of 2004, 2005, 2007 2009 and 2010. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The filing of this computation and payment to the Internal Revenue Service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report at June 30, 2011.

D. CONDUIT DEBT

PRIMARY GOVERNMENT

From time to time, the County has issued Maryland Industrial Development Revenue Bonds, Maryland Economic Development Revenue Bonds, and Maryland Mortgage Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities and provision of housing 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, 2011, there were 14 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding, for the 12 bonds issued after July 1, 1996, is \$100.8 million as of June 30, 2011. The aggregate principal amount payable for the 2 series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$8.9 million.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

E. RETIREMENT PLANS

a. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

Plan Description: The employees of the reporting entity, other than certain correctional employees, who are covered by the Sheriff’s Office Pension System, are covered by either the Employees’/Teachers’ Retirement System, the Employees’/Teachers’ Pension System, or the Law Enforcement Officers’ Pension System. These plans are administered by the State Retirement and Pension System of Maryland (the System). The State of Maryland is the primary sponsor of this multi-employer, defined benefit system which provides pension benefits and death and disability benefits to plan members and their beneficiaries. The State Personnel and Pensions Article of the Annotated Code of Maryland specify all plan benefits to plan members. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, or by calling 410-946-5900.

Funding Policies: Plan Members of the Employees’ Retirement System contribute up to 7 percent of their covered salary each fiscal year. Plan members of the Employees’ Pension System contributed 5 percent of their covered salary each fiscal year. Members of the Law Enforcement Officers’ Pension System contribute 4 percent of their covered salary each fiscal year. The County and its component units are required to contribute at an actuarially determined rate.

The contribution requirements of plan members of the reporting entity are established and may be amended by the System Board of Trustees.

The contributions for the fiscal year ending June 30th to the System, exclusive of contributions made directly by the State of Maryland, were equal to the actuarially determined amount, as follows:

| | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---------------------------|---------------|---------------|---------------|
| Primary Government | \$ 12,810,657 | \$ 10,608,427 | \$ 10,369,947 |
| Component Units: | | | |
| Board of Education | 4,630,306 | 3,469,631 | 2,985,775 |
| Harford Community College | 78,539 | 56,352 | 46,888 |
| Harford County Library | 173,786 | 134,806 | 123,580 |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

b. PENSION PLAN – VOLUNTEER FIREMEN

The County instituted and began administering a single employer defined benefit length of service award program, or LOSAP, for volunteer firemen and ambulance personnel on January 31, 1975. The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Harford County Government, Treasurer’s Office, 220 South Main Street, Bel Air, Maryland 21014, or by calling 410-638-3316.

Plan Description: This LOSAP, Length of Service Award Program is different from traditional qualified retirement plans. There is a special section in the Internal Revenue Code covering these plans: section 457(e)(11). The County’s plan meets the requirements of this section, which means the payments to the fire fighters are not treated as “wages”; and, because the County is an “eligible employer”, as defined by IRS, the plan is tax exempt.

Based on County statutes, the firemen and ambulance personnel are eligible to participate upon accumulating “50 (fifty) points”, which are determined in accordance with a specific point system. Benefits vest upon 25 years of service credit. The plan generally provides \$5,000 burial benefits and certain benefits for disability. Regular benefits are calculated at \$12 per month for each of the first 25 years of service plus \$6 per month for each year in excess of 25. The maximum benefit is \$450 per month. Normal form of benefit is a life annuity for the volunteer with a 50 percent survivor benefit for the spouse of the volunteer.

The membership data related to the plan at June 30, was as follows:

| | |
|---|--------------|
| Retirees and beneficiaries currently receiving benefits | 394 |
| Terminated plan members entitled to, but not yet receiving benefits | 266 |
| Active plan members | <u>1,157</u> |
| Total | <u>1,817</u> |

Basis of Accounting: The Firemen’s LOSAP plan uses the accrual basis of accounting. The County contributions are revenues in the period in which volunteer services are performed. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method used to Value Investments: Investments are reported at market value. Short-term investments 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 County has hired an investment firm to manage the investments of the volunteer firemen’s LOSAP plan.

Contributions and Funding Policy: Under provisions of County statutes, the County must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Periodic County contributions to the pension plan are determined by an actuarially determined rate. Since there are no “salaries,” the rate cannot be expressed as a percentage of covered payrolls. There are no participant financed benefits in this plan. Administrative costs are financed through investment earnings.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to The County for this LOSAP are as follows:

| | |
|-------------------------------|--------------------|
| Annual Required Contribution | \$ 1,670,207 |
| Contributions made | <u>(1,670,207)</u> |
| Net Pension Obligation, | |
| Beginning and end of the year | <u><u>\$ -</u></u> |

Actuarial Information: The annual required contribution for the current year was determined as part of the September 30, 2010, actuarial valuation using the entry age level dollar funding method, with a 15 year closed period amortization of the unfunded liability. Under this method a normal cost is calculated which would, if contributed annually, fund each volunteer's benefits during his or her career at a level dollar amount. The unfunded actuarial liability is calculated at each valuation date as the present value of all plan benefits, less current assets. The actuarial assumptions included a 6 percent investment rate of return compounded annually. The Firemen are voluntary and therefore would not have a projected salary increase. The assumptions did not include post retirement benefit increases since none are provided. The actuarial value of assets was determined using market value as of June 30, 2010, plus adjustments to September 30, 2010.

Three years of trend information is as follows:

| Fiscal Year Ending | Annual Pension Cost (APC) | % of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------|-------------------------|---------------------------|
| 7/01/2008 | \$ 2,387,771 | 100% | NONE |
| 7/01/2009 | 1,700,477 | 100% | NONE |
| 7/01/2010 | 1,670,207 | 100% | NONE |

Funded Status and Funding Progress: The following is the funded status information for the plan as of September 30, 2010, the most recent actuarial valuation date and the two preceding years.

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry Age | Percentage Funded (1)/(2) | Unfunded AAL (UAAL) (2)-(1) | Covered Payroll | UAAL as a Percentage of Covered Payroll ((2-1)/5) |
|--------------------------------|---------------------------------|--|---------------------------------|-----------------------------------|--------------------|--|
| 9/30/2008 | \$ 14,114,730 | \$ 24,678,279 | 57.2% | \$ 10,563,549 | N/A | N/A |
| 9/30/2009 | 13,504,346 | 26,534,379 | 50.9% | 13,030,033 | N/A | N/A |
| 9/30/2010 | 15,106,341 | 26,762,302 | 56.4% | 11,655,961 | N/A | N/A |

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

The County instituted and began administering a single employer defined benefit pension plan, the Sheriff’s Office Pension System (the SOPS) effective July 1, 1997, for certain law enforcement and correctional employees of the Office of the Sheriff of Harford County. The SOPS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Harford County Government, Office of the Treasurer, 220 South Main Street, Bel Air, Maryland 21014, or by calling 410-638-3316.

The Internal Revenue Service issued a determination letter on September 20, 2002, which stated that the Plan and its underlying trust qualify under the applicable provision of the Internal Revenue Code, and therefore are exempt from Federal income taxes. In the opinion of the Plan Administrator, the Plan and its underlying trust have operated within the terms of the Plan and remain qualified under the applicable provisions of the Internal Revenue Code.

Plan Description: Harford County Bill No. 97-20 assigns the authority to establish and amend the benefit provisions of the plan to the government by county ordinance. The SOPS provides retirement, disability and death benefits to plan members and their beneficiaries. Effective July 1, 2005, per Bill 05-22, the cost of living increase of the CPI-U is limited to 3 percent applied each July 1 for all participants in pay status for the requisite 12 months.

The membership data related to the SOPS at June 30 was as follows:

Plan Participants

| | |
|--|------------|
| Retirees and beneficiaries currently receiving benefits | 63 |
| Terminated plan members entitled to, but not yet receiving benefits | 7 |
| Terminated non-vested participants who had not yet received their employee contributions | 0 |
| Active Plan members | <u>124</u> |
| Total | <u>194</u> |

Basis of Accounting: The SOPS uses the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method used to Value Investments: Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments of the Sheriff’s Office Pension System.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Contributions and Funding Policy: Plan members are required to contribute 7 percent of their annual covered salary. The County is required to contribute at an actuarially determined rate, currently 31.3 percent of covered payroll. Per Bill 97-20, contribution requirements of the plan members and the County are established and may be amended by County legislature. Administrative costs of the SOPS are to be paid by the trust unless the County decides to do so.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to the County for the SOPS are as follows:

| | |
|--|--------------------|
| Annual Required Contribution | \$ 2,140,299 |
| Contributions made | <u>(2,140,299)</u> |
| Net Pension Obligation, Beginning and end of the year | <u><u>\$ -</u></u> |

Actuarial Information: The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation using the projected unit cost method. Under this method, the actuarial liability represents the present value of projected benefits prorated for service to date for current participants. The normal cost represents the present value of projected benefits allocated to the current year for active participants who have not attained normal retirement age. Any actuarial gains and losses resulting from actual plan experiences either more or less favorable than anticipated on the basis of the actuarial assumptions and asset valuation method will result in direct adjustments of the unfunded actuarial accrued liability. These adjustments will be amortized over a rolling 15-year period.

Generally, contributions toward the funding of the plan are derived as the sum of the normal cost and a payment toward the amortization of the unfunded actuarial liability. The original unfunded accrued liability will be amortized over the next 11 years, closed; various adjustments are being amortized over 11 to 29 years, closed. Payments toward the unfunded liability increase by 3 percent per year. The actuarial assumptions included (a) a 7.50 percent investment rate of return compounded annually and (b) salary increases of 9.50 percent for each of the first four years of service, 6.50 percent for the fifth year, 5.50 percent for each of the next five years, 5.00 percent for each of the next 15 years, and 3.50 percent annually thereafter.

Three years of trend information is as follows:

| Fiscal Year Ending | Annual Pension Cost (APC) | % of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------|-------------------------|---------------------------|
| 6/30/2009 | \$ 2,745,971 | 100% | NONE |
| 6/30/2010 | 2,019,123 | 100% | NONE |
| 6/30/2011 | 2,140,299 | 100% | NONE |

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Funded Status and Funding Progress: The following is the funded status information for the plan as of 7/1/2010 and two years preceding:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Projected Unit Cost | Percentage Funded (1)/(2) | Unfunded AAL (UAAL) (2)-(1) | Covered Payroll | UAAL as a Percentage of Covered Payroll ((2-1)/5) |
|--------------------------------|---------------------------------|---|---------------------------------|-----------------------------------|--------------------|--|
| 7/1/2008 | \$ 29,402,030 | \$ 43,903,198 | 67.0% | \$ 14,501,168 | \$ 6,863,159 | 211.3% |
| 7/1/2009 | 31,366,930 | 45,900,102 | 68.3% | 14,533,172 | 6,636,738 | 219.0% |
| 7/1/2010 | 32,478,788 | 47,756,509 | 68.0% | 15,277,721 | 6,728,974 | 227.0% |

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

d. PENSION PLANS – COMPONENT UNITS

Harford Center, Inc.: The Center participates in a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees of the Center. Employees may make contributions to the Plan up to a maximum amount allowed by the Internal Revenue Code. Plan expenses were \$10,000 for the year ended June 30, 2011.

F. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

Beginning in fiscal year 2008 the County administers a single employer defined benefit post-employment health care plan, titled Other Post Employment Benefit (OPEB) Plan. The County established a trust to act solely as a funding mechanism for the employers cost of benefits provided by the OPEB Plan. This trust fund is included solely in these financial statements and does not issue a publicly available financial report, as an Other Post Employment Benefits Trust Fund.

Plan Description: The County’s OPEB Plan is established by the Administrative Policy on Retiree Medical Benefits (APRMB) of Harford County, Maryland, effective July 1, 1994, as amended. The APRMB defines the terms, including eligibility and benefits, of the retiree health and welfare benefits provided by the County. Employees of the County who retire from active County service with a pension benefit under the Maryland State Retirement System or the Sheriff’s Office Pension System may receive a subsidy toward the purchase of group APRMB, or any portion thereof, at any time for any reason.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Under the current APRMB, retirees may continue the same medical, dental, vision and life insurance coverage they are entitled to receive (including family coverage) as active employees. Employees with deferred retirements are not eligible for a subsidy. Effective July 1, 1998, the spouses of employees also receive a subsidy toward the purchase of group health benefits. Spouses receive the same subsidy as the retiree. The subsidy for retirees and their spouses for post-employment medical insurance is based on the employee's years of service with the County. From July 1, 2008 to February 28, 2009, 10 years was required to receive a subsidy. Effective March 1, 2009, the APRMB was changed to require a minimum of 20 years to receive a subsidy. This change does not apply to any Sheriff's Office personnel; and is not retroactive for any employees who retired before March 1, 2009. Any employee that does not elect to enroll in benefits at the time of the employee's retirement has forfeited the right to any future retiree medical benefits. The subsidy related to years of service for all County employees effective March 1, 2009 is:

| Years of Credit Service | Employer Subsidy Percentage | |
|----------------------------|--|--|
| | Employees Retiring Prior to March 1, 2009 And Sheriff's Office Employees | Employees Retiring On or after March 1, 2009 |
| 0-9 years | 0% | 0% |
| 10-14 years | 75% | 0% |
| 15-19 years | 80% | 0% |
| 20-24 years | 85% | 85% |
| 25 years or more | 90% | 90% |

The Sheriff's Office employees are also eligible for 90% subsidy for in-line-of-duty retirements with a minimum of 5 years of service. Membership in the plan consisted of the following as of the most recent actuarial valuation, dated February 11, 2011:

| <u>Plan Participants</u> | |
|--------------------------|--------------|
| Retirees (Pre-Medicare) | 219 * |
| Retirees (Medicare Age) | 260 * |
| Active Employees | <u>1,472</u> |
| Total | <u>1,951</u> |

* Does not include spouses

On July 27, 2010, Harford County, Maryland signed a Retiree Healthcare Side Agreement with the AFSCME Local 1802, Council 67 and MCEA Chapter 610. This agreement states that any employee hired after July 1, 2010, will be placed in a Post Employment Health Plan (PEHP) in lieu of the retiree health care subsidy offered by the County. Employees hired prior to July 1, 2010 will be offered a one-time election from the current retiree health care subsidy to the PEHP, to the extent permitted under the Internal Revenue Code and Regulations. These changes do not apply to any Sheriff's Office personnel. The retirees under this plan may also continue the same medical, dental, vision and life insurance coverage they are entitled to receive (including family coverage) as active employees. The difference will be that the retiree will pay the entire group rate price per insurance plan out of the funds received through the PEHP. The County will negotiate with the Union representatives each year the amount of money to be placed in the PEHP. There are 53 members enrolled at this time.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Basis of Accounting: The plan uses the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Funding Policy: The County is not required by law or contractual agreement to provide funding for retiree benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County may contribute to the Trust Fund those amounts that the County Council appropriates. All contributions and all earnings and other additions, less payments, constitute the assets of Trust Fund; which must be held for the exclusive benefit of participants covered by the APRMB. The Trust may be, but is not required to be, the sole source of funding for the employers share of the cost of benefits to be provided under APRMB. The County contributed the full ARC during fiscal year 2011; the retirees paid \$608,212 toward the cost of their benefits. The Trust reimbursed the County for the County’s share of retiree’s premiums of \$3,345,463. In addition the hidden subsidy, actuarially estimated at \$781,000 for fiscal year 2011, transferred from Trust to the County, leaving Trust Assets of \$40,350,893.

Trust Assets at June 30, are derived as follows:

| | | |
|---|----|-------------|
| Trust Net Asset Balance as of July 1, 2010 | \$ | 30,551,063 |
| County Contribution | | 12,623,000 |
| Net Appreciation in Fair Value of Investments | | 1,077,130 |
| Interest and Dividends | | 301,359 |
| Retirees Contributions | | 608,212 |
| Payment for County’s Share of Premiums | | (3,345,463) |
| Payment for Retirees’ Share of Premiums | | (608,212) |
| Payment for Administrative Expenses | | (75,196) |
| Estimated Hidden Subsidy Transfer | | (781,000) |
| Trust Net Asset Balance as of June 30, 2011 | \$ | 40,350,893 |

The funding for the PEHP will be negotiated by the County and both Unions each year. The County may contribute to the employee’s accounts those amounts that the County Council appropriates based on the formula designated in the agreement. The formula to be utilized will be the annual salaries of the employees enrolled in the PEHP calculated by a percentage of those aggregate salaries that is determined by the County, AFSCME, and MCEA, which will constitute the funds to be contributed to the PEHP by the County. The funds will be equally distributed between the participants in the PEHP. Employees may also elect to have the dollar value of their use or lose annual leave placed into a PEHP account. This election will be available for calendar year 2011. This plan will be administered by a third party in individual accounts which will grow tax-free and can be used tax-free for health care expenses after an employee leaves the County. There are no funds contributed to this plan as of June 30, 2011.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Method Used to Value Investments: Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments of the Other Post Employment Benefits Trust Fund.

Annual OPEB Cost and Net OPEB Obligations: The County’s OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2011 were as follows:

| | | |
|---|----|-----------------------------------|
| Annual Required Contribution | \$ | 12,623,000 |
| Contributions made | | <u>(12,623,000)</u> |
| Net OPEB Obligation, Beginning and End of the Year | \$ | <u><u> -</u></u> |

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 and the two preceding years were as follows:

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual OPEB</u> <u>Cost</u> | <u>% of Annual</u> <u>OPEB Cost</u> <u>Contributed</u> | <u>Net OPEB</u> <u>Obligation</u> |
|-------------------------------------|-----------------------------------|--|--------------------------------------|
| 6/30/2009 | \$ 12,284,000 | 100% | NONE |
| 6/30/2010 | 12,480,000 | 100% | NONE |
| 6/30/2011 | 12,623,000 | 100% | NONE |

Funding Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of June 30, 2011. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Three years of trend information is as follows:

| As Of: | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (1)/(2) Funded Ratio | (2) – (1) Unfunded AAL (UAAL) | (5) Covered Payroll | ((2 – 1)/5) UAAL as a Percentage Of Covered |
|----------|--|---|----------------------------|--|---------------------------|--|
| 7/1/2008 | \$ 12,032,859 | \$ 127,648,000 | 9.4% | \$ 115,615,141 | \$ 92,612,815 | 124.8% |
| 7/1/2009 | 21,453,633 | 132,988,000 | 16.1% | 111,534,367 | 92,626,552 | 120.4% |
| 7/1/2010 | 30,551,000 | 143,675,000 | 21.3% | 113,124,000 | 92,424,818 | 122.4% |

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The annual required contribution for the current year was determined as part of the February 11, 2011 actuarial evaluation using the projected unit credit method; it is being amortized over a period of 30 years on a closed basis. The actuarial assumptions include an 8 percent investment rate of return compounded annually. The funding method is level percentage of projected payroll. Payroll is assumed to increase at 3.5 percent per annum. This assumption is used to determine the level percentage of payroll amortization factor. For fiscal year 2011, the inflation rate is 3.2 percent. The annual healthcare costs trend rate is 8.5 percent initially, reduced by decrements to an ultimate rate of 5.2 percent.

COMPONENT UNITS

The Board of Education (the Board) provides medical, dental and life insurance benefits to eligible employees who retire from employment with the Harford County Public School System. The employer’s contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon the annual approval of the operating budget. Details of the postemployment benefits provided are as follows:

Medical Benefits – Retirees are eligible for continued membership in one of the school system’s group medical plans provided that they have at least 10 years service with the Harford County Public Schools and are under 65 years of age. The school system pays premiums for these plans limited to 80 percent or 90 percent based on the health plan chosen. Supplemental coverage for retirees 65 years of age and older are also paid up to 90 percent of premiums for such coverage. The medical benefits paid by the Board for the year ended June 30, 2011 was \$15,360,571. As of June 30, 2011, 1,896 of approximately 2,082 eligible participants were receiving benefits.

Dental Benefits – The Board pays 90 percent of dental coverage for retirees with at least 10 years service. The dental benefits paid by the Board for the year ended June 30, 2011 was \$813,030. As of June 30, 2011, 1,914 of approximately 2,082 eligible participants were receiving benefits.

Life Insurance Benefits – the Board pays 90 percent of the life insurance premiums for retirees with at least 10 years of service with the amount of insurance coverage reducing from \$20,000 upon retirement to \$10,000 five years after retirement. The life insurance benefits paid by the Board for the year ended June 30, 2011 was \$227,301. As of June 30, 2011, 1,814 of approximately 2,082 eligible participants were receiving benefits.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

Annual OPEB Cost and Net OPEB Obligation

The Board’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Board’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board’s net OPEB obligation:

| | | |
|---|----|---------------------------|
| Annual required contribution | \$ | 46,040,000 |
| Interest on net OPEB obligation | | 3,700,000 |
| Amortization of net OPEB obligation | | <u>(3,704,000)</u> |
| Annual OPEB cost (expense) | | 46,036,000 |
| Contributions made | | <u>(18,308,000)</u> |
| Increase in net OPEB obligation | | 27,728,000 |
| Net OPEB obligation - beginning of year | | <u>82,212,815</u> |
| Net OPEB obligation - end of year | \$ | <u><u>109,940,815</u></u> |

The Harford Community College (the College) sponsors post-employment medical benefits under a single employer defined benefit plan. Any full-time employee of Harford Community College is eligible to participate in the plan. The College allows access to the plan if the retiree: a) retires or becomes disabled with an immediate benefit from the State Retirement and Pension System of Maryland or b) meets the minimum age eligibility requirement to begin distribution from the Maryland Optional Retirement Plan and c) has been actively participating within the College sponsored health plan for at least the most recent ten (10) full consecutive years and d) has at least 10 years of employment service. Disabled participants must reach retirement eligibility. Dependents and surviving spouses of participants are allowed access to the plan but must also pay the full premium. A closed group of retirees receives an annual subsidy of \$4,800 as part of a retirement window benefit program. As of June 30, 2011, there were eight eligible and participating retirees receiving an annual subsidy. As of June 30, 2011, there were 47 participants out of 311 total participants receiving benefits.

The College funds its post-employment benefits on a pay-as-you-go basis. The 2011 fiscal year cost for the College was \$67,000.

The College’s OPEB cost is calculated based on the ARC of the employer, an amount that was actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

At June 30, 2011, the College’s annual required contribution; contributions made and net OPEB obligation were:

| | |
|--|--------------------------|
| Annual required contribution | \$ 67,000 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>67,000</u> |
| Contributions made | <u>(36,013)</u> |
| Increase in net OPEB obligation | 30,987 |
| Net OPEB obligation - beginning of year | <u>83,234</u> |
| Net OPEB obligation - end of year | <u><u>\$ 114,221</u></u> |

The Harford County Library (the Library) provides a portion of medical insurance benefits, in accordance with state statutes, to eligible employees who retire from employment with the Harford County Public Library. The Library’s contributions are financed on a pay-as-you-go basis through the County.

Employees who retire from Harford County Public Library who are eligible to participate in the State Pension Plan are eligible for medical insurance during retirement. Retirees who are eligible for this subsidy must elect coverage at the time of retirement. Retirees may not elect to discontinue and re-enroll at a later date. Currently, 47 retirees who meet eligibility requirements for employer subsidized health insurance are enrolled in the retiree medical and dental plans.

Annual OPEB Cost and net OPEB Obligation – The Library’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Library’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Library’s net OPEB obligation.

| | |
|--|----------------------------|
| Annual required contribution | \$ 1,795,000 |
| Interest on net OPEB obligation | 144,197 |
| Adjustment to annual required contribution | <u>(143,000)</u> |
| Annual OPEB cost (expense) | 1,796,197 |
| Contributions made | <u>(137,275)</u> |
| Increase in net OPEB obligation | 1,658,922 |
| Net OPEB obligation - beginning of year | <u>3,604,933</u> |
| Net OPEB obligation - end of year | <u><u>\$ 5,263,855</u></u> |

The Library has assigned \$1,121,336 at June 30, 2011 and has appropriated an additional \$280,334 in its fiscal year 2012 budget to fund the OPEB liability.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – OTHER INFORMATION– CONTINUED

G. SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

The County passed two bills authorizing future debt, the bills are:

- Bill No. 11-27, effective September, 19, 2011, authorizing the sale of bonds for a maximum amount of \$19,045,000, proceeds to be used for the expansion, reconstruction, rehabilitation, renovation and improvement of certain water and sewer projects as described in the Annual Budget and Appropriation Ordinance.
- Bill 11-28, effective September 19, 2011, authorizing the sale of bonds for a maximum amount of \$28,670,000, proceeds to be used for the expansion, reconstruction, rehabilitation, renovation and improvement of certain projects as described in the Annual Budget and Appropriation Ordinance.

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

**HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PENSION TRUST FUNDS**

Schedule 1

SHERIFF'S OFFICE PENSION SYSTEM

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Projected Unit Cost | (3) Percentage Funded (1)/(2) | (4) Unfunded AAL (UAAL) (2)-(1) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll ((2-1)/5) |
|--------------------------------|--|--|--|---|---------------------------|---|
| 7/1/2008 | \$ 29,402,030 | \$ 43,903,198 | 67.0% | \$ 14,501,168 | \$ 6,863,159 | 211.3% |
| 7/1/2009 | 31,366,930 | 45,900,102 | 68.3% | 14,533,172 | 6,636,738 | 219.0% |
| 7/1/2010 | 32,478,788 | 47,756,509 | 68.0% | 15,277,721 | 6,728,974 | 227.0% |

VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry Age | (3) Percentage Funded (1)/(2) | (4) Unfunded AAL (UAAL) (2)-(1) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll ((2-1)/5) |
|--------------------------------|--|--|--|---|---------------------------|---|
| 9/30/2008 | \$ 14,114,730 | \$ 24,678,279 | 57.2% | \$ 10,563,549 | N/A | N/A |
| 9/30/2009 | 13,504,346 | 26,534,379 | 50.9% | 13,030,033 | N/A | N/A |
| 9/30/2010 | 15,106,341 | 26,762,302 | 56.4% | 11,655,961 | N/A | N/A |

N/A Not applicable because the volunteers are not compensated.

**HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT (OPEB) TRUST**

Schedule 2

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Projected Unit Credit | (3) Percentage Funded (1)/(2) | (4) Unfunded AAL (UAAL) (2)-(1) | (5) Covered Payroll | (6) UAAL as a Percentage of Covered Payroll ((2-1)/5) |
|--------------------------------|--|--|--|---|---------------------------|---|
| 7/1/2008 | \$ 12,032,859 | \$ 127,648,000 | 09.4% | \$ 115,615,141 | \$ 92,612,815 | 124.8% |
| 7/1/2009 | 21,453,633 | 132,988,000 | 16.1% | 111,534,367 | 92,626,552 | 120.4% |
| 7/1/2010 | 30,551,000 | 143,675,000 | 21.3% | 113,124,000 | 92,424,818 | 122.4% |

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND OTHER CONTRIBUTING ENTITIES
OTHER POST EMPLOYMENT BENEFIT (OPEB) TRUST FUND

Schedule 3

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed | Net OPEB Contributed |
|--------------------------|------------------------------------|---------------------------|-------------------------|
| 2009 | \$ 12,284,000 | 100% | - |
| 2010 | 12,480,000 | 100% | - |
| 2011 | 12,623,000 | 100% | - |

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

| | |
|-------------------------------|---------------------------------------|
| Valuation date | 02/11/2011 |
| Actuarial cost method | Projected Unit Credit Method |
| Amortization method | Level Percentage of Projected Payroll |
| Remaining amortization factor | 16 (rounded) |
| Asset valuation method | Market Value |
| Actuarial assumptions: | |
| Discount Rate | 8% |
| Projected salary increases | 3.50% |

Supplementary Information

Schedules and Combining Statements

The schedules provide selected detailed information concerning the general fund, parks & recreation special revenue fund, capital project fund and enterprise fund; and the combining statements provide detailed information concerning the financial position and results of operations for the internal service and fiduciary funds.

Governmental Funds

General Fund

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

Special Revenue Fund

Parks & Recreation Special Revenue Fund - Parks & Recreation Special Revenue Fund was established by Council Bill 00-64 to account for the receipts and expenditures of the self-supporting activities of the Emmorton Recreation and Tennis Center, Recreation Councils and/or the Oakington Peninsula.

Capital Projects Fund

General County Capital Projects Fund – This fund accounts for the financial resources used in the acquisition, renovation, and construction of major general county capital assets, including general government, education, library, public safety, public works, and parks and recreation projects.

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2011

Exhibit A-1

| | ESTIMATED REVENUES | | ACTUAL REVENUES | VARIANCE |
|---|---------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | | POSITIVE (NEGATIVE) ESTIMATED REVENUES |
| TAXES | | | | |
| 911 Program Fee | \$ 1,725,000 | \$ 1,725,000 | \$ 1,629,407 | \$ (95,593) |
| Admissions and Amusement Tax | 600,000 | 600,000 | 498,906 | (101,094) |
| Corporate Property/Current Year | 9,827,258 | 9,827,258 | 9,167,437 | (659,821) |
| Corporate Property/Prior Years | (100,000) | (100,000) | (58,654) | 41,346 |
| Business Personal Property/Current Year | 198,472 | 198,472 | 246,382 | 47,910 |
| Business Personal Property/Prior Years | (5,000) | (5,000) | (4,076) | 924 |
| County Service Charges | - | - | (331) | (331) |
| Delinquent Tax Costs | 100,000 | 100,000 | 100,639 | 639 |
| Impact Fees | 3,500,000 | 3,500,000 | 2,137,200 | (1,362,800) |
| Income Taxes/Current Year | 145,925,025 | 145,925,025 | 163,567,381 | 17,642,356 |
| Income Taxes/Prior Years | 3,665,371 | 3,665,371 | 2,915,661 | (749,710) |
| Interest on Delinquent Taxes | 900,000 | 900,000 | 1,040,365 | 140,365 |
| Mobile Home Excise Tax | 220,000 | 220,000 | 217,420 | (2,580) |
| Payment in Lieu of Taxes | 275,000 | 275,000 | 252,533 | (22,467) |
| Penalty | 800,000 | 800,000 | 965,902 | 165,902 |
| Railroad and Public Utilities | 12,257,143 | 12,257,143 | 12,286,054 | 28,911 |
| Real Property - Full Year Levy | 247,139,603 | 247,139,603 | 247,085,149 | (54,454) |
| Real Property - Half Year Levy | 649,024 | 649,024 | 606,849 | (42,175) |
| | <u>427,676,896</u> | <u>427,676,896</u> | <u>442,654,224</u> | <u>14,977,328</u> |
| Less: Tax Credits and Uncollectibles | | | | |
| Ag. Preservation Incentive/Easements | (1,600,000) | (1,600,000) | (1,354,160) | 245,840 |
| Enterprise Zone Tax Credit | (1,400,000) | (1,400,000) | (959,292) | 440,708 |
| Homeowner's Tax Credit - County | (345,000) | (345,000) | (328,111) | 16,889 |
| Community Association Credit | (7,400) | (7,400) | (6,332) | 1,068 |
| Conservation Land Tax Credit | (1,500) | (1,500) | (1,500) | - |
| Discounts Allowed on Taxes | (1,600,000) | (1,600,000) | (1,543,363) | 56,637 |
| Homestead Tax Credit - County | (12,993,549) | (12,993,549) | (12,199,364) | 794,185 |
| Landfill Proximity Credit | (35,000) | (35,000) | (26,553) | 8,447 |
| Natural Disaster Tax Credit | (2,900) | (2,900) | (2,875) | 25 |
| Solar Energy Credit | (250,000) | (250,000) | (245,870) | 4,130 |
| Surviving Spouse - Fallen Hero Tax Credit | (12,000) | (12,000) | (6,849) | 5,151 |
| Uncollectible Property Taxes | (150,000) | (150,000) | 40,632 | 190,632 |
| | <u>(18,397,349)</u> | <u>(18,397,349)</u> | <u>(16,633,637)</u> | <u>1,763,712</u> |
| Total Taxes | 409,279,547 | 409,279,547 | 426,020,587 | 16,741,040 |
| REVENUES FROM OTHER AGENCIES | | | | |
| Jury Compensation | 150,000 | 150,000 | 149,610 | (390) |
| Medicare D Subsidy | 250,000 | 250,000 | 149,344 | (100,656) |
| Early Retirees Reinsurance Program | - | - | 35,872 | 35,872 |
| Police Protection | 893,000 | 893,000 | 1,265,323 | 372,323 |
| Stormwater Management - Town | 4,000 | 4,000 | 4,000 | - |
| Total Revenues from Other Agencies | <u>1,297,000</u> | <u>1,297,000</u> | <u>1,604,149</u> | <u>307,149</u> |
| INVESTMENT INCOME | <u>3,171,501</u> | <u>3,171,501</u> | <u>426,730</u> | <u>(2,744,771)</u> |

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2011
(continued)

Exhibit A-1

| | ESTIMATED REVENUES | | ACTUAL REVENUES | VARIANCE |
|--|--------------------|-----------|--------------------|--|
| | ORIGINAL | FINAL | | POSITIVE (NEGATIVE) ESTIMATED REVENUES |
| <u>CHARGES FOR CURRENT SERVICES</u> | | | | |
| Abandoned Buildings | 18,000 | 18,000 | (188) | (18,188) |
| Admin Fee - COBRA Insurance | 1,100 | 1,100 | - | (1,100) |
| Auto Commute - County Employees | 5,000 | 5,000 | 12,504 | 7,504 |
| Bad Check Fee | 2,500 | 2,500 | 3,274 | 774 |
| Board of Prisoners | 2,000,000 | 2,000,000 | 99,481 | (1,900,519) |
| Building Plan Review | 275 | 275 | 120 | (155) |
| Building Reinspection Fee | 5,000 | 5,000 | 7,684 | 2,684 |
| Child Custody | 15,375 | 15,375 | 11,671 | (3,704) |
| Commissions | 175,000 | 175,000 | 159,743 | (15,257) |
| Community Work Service | 18,000 | 18,000 | 18,980 | 980 |
| Concept Plans | 2,500 | 2,500 | 3,248 | 748 |
| Design Review | 3,000 | 3,000 | 1,738 | (1,262) |
| Detention Center Commissary | 300,000 | 300,000 | 270,970 | (29,030) |
| Election Fees | 1,500 | 1,500 | 1,497 | (3) |
| Electrical Reinspection Fees | 3,500 | 3,500 | 2,100 | (1,400) |
| Extension Preliminary Plan Approval | 400 | 400 | 200 | (200) |
| False Alarm Service Charges | 100,000 | 100,000 | 97,399 | (2,601) |
| Final Plats | 25,000 | 25,000 | 29,220 | 4,220 |
| Flying Point and Mariner Park Revenue | 20,000 | 20,000 | 20,305 | 305 |
| Food Service Licenses | 102,500 | 102,500 | 106,395 | 3,895 |
| Forest Conservation Plan Review | 18,000 | 18,000 | 14,257 | (3,743) |
| Forest Stand Delineation Review | 9,000 | 9,000 | 3,527 | (5,473) |
| Harford Cable Network | 30,000 | 30,000 | 29,900 | (100) |
| Hazardous Material Spill Cleanup | 25,625 | 25,625 | 15,122 | (10,503) |
| Household Waste - Private Vehicle Charge | 482,900 | 482,900 | 332,955 | (149,945) |
| Inmate Fees for Medical Services | 5,000 | 5,000 | 4,709 | (291) |
| GIS - Plotting Service | - | - | 757 | 757 |
| GIS - Screen Dump | - | - | 131 | 131 |
| Mechanical Reinspection Fee | - | - | 50 | 50 |
| Miscellaneous Revenue - Planning & Zoning | 4,500 | 4,500 | 3,348 | (1,152) |
| Miscellaneous Revenue - Sheriff's Office | 50,000 | 50,000 | 67,808 | 17,808 |
| Noxious Weed | - | - | 2,827 | 2,827 |
| Onsite Inspection Fees | 2,500 | 2,500 | 1,803 | (697) |
| Percolation Tests | 30,000 | 30,000 | 17,200 | (12,800) |
| Photographs | 200 | 200 | 303 | 103 |
| Plumbing Reinspection Fees | 900 | 900 | 1,050 | 150 |
| Police Reports | 10,000 | 10,000 | 9,263 | (737) |
| Postage | 200 | 200 | - | (200) |
| Public Swimming Pool & Spa Permit | 20,000 | 20,000 | 19,000 | (1,000) |
| Publications | 800 | 800 | 137 | (663) |
| Recycled Batteries | 4,500 | 4,500 | 2,204 | (2,296) |
| Recycled Scrap Metal | 250,000 | 250,000 | 269,984 | 19,984 |
| Recycling Revenue - Miscellaneous | 300,000 | 300,000 | 107,446 | (192,554) |
| Reproduction | 20,000 | 20,000 | 7,539 | (12,461) |
| Sanitation Construction Permit Fee | 15,000 | 15,000 | 9,984 | (5,016) |
| Sanitation Permits | 8,000 | 8,000 | 7,300 | (700) |
| Sale of Compost - Scarboro | 19,450 | 19,450 | 24,943 | 5,493 |
| Sale of Mulch - Scarboro | 88,550 | 88,550 | 82,323 | (6,227) |
| Sale of Plans and Specifications | 5,000 | 5,000 | 3,230 | (1,770) |
| Sale of Promotional Items | 2,500 | 2,500 | 556 | (1,944) |

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2011
(continued)

Exhibit A-1

| | ESTIMATED REVENUES | | ACTUAL REVENUES | VARIANCE |
|---|--------------------|-------------------|--------------------|--|
| | ORIGINAL | FINAL | | POSITIVE (NEGATIVE) ESTIMATED REVENUES |
| CHARGES FOR CURRENT SERVICES (continued) | | | | |
| Sheriff's Fees | 375,000 | 375,000 | 429,289 | 54,289 |
| Sheriff's Licenses | 12,300 | 12,300 | 11,240 | (1,060) |
| Site Plans | 25,000 | 25,000 | 11,500 | (13,500) |
| Social Security Payments-Inmates | 18,000 | 18,000 | 25,000 | 7,000 |
| State Park Revenue - DNR | 25,000 | 25,000 | - | (25,000) |
| Subdivision Plans | 50,000 | 50,000 | 63,395 | 13,395 |
| Subdivision Plat Review | 10,000 | 10,000 | 9,490 | (510) |
| Tax Lien Certification | 180,000 | 180,000 | 188,150 | 8,150 |
| Technical Review | 60,000 | 60,000 | 141 | (59,859) |
| Telephone Service | 16,000 | 16,000 | 19,846 | 3,846 |
| Tipping Fee Credit | (12,542) | (12,542) | (4,515) | 8,027 |
| Tipping Fee Balt Co Waste Exchange | 1,700,000 | 1,700,000 | 854,478 | (845,522) |
| Tipping Fee Solid Waste | 482,900 | 482,900 | 148,590 | (334,310) |
| Tire Disposal Fees | 2,700 | 2,700 | 1,429 | (1,271) |
| Topographic Maps - GIS | - | - | 50 | 50 |
| Weekend Prisoner Revenue | 75,000 | 75,000 | 76,006 | 1,006 |
| Well Sampling | 28,000 | 28,000 | 26,590 | (1,410) |
| Work Release Revenue | 125,000 | 125,000 | 69,300 | (55,700) |
| WTE - Credit | (308,318) | (308,318) | (291,198) | 17,120 |
| WTE - Permitted Materials | 495,000 | 495,000 | 539,676 | 44,676 |
| WTE - Recovered Materials | 25,000 | 25,000 | 24,299 | (701) |
| WTE - Steam Sales | 3,532,258 | 3,532,258 | 3,539,014 | 6,756 |
| WTE - Tipping Fees | 4,517,100 | 4,517,100 | 4,994,784 | 477,684 |
| WTE - Tire Disposal | 450,000 | 450,000 | 513,197 | 63,197 |
| Zoning Appeals | 15,000 | 15,000 | 15,200 | 200 |
| Total Charges for Current Services | 16,099,673 | 16,099,673 | 13,150,948 | (2,948,725) |
| MISCELLANEOUS | | | | |
| Edgewood Community Center | 12,500 | 12,500 | 13,023 | 523 |
| Grant Unemployment | 45,000 | 45,000 | 44,923 | (77) |
| Interest on Miscellaneous Invoices | 35,000 | 35,000 | (36,876) | (71,876) |
| Miscellaneous Revenue | 75,150 | 75,150 | 165,007 | 89,857 |
| Over and Short | (1,500) | (1,500) | 2,354 | 3,854 |
| Parole and Probation | 500 | 500 | 2,348 | 1,848 |
| Postage | 225,500 | 225,500 | 213,288 | (12,212) |
| Recovery from Capital Projects | 200,000 | 200,000 | 17,853 | (182,147) |
| Recovery from Litigation | - | - | 805 | 805 |
| Reimbursement from Highways | 1,886,799 | 1,886,799 | 1,886,799 | - |
| Reimbursement from Water and Sewer Fund | 1,652,158 | 1,652,158 | 1,652,158 | - |
| Rental Income | 400,000 | 400,000 | 408,015 | 8,015 |
| Sale of Usable Property | 50,000 | 50,000 | 169,348 | 119,348 |
| Traffic Safety Recovery | 1,039,159 | 1,039,159 | 1,039,159 | - |
| Transportation Recovery | 2,000,000 | 2,000,000 | 2,000,000 | - |
| Trust & Agency - Risk Management | 1,056,657 | 1,056,657 | 958,927 | (97,730) |
| Total Miscellaneous | 8,676,923 | 8,676,923 | 8,537,131 | (139,792) |

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2011
(continued)

Exhibit A-1

| | ESTIMATED REVENUES | | ACTUAL REVENUES | VARIANCE |
|--|-----------------------|-----------------------|-----------------------|--|
| | ORIGINAL | FINAL | | POSITIVE (NEGATIVE) ESTIMATED REVENUES |
| <u>LICENSES AND PERMITS</u> | | | | |
| Auctioneers Licenses | 5,500 | 5,500 | 5,250 | (250) |
| Beer, Wine and Liquor Licenses | 15,000 | 15,000 | 60,271 | 45,271 |
| Building Inspection Services | 75,000 | 75,000 | 98,327 | 23,327 |
| Building Penalty | 13,500 | 13,500 | 5,500 | (8,000) |
| Building Permits | 375,000 | 375,000 | 452,089 | 77,089 |
| Cable TV | 1,400,000 | 1,400,000 | 1,468,361 | 68,361 |
| Close Out Sales Licenses | 100 | 100 | 50 | (50) |
| Dog Licenses | 100,000 | 100,000 | 73,260 | (26,740) |
| Electrical Board of Examiners | 75,000 | 75,000 | 86,155 | 11,155 |
| Electrical Inspections | 275,000 | 275,000 | 290,823 | 15,823 |
| Electrical Postcard Permits | 2,500 | 2,500 | 365 | (2,135) |
| Electrical Penalty | 6,000 | 6,000 | 4,900 | (1,100) |
| Forest Harvest Permit | 2,000 | 2,000 | 1,810 | (190) |
| Kennel Licenses | 1,200 | 1,200 | 1,650 | 450 |
| Marriage Licenses | 14,000 | 14,000 | 13,295 | (705) |
| Marriage Licenses/Spouse Abuse | 39,000 | 39,000 | 35,210 | (3,790) |
| Mechanical Licenses | - | - | 6,390 | 6,390 |
| Mechanical Permits | - | - | 112,222 | 112,222 |
| Mobile Home Park Licenses | 10,000 | 10,000 | 10,800 | 800 |
| Pawnbrokers Licenses | 1,000 | 1,000 | 900 | (100) |
| Pet Shop/Grooming Licenses | 1,100 | 1,100 | 700 | (400) |
| Plumbing Licenses | 10,000 | 10,000 | 24,823 | 14,823 |
| Plumbing Penalty | 2,000 | 2,000 | 2,665 | 665 |
| Plumbing Permits | 250,000 | 250,000 | 242,791 | (7,209) |
| Plumbing Postcard Permits | 35,000 | 35,000 | 41,150 | 6,150 |
| Refuse Licenses | 6,500 | 6,500 | 7,395 | 895 |
| Solicitors Licenses | 400 | 400 | 768 | 368 |
| Taxi Cab Licenses | 2,200 | 2,200 | 2,633 | 433 |
| Towing Licenses | 5,200 | 5,200 | 4,400 | (800) |
| Traders Licenses | 225,000 | 225,000 | 247,338 | 22,338 |
| Total Licenses and Permits | 2,947,200 | 2,947,200 | 3,302,291 | 355,091 |
| <u>FINES AND FORFEITURES</u> | | | | |
| Court Fines | 16,000 | 16,000 | 22,500 | 6,500 |
| Dog License Fines | 9,000 | 9,000 | 9,341 | 341 |
| Parking Fines | 40,000 | 40,000 | 49,033 | 9,033 |
| Parking Fines - County Lots | 40,000 | 40,000 | 31,797 | (8,203) |
| Total Fines and Forfeitures | 105,000 | 105,000 | 112,671 | 7,671 |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Appropriated Fund Balance | 3,500,000 | 10,439,691 | - | (10,439,691) |
| Operating Transfers In | | | | |
| Capital Projects | 24,341,665 | 24,341,665 | 18,737,037 | (5,604,628) |
| Grants | - | - | 821,807 | 821,807 |
| Internal Service Fund | - | - | 843,611 | 843,611 |
| Pooled Interest | 500,000 | 500,000 | 31,593 | (468,407) |
| Total Operating Transfers In | 24,841,665 | 24,841,665 | 20,434,048 | (4,407,617) |
| Total Other Financing Sources | 28,341,665 | 35,281,356 | 20,434,048 | (14,847,308) |
| Total General Fund Revenues and Other Financing Sources | \$ 469,918,509 | \$ 476,858,200 | \$ 473,588,555 | \$ (3,269,645) |

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2011

Exhibit A-2

| | BUDGETED AMOUNTS | | ACTUAL EXPENDITURES | VARIANCE |
|--|------------------|------------|------------------------|-------------------------------------|
| | ORIGINAL | FINAL | | POSITIVE(NEGATIVE) APPROPRIATION |
| COUNTY COUNCIL | | | | |
| Board of Appeals & Rezoning | \$ 170,134 | \$ 176,584 | \$ 130,570 | \$ 46,014 |
| County Council Office | 1,181,350 | 1,244,335 | 1,198,472 | 45,863 |
| Cultural Arts Board | 99,206 | 104,316 | 94,072 | 10,244 |
| Harford Cable Network | 653,869 | 681,524 | 660,687 | 20,837 |
| People's Counsel | 64,510 | 60,910 | 4,989 | 55,921 |
| Total County Council | 2,169,069 | 2,267,669 | 2,088,790 | 178,879 |
| GENERAL GOVERNMENT | | | | |
| Office of the County Executive | | | | |
| Constituent Services | 269,804 | 283,239 | 243,688 | 39,551 |
| County Executive | 893,829 | 910,010 | 815,950 | 94,060 |
| Chief of Staff | 404,374 | 421,575 | 392,183 | 29,392 |
| Division of Agricultural | 456,386 | 469,369 | 399,178 | 70,191 |
| Director of Administration | | | | |
| Administration | 433,378 | 478,768 | 421,443 | 57,325 |
| Budget & Management Research | 637,423 | 649,374 | 599,288 | 50,086 |
| Central Services | 582,157 | 673,243 | 557,856 | 115,387 |
| Facilities & Operations | 4,796,331 | 4,844,841 | 4,502,493 | 342,348 |
| Information & Communication Systems | 3,839,526 | 3,989,844 | 3,921,424 | 68,420 |
| Risk Management | 682,834 | 773,779 | 737,945 | 35,834 |
| Department of Procurement | | | | |
| Procurement Operations | 803,762 | 887,221 | 842,902 | 44,319 |
| Property Management | 2,870,041 | 2,907,582 | 2,812,375 | 95,207 |
| Department of the Treasury | | | | |
| Bureau of Accounting | 2,358,081 | 2,459,701 | 2,318,928 | 140,773 |
| Bureau of Revenue Collections | 820,505 | 860,790 | 799,060 | 61,730 |
| Office of the Treasurer | 602,953 | 667,653 | 586,911 | 80,742 |
| Solid Waste Accounting | 97,277 | 106,472 | 105,638 | 834 |
| Department of Law | 1,811,126 | 1,914,026 | 1,681,758 | 232,268 |
| Department of Planning & Zoning | | | | |
| Comprehensive Planning and Special Projects | 1,447,199 | 1,584,525 | 1,522,609 | 61,916 |
| Current Planning | 1,670,641 | 1,778,197 | 1,756,958 | 21,239 |
| Office of the Director | 472,871 | 516,189 | 492,011 | 24,178 |
| Department of Personnel | | | | |
| Human Resources | 760,526 | 828,426 | 820,213 | 8,213 |
| Personnel Matters | 619,825 | 619,825 | 379,286 | 240,539 |
| Elections | | | | |
| Election Expense | 1,310,508 | 1,307,508 | 812,291 | 495,217 |
| Supervisor of Elections | 1,065,613 | 1,068,613 | 893,969 | 174,644 |
| Economic Development | | | | |
| Office of Economic Development | 1,736,207 | 1,831,859 | 1,799,346 | 32,513 |
| Tourism & Marketing | 135,082 | 145,330 | 142,420 | 2,910 |
| Benefits | 4,454,471 | 4,454,471 | 3,140,735 | 1,313,736 |
| Miscellaneous | | | | |
| Appropriations to Towns | 2,631,138 | 2,631,138 | 2,631,138 | - |
| Appropriations to State | 890,000 | 890,000 | 874,142 | 15,858 |
| Contingency Reserve | 100,000 | 100,000 | - | 100,000 |
| Maryland School for the Blind | 71,250 | 71,250 | 66,340 | 4,910 |
| Total General Government | 39,725,118 | 41,124,818 | 37,070,478 | 4,054,340 |

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2011
(continued)

Exhibit A-2

| | BUDGETED AMOUNTS | | ACTUAL EXPENDITURES | VARIANCE |
|--|--------------------|--------------------|------------------------|-------------------------------------|
| | ORIGINAL | FINAL | | POSITIVE(NEGATIVE) APPROPRIATION |
| <u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u> | | | | |
| Board of Education | 214,061,789 | 214,061,789 | 211,067,388 | 2,994,401 |
| Harford Community College | 14,961,612 | 14,961,612 | 14,512,764 | 448,848 |
| Total Education-Primary thru Community College | <u>229,023,401</u> | <u>229,023,401</u> | <u>225,580,152</u> | <u>3,443,249</u> |
| <u>HARFORD CENTER</u> | <u>553,036</u> | <u>553,036</u> | <u>553,036</u> | <u>-</u> |
| <u>JUDICIAL</u> | | | | |
| Circuit Court | 1,245,525 | 1,342,042 | 1,339,281 | 2,761 |
| Community Work Service | 327,577 | 338,816 | 332,199 | 6,617 |
| Family Court Services Division | 549,917 | 576,233 | 568,707 | 7,526 |
| Grand Jury | 11,000 | 11,980 | 11,980 | - |
| Jury Commissioner | 170,854 | 175,982 | 166,932 | 9,050 |
| Jury Services | 177,306 | 188,190 | 188,190 | - |
| Juvenile Master | 190,486 | 188,922 | 187,026 | 1,896 |
| Family Justice Center | 248,846 | 269,092 | 269,089 | 3 |
| State's Attorney | 4,560,915 | 4,851,769 | 4,692,659 | 159,110 |
| Total Judicial | <u>7,482,426</u> | <u>7,943,026</u> | <u>7,756,063</u> | <u>186,963</u> |
| <u>LIBRARIES</u> | <u>15,512,147</u> | <u>15,512,147</u> | <u>15,112,147</u> | <u>400,000</u> |
| <u>PARKS, RECREATION AND NATURAL RESOURCES</u> | | | | |
| Department of Parks and Recreation | | | | |
| Director | 750,968 | 810,473 | 810,403 | 70 |
| Parks and Facilities | 5,874,679 | 6,063,240 | 5,725,610 | 337,630 |
| Recreational Services | 2,473,404 | 2,678,838 | 2,645,267 | 33,571 |
| Conservation of Natural Resources | | | | |
| Soil Conservation | 417,950 | 438,150 | 322,557 | 115,593 |
| Extension Service | 245,256 | 245,256 | 147,898 | 97,358 |
| Total Parks, Recreation and Natural Resources | <u>9,762,257</u> | <u>10,235,957</u> | <u>9,651,735</u> | <u>584,222</u> |
| <u>PUBLIC SAFETY</u> | | | | |
| Sheriff's Office | | | | |
| Commissary Account | 515,555 | 515,555 | 385,679 | 129,876 |
| Correctional Services | 19,569,958 | 20,218,521 | 19,344,917 | 873,604 |
| Court Services | 4,744,262 | 4,852,253 | 4,626,276 | 225,977 |
| Administration | 6,915,193 | 7,304,798 | 7,181,315 | 123,483 |
| Patrol | 23,671,670 | 24,960,117 | 24,713,912 | 246,205 |
| Investigation | 6,885,990 | 7,296,984 | 7,213,288 | 83,696 |
| Department of Inspections, Licenses and Permits | | | | |
| Animal Control | 1,010,053 | 1,060,569 | 1,037,462 | 23,107 |
| Building Services | 1,014,259 | 1,137,955 | 1,121,082 | 16,873 |
| Director of DILP | 506,053 | 536,882 | 523,967 | 12,915 |
| Electrical Services | 551,349 | 601,669 | 597,736 | 3,933 |
| Manufactured Homes/Abandoned Property | 200,467 | 217,626 | 207,528 | 10,098 |
| Plumbing Services | 500,670 | 502,650 | 489,534 | 13,116 |
| Emergency Operations | | | | |
| 911 Emergency Communications | 5,552,862 | 5,769,392 | 5,471,421 | 297,971 |
| Administration | 730,390 | 791,415 | 751,277 | 40,138 |
| Special Operations & Technical Services | 2,624,035 | 2,720,287 | 2,594,510 | 125,777 |
| Volunteer Fire Companies | 8,982,456 | 8,982,456 | 8,932,060 | 50,396 |
| HAZMAT Response Team | 317,464 | 325,257 | 285,622 | 39,635 |
| Total Public Safety | <u>84,292,686</u> | <u>87,794,386</u> | <u>85,477,586</u> | <u>2,316,800</u> |

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2011
(continued)

Exhibit A-2

| | BUDGETED AMOUNTS | | ACTUAL EXPENDITURES | VARIANCE |
|---|-----------------------|-----------------------|------------------------|-------------------------------------|
| | ORIGINAL | FINAL | | POSITIVE(NEGATIVE) APPROPRIATION |
| <u>PUBLIC WORKS</u> | | | | |
| Department of Public Works | | | | |
| Solid Waste Management | 3,323,274 | 3,486,174 | 3,391,725 | 94,449 |
| Closed Landfills - Post Closure Costs | 116,250 | 125,750 | 122,420 | 3,330 |
| Environmental Affairs | 683,841 | 723,183 | 674,406 | 48,777 |
| Recycling | 1,831,780 | 1,900,138 | 1,499,514 | 400,624 |
| Scarboro Remediation | 81,610 | 72,110 | 45,187 | 26,923 |
| Waste Energy | 9,361,344 | 9,361,344 | 8,336,013 | 1,025,331 |
| Total Public Works | <u>15,398,099</u> | <u>15,668,699</u> | <u>14,069,265</u> | <u>1,599,434</u> |
| <u>SOCIAL SERVICES</u> | | | | |
| Department of Community Services | | | | |
| Director | 565,110 | 608,396 | 552,893 | 55,503 |
| Office of Drug Control | 806,982 | 905,255 | 886,647 | 18,608 |
| Emergency Assistance | 162,539 | 172,610 | 172,610 | - |
| Community Development | 1,296,170 | 1,327,069 | 1,311,359 | 15,710 |
| Office on Aging | 948,399 | 1,011,053 | 963,866 | 47,187 |
| Transportation | 1,609,110 | 1,575,227 | 864,242 | 710,985 |
| NMARC Activity | 1,745,694 | 1,745,694 | 1,745,694 | - |
| Housing Agency | | | | |
| Housing Services | 565,761 | 600,861 | 580,081 | 20,780 |
| Department of Health | | | | |
| Addictions Services | 532,887 | 532,887 | 532,887 | - |
| Community Mental Health | 119,533 | 119,533 | 119,533 | - |
| Health Department | 3,375,898 | 3,375,898 | 3,238,017 | 137,881 |
| Total Social Services | <u>11,728,083</u> | <u>11,974,483</u> | <u>10,967,829</u> | <u>1,006,654</u> |
| <u>DEBT SERVICE</u> | | | | |
| Debt Service - Principal | 30,217,390 | 30,217,390 | 24,557,381 | 5,660,009 |
| Debt Service - Interest | 17,018,703 | 17,177,621 | 16,797,849 | 379,772 |
| Debt Service - Administration Costs | 727,900 | 568,982 | 35,932 | 533,050 |
| Total Debt Service | <u>47,963,993</u> | <u>47,963,993</u> | <u>41,391,162</u> | <u>6,572,831</u> |
| <u>OTHER FINANCING USES</u> | | | | |
| Operating Transfers Out | | | | |
| Capital Projects | 3,360,437 | 3,848,828 | 3,798,828 | 50,000 |
| Grants | 2,947,757 | 2,947,757 | 2,947,757 | - |
| Total Other Financing Uses | <u>6,308,194</u> | <u>6,796,585</u> | <u>6,746,585</u> | <u>50,000</u> |
| Total Expenditures and Other Financing Uses | <u>\$ 469,918,509</u> | <u>\$ 476,858,200</u> | <u>\$ 456,464,828</u> | <u>\$ 20,393,372</u> |

Special Revenue Fund

HARFORD COUNTY, MARYLAND
Schedule Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Non Major Parks and Recreation Special Revenue Fund
For The Year Ended June 30, 2011

Exhibit B-1

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive(Negative) |
|---|------------------|----------|----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment Income | \$ 5,000 | \$ 5,000 | \$ 637 | \$ (4,363) |
| Charges for Current Services | 757,508 | 757,508 | 795,746 | 38,238 |
| Miscellaneous | - | - | 1,979 | 1,979 |
| Total Revenues | 762,508 | 762,508 | 798,362 | 35,854 |
| EXPENDITURES | | | | |
| Parks, Recreation and Natural Resources | 762,508 | 762,508 | 676,130 | 86,378 |
| Total Expenditures | 762,508 | 762,508 | 676,130 | 86,378 |
| Net Change in Fund Balances | \$ - | \$ - | 122,232 | \$ 122,232 |
| Fund Balance - Beginning | | | 147,771 | |
| Prior Year Encumbrances Cancelled | | | 1,394 | |
| Fund Balance - Ending | | | \$ 271,397 | |

Capital Projects Fund

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2011

Exhibit C-1

| | | TOTAL | TOTAL | UNEXPENDED |
|-----------------------|--|----------------|--------------|----------------|
| | | APPROPRIATIONS | EXPENDITURES | APPROPRIATIONS |
| GENERAL COUNTY | | | | |
| * | Watershed Restoration/Improvements | \$ 4,819,433 | \$ 2,197,601 | \$ 2,621,832 |
| | Watershed/Stream Assessment Studies | 864,250 | 490,134 | 374,116 |
| * | Edgewood Pal Center | 2,750,000 | 1,742,989 | 1,007,011 |
| | Washington Court Acquisition | 8,312,998 | 6,338,685 | 1,974,313 |
| * | Stream Gauge Stations | 534,000 | 525,642 | 8,358 |
| * | Edgewood Train Station | 199,792 | 45,355 | 154,437 |
| | Reforestation Proceeds | 680,000 | 327,602 | 352,398 |
| | Property Acquisition | 10,000,000 | 6,208,104 | 3,791,896 |
| | Facilities Repair Program | 7,812,852 | 7,118,402 | 694,450 |
| * | Asbestos/Lead Abatement | 300,000 | 115,674 | 184,326 |
| * | Revenue & Billing Applications | 646,139 | 646,139 | - |
| | Telecommunication Replacement | 3,725,000 | 3,724,025 | 975 |
| | Treasury Computer Enhancements | 175,000 | 150,621 | 24,379 |
| | Emergency Needs 2006 | 1,245,776 | - | 1,245,776 |
| | Watershed Restoration/Improvements 2006 | 1,728,228 | 823,098 | 905,130 |
| | Cty Fac Sys Sec Access/Fuel Dispensing U | 755,000 | 686,148 | 68,852 |
| * | MTBE Upgrades | 200,000 | 200,000 | - |
| * | New Wing For 45 S Main | 300,000 | 26,423 | 273,577 |
| | Site Acquisition | 20,757,761 | 13,746,187 | 7,011,574 |
| | Wireless Networking Pilot Study | 100,000 | 83,908 | 16,092 |
| | Bynum Ridge Stream Stabilization | 355,000 | 246,469 | 108,531 |
| * | Laurel Valley Stream Restoration | 671,361 | 600,634 | 70,727 |
| | Plumtree Run At Tollgate Rd Stream | 990,000 | 539,605 | 450,395 |
| | Stormwater Enhancement | 625,000 | 20,642 | 604,358 |
| * | Stream Valley Buffer Enhancement | 677,728 | 341,606 | 336,122 |
| | Government Services Bldg/New Adm | 19,885,000 | 2,227,172 | 17,657,828 |
| * | North Harford HS Concession Stand | 100,000 | - | 100,000 |
| | Woodbridge Retrofit & Stream Restoration | 510,000 | 284,822 | 225,178 |
| | Grande View Farms Lake Repairs | 300,000 | 300,000 | - |
| | Harford Cty S. Res Annex | 10,874,200 | 8,886,446 | 1,987,754 |
| * | Moose Lodge Stream Restoration | 50,000 | - | 50,000 |
| | Sunnyview Stream Restoration | 610,000 | 209,844 | 400,156 |
| * | Agricultural Resource Ctr & Horse Pk | 25,000 | - | 25,000 |
| | Courthouse Building Repairs | 234,900 | 142,771 | 92,129 |
| * | Cultural Arts Center | 25,000 | - | 25,000 |
| | Enterprise Resources System | 25,000 | - | 25,000 |
| | Reforestation Proceeds-Critical Area | 100,000 | 7,360 | 92,640 |
| * | Perry Avenue Stream Restoration | 300,000 | 47,078 | 252,922 |
| | Watershed Stream Assessment Studies | 400,000 | 357,535 | 42,465 |
| | Woodland Run Stream Restoration | 50,000 | 1,706 | 48,294 |
| | Gordon Street/Bel Air Academy | 420,000 | 198,670 | 221,330 |
| * | Board Of Education - Debt Service | 37,049,930 | 31,345,303 | 5,704,627 |
| | Wheel Creek Watershed Restoration | 1,654,607 | 767,681 | 886,926 |
| | Edgewood Plaza Retrofit & Stream Res | 450,000 | 88 | 449,912 |
| | Citizens Care Center | 1,500,000 | - | 1,500,000 |
| | Humane Society | 325,000 | 4,414 | 320,586 |
| | One Maryland Broadband | 5,250,000 | - | 5,250,000 |
| | Safeguarding Business Operations | 7,150,400 | 386,240 | 6,764,160 |
| | Bynum Run at St Andrews Way Stream Rest | 740,000 | 63,789 | 676,211 |
| | Deer Creek Watershed Restoration | 400,000 | 349,301 | 50,699 |
| | Computer Equip/Network | 6,763,821 | 6,674,604 | 89,217 |
| * | Milestone Project | 4,600,000 | 4,589,602 | 10,398 |
| | Maintenance Repair of Dams | 805,000 | 429,643 | 375,357 |

continued

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2011
(Continued)

Exhibit C-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|---|-------------------------|-----------------------|------------------------------|
| * Bel Air Youth/Senior Center | 4,989,161 | 4,438,911 | 550,250 |
| Beechtree TIF Improvements | 11,100,000 | 6,280,927 | 4,819,073 |
| Total General County Projects | 185,912,337 | 114,939,600 | 70,972,737 |
| EDUCATION | | | |
| Fire Alarm/Emergency Communications | 825,000 | 588,645 | 236,355 |
| Furniture & Equipment | 955,000 | 718,653 | 236,347 |
| Joppatowne Elementary Modernization | 14,520,811 | 11,689,498 | 2,831,313 |
| Deerfield Elementary Modern/Replacement | 29,384,525 | 21,746,665 | 7,637,860 |
| School Buses Fy 2002 | 7,517,197 | 7,244,077 | 273,120 |
| Athletic Fields Repair/Renovations | 207,000 | 196,721 | 10,279 |
| * Maintenance Replacement Vehicles | 3,538,396 | 2,000,758 | 1,537,638 |
| New High School/Middle School | 60,322,094 | 56,729,253 | 3,592,841 |
| N. Harford Middle School Water System | 261,114 | 230,926 | 30,188 |
| * Technology Infrastructure | 14,285,802 | 11,028,690 | 3,257,112 |
| Aberdeen HS North/Ctr For Career Opp | 665,000 | 553,106 | 111,894 |
| Backflow Prevention | 450,000 | 339,509 | 110,491 |
| * Music Refresh Program | 425,000 | 325,000 | 100,000 |
| Security Cameras | 1,125,000 | 609,276 | 515,724 |
| * Air Conditioning Projects | 8,139,016 | 8,139,015 | 1 |
| Integrated Business Systems | 193,000 | 177,580 | 15,420 |
| New Elem Cap/Vale Rd/Red Pump Elem | 31,325,819 | 23,917,063 | 7,408,756 |
| * Paving - New Parking Areas | 300,000 | 200,000 | 100,000 |
| * Paving - Overlay & Maintenance | 450,000 | 200,000 | 250,000 |
| * SWM, Erosion, Sediment Control | 200,000 | 150,000 | 50,000 |
| Textbook Refresh (Math) | 6,210,000 | 2,184,062 | 4,025,938 |
| * Vocational/Technical Equip. Refresh | 500,000 | 200,000 | 300,000 |
| ADA Improvements | 400,000 | 151,883 | 248,117 |
| HVAC Major Repairs | 2,882,768 | 1,533,775 | 1,348,993 |
| * Aberdeen High School Addition | 5,737,945 | 5,003,700 | 734,245 |
| Edgewood High School Replacement | 90,481,790 | 80,730,400 | 9,751,390 |
| Harford Technical HS Field Improve | 5,000,000 | 4,858,214 | 141,786 |
| John Archer At Bel Air Middle | 1,030,000 | 83,045 | 946,955 |
| * Joppatowne HS Gymnasium | 4,160,050 | 4,160,050 | - |
| * Playground Equipment | 4,065,000 | 135,000 | 3,930,000 |
| * Relocatable Classrooms | 376,000 | 376,000 | - |
| Roofing Replacement | 906,530 | 697,431 | 209,099 |
| Youth's Benefit Elementary School | 1,700,600 | 1,659,792 | 40,808 |
| Prospect Mill Elementary School | 1,986,241 | 1,974,210 | 12,031 |
| North Harford Middle School Repairs | 50,000 | 32,200 | 17,800 |
| Homestead Wakefield ES Modern | 133,454 | 32,454 | 101,000 |
| * Roofing Replacement | 1,336,050 | 1,024,625 | 311,425 |
| * Wm Paca/Old Post ES Modern | 100,000 | - | 100,000 |
| Schucks Road Elementary School | 2,700,000 | 832,575 | 1,867,425 |
| Fallston High WWTP Replacement | 106,070 | 106,070 | - |
| * Jarrettsville Elem HVAC | 86,234 | 86,234 | - |
| * Relocatable Classrooms | 923,000 | 188,000 | 735,000 |
| Roof Replacements | 1,753,599 | 1,017,538 | 736,061 |
| * Bel Air Elem School Site Improvement | 1,100,000 | - | 1,100,000 |
| * Bleacher Replacement | 300,000 | - | 300,000 |
| * Locker Replacement | 210,000 | - | 210,000 |
| Havre de Grace High School HVAC | 5,339,397 | 562,459 | 4,776,938 |

continued

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2011

(Continued)

Exhibit C-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|---|-------------------------|-----------------------|------------------------------|
| Septic Pre-Treatment for Code Upgrade | 2,167,926 | - | 2,167,926 |
| * Southampton Middle School HVAC | 1,144,000 | - | 1,144,000 |
| * Swimming Pool Renovations | 100,000 | - | 100,000 |
| Homestead/Wakefield Media | 1,558,333 | 1,556,782 | 1,551 |
| Repl Riverside Htg/Clg | 11,752,771 | 11,339,347 | 413,424 |
| Wm Paca-Old Post Renov | 1,030,182 | 1,028,182 | 2,000 |
| Hillsdale Media Ctr Renov | 757,083 | 755,516 | 1,567 |
| Environment Compli Prj | 1,247,619 | 938,874 | 308,745 |
| N Harford High Modernization | 31,873,132 | 31,379,283 | 493,849 |
| Technology | 4,751,467 | 4,169,419 | 582,048 |
| Bel Air High Modern/Replacement | 78,185,348 | 77,357,724 | 827,624 |
| * Milestone Project/Board Of Education | 14,581,710 | 8,029,210 | 6,552,500 |
| Total Education | 463,814,073 | 390,968,489 | 72,845,584 |
| FIRE/SAFETY | | | |
| Fire, EMS & Law Enforcement Cad | 2,450,000 | 2,289,700 | 160,300 |
| UHF Radio System Replacement | 23,601,693 | 23,465,447 | 136,246 |
| * Facility Renovation | 412,500 | 372,218 | 40,282 |
| Work Rel/Study/Detention Ctr Exp | 32,018,131 | 31,582,090 | 436,041 |
| * Camera Recording & Monitoring System | 259,500 | 259,001 | 499 |
| Computer Equipment/Networks | 1,454,242 | 1,454,242 | - |
| Alternate Call Taking & Dispatching Site | 400,000 | 399,474 | 526 |
| * Boiler Replacement | 175,000 | 175,000 | - |
| * Detention Ctr Kitchen Upgrade/Renov | 187,120 | 186,629 | 491 |
| Public Safety Infrastructure Network | 556,000 | 556,000 | - |
| 2nd Floor Emergency Operations Center | 6,289,525 | 1,199,417 | 5,090,108 |
| Volunteer Fire Co Facility Repairs | 2,750,000 | 2,636,784 | 113,216 |
| Susquehanna Hose Co House #3 Expansion | 60,000 | - | 60,000 |
| Susquehanna Hose Co House #5 Expansion | 810,000 | 750,000 | 60,000 |
| 911 State Fee Fund | 300,000 | 10,045 | 289,955 |
| 700 Mhz Wireless Radio System Equipment | 1,575,580 | 1,387,445 | 188,135 |
| Bel Air Substation Patterson Mill | 2,868,400 | 348,891 | 2,519,509 |
| SCBA Equipment Replacement | 155,000 | 4,215 | 150,785 |
| 911 State Fee Fund | 2,000,000 | 1,799,573 | 200,427 |
| Total Fire/Safety | 78,322,691 | 68,876,171 | 9,446,520 |
| COMMUNITY COLLEGE | | | |
| * Site, Stormwater & Parking Improvements | 1,864,251 | 1,253,251 | 611,000 |
| * Aberdeen Hall Renovations | 7,012,381 | 6,262,381 | 750,000 |
| * Hays-Heighe House Renovations | 1,199,900 | 387,500 | 812,400 |
| Susquehanna Ctr Ren/Exp | 5,915,600 | 1,248,051 | 4,667,549 |
| * Roof Replacements | 910,282 | 546,169 | 364,113 |
| * West Campus Expansion | 250,000 | - | 250,000 |
| Water And Wastewater | 750,000 | 214,919 | 535,081 |
| Milestone Project/HCC | 4,660,622 | 4,581,899 | 78,723 |
| Total Community College | 22,563,036 | 14,494,170 | 8,068,866 |

continued

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2011
(Continued)

Exhibit C-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|--|-------------------------|-----------------------|------------------------------|
| LIBRARY | | | |
| Jarrettsville Library | 5,884,000 | 5,834,560 | 49,440 |
| Facility Maintenance & Repairs | 245,605 | 80,890 | 164,715 |
| Churchville Branch | 5,734,500 | 188,375 | 5,546,125 |
| Whiteford Library Expansion | 4,238,200 | 4,019,456 | 218,744 |
| * Aberdeen HVAC Replacement | 277,255 | 277,255 | - |
| * Fallston Lighting | 169,000 | 167,168 | 1,832 |
| * Havre de Grace Feas Study | 45,140 | 45,140 | - |
| Facility Renovations | 150,000 | 2,485 | 147,515 |
| Edgewood Branch-HVAC Replacement | 452,950 | 352,950 | 100,000 |
| Fallston Branch-HVAC Chiller Replacement | 350,350 | 250,350 | 100,000 |
| Joppa Branch-HVAC And Roof Replacement | 488,391 | - | 488,391 |
| Abingdon Library | 8,750,000 | 8,737,840 | 12,160 |
| * Milestone Project/Libraries | 3,188,500 | 3,188,492 | 8 |
| Total Library | 29,973,891 | 23,144,961 | 6,828,930 |
| LANDFILL | | | |
| Air Pollution Control | 13,150,000 | 11,648,956 | 1,501,044 |
| Waste To Energy Repairs | 1,300,000 | 896,247 | 403,753 |
| Tollgate Landfill Gas System | 684,679 | 134,070 | 550,609 |
| Tollgate Yard Trim Recycling Center | 450,000 | 74,233 | 375,767 |
| * HWDC Facilities Study | 100,000 | 46,952 | 53,048 |
| HWDC Compost Area Facilities | 90,000 | 28,133 | 61,867 |
| HWDC Cover Material | 400,000 | 218,987 | 181,013 |
| HWDC Landfill Capping | 400,000 | - | 400,000 |
| Waste To Energy Replacement Facility | 400,000 | - | 400,000 |
| Environmental Studies | 1,320,900 | 837,023 | 483,877 |
| Future Expansion | 20,389,340 | 12,416,234 | 7,973,106 |
| Total Landfill | 38,684,919 | 26,300,835 | 12,384,084 |
| PARKS & RECREATION | | | |
| Smith Property/Edgeley Grove | 4,325,000 | 3,157,885 | 1,167,115 |
| * Parking Lot Paving | 1,390,000 | 1,350,462 | 39,538 |
| Bush River Dredging & Dmp Site | 3,030,000 | 2,139,894 | 890,106 |
| Havre de Grace Youth/Senior Center | 9,143,000 | 8,289,545 | 853,455 |
| Prospect Mill Park | 1,430,000 | 1,166,128 | 263,872 |
| Churchville Complex Development | 5,556,830 | 591,473 | 4,965,357 |
| Facility Renovations 2005 | 1,110,000 | 603,261 | 506,739 |
| Friends Pond Rehabilitation | 500,000 | 404,457 | 95,543 |
| Heavenly Waters Park | 1,520,000 | 876,941 | 643,059 |
| Park Improvements | 550,000 | 211,744 | 338,256 |
| Park Land Acquisition | 10,295,000 | 9,740,319 | 554,681 |
| * Fox Meadows Improvements | 475,000 | 447,567 | 27,433 |
| Shucks Road Regional Sports Complex | 8,110,415 | 491,559 | 7,618,856 |
| Edgewood Recreation Park | 1,155,000 | 930,000 | 225,000 |
| Fallston Youth/Senior Center | 10,325,000 | 7,464,028 | 2,860,972 |
| Magnolia Complex Development | 2,055,000 | 1,586,029 | 468,971 |
| Swan Harbor Farm Improvements | 590,000 | 64,477 | 525,523 |
| Tennis/Multipurpose Courts | 1,180,000 | 927,200 | 252,800 |
| Tydings Island Renovation | 2,795,000 | 1,048,478 | 1,746,522 |
| * Willoughby Beach Launching Ramp | 197,500 | 109,458 | 88,042 |

continued

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2011
(Continued)

Exhibit C-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|--|-------------------------|-----------------------|------------------------------|
| Havre de Grace Field Development | 1,510,000 | 1,168,862 | 341,138 |
| Athletic Field Improvements | 5,150,000 | 4,618,355 | 531,645 |
| Indoor Recreation Facility | 300,000 | 119,004 | 180,996 |
| Joppatowne Area Dredging | 940,000 | 419,741 | 520,259 |
| Tudor Hall Rehab | 400,000 | 105,985 | 294,015 |
| Vale Road Elementary Fac | 1,600,000 | 818,082 | 781,918 |
| Bleacher Renovations | 190,000 | 102,937 | 87,063 |
| Darlington Park Development | 125,000 | 65,118 | 59,882 |
| Enlarged Gym & Activity Rooms | 1,800,000 | 1,800,000 | - |
| Mariner Point Park Renovations | 162,000 | - | 162,000 |
| Nuttal Avenue Park Development | 450,000 | 45,020 | 404,980 |
| Swan Harbor Farm Improvements | 183,000 | 26,748 | 156,252 |
| Belcamp Park Improvements | 200,000 | - | 200,000 |
| Broad Creek Boat Launch Ramp | 384,000 | 43,600 | 340,400 |
| Cedar Lane Sports Complex Improvements | 1,000,000 | - | 1,000,000 |
| Churchville Center Renovations | 400,000 | 95,137 | 304,863 |
| Eden Mill Park Rehabilitation | 600,000 | 319,124 | 280,876 |
| Facility Renovations | 140,000 | - | 140,000 |
| Natural Turf Improvements | 250,000 | 116,661 | 133,339 |
| Park Improvements | 235,000 | - | 235,000 |
| Park Land Acquisition | 886,000 | 284,893 | 601,107 |
| Playground Equipment | 395,000 | 174,000 | 221,000 |
| Anita C. Leight Center Improvements | 200,000 | 9,816 | 190,184 |
| Emmorton Rec And Tennis Center Improv | 100,000 | - | 100,000 |
| Havre de Grace Yacht Basin Dredging | 525,000 | 347,000 | 178,000 |
| Tennis/Multipurpose Courts | 100,000 | - | 100,000 |
| Equestrian Ctr Improvements | 175,000 | 42,405 | 132,595 |
| * Facility Renov | 2,419,500 | 1,802,951 | 616,549 |
| * Norrisville Comm Bldg | 1,160,000 | 1,079,972 | 80,028 |
| * Regional Sports Complex | 4,246,000 | 3,415,478 | 830,522 |
| Debris-Derelict Boats | 50,000 | 6,725 | 43,275 |
| Total Parks and Recreation | 92,008,245 | 58,628,519 | 33,379,726 |
| HIGHWAYS-ROADS | | | |
| Cape Knoll Road Acceptance | 150,000 | 108,273 | 41,727 |
| Tollgate Road - Vale Road Corridor | 609,678 | 184,678 | 425,000 |
| Glen Elyn Culvert & Ponds Repair | 392,500 | 392,500 | - |
| * Trimble Road Corridor Study | 1,239 | 1,239 | - |
| New Roads And Storm Drains 2002 | 1,266,740 | 744,163 | 522,577 |
| Tollgate Rd/W Ring Factory-Plumtree | 3,043,439 | 1,386,791 | 1,656,648 |
| Facilities Repair Program | 832,000 | 602,722 | 229,278 |
| * GPS Tracking System | 153,683 | 115,242 | 38,441 |
| Primrose Place | 146,000 | 132,605 | 13,395 |
| Macphail Rd/Brierhill-Wheel Rd | 375,000 | 34,081 | 340,919 |
| * Prospect Mill Rd/Thom Run Rd/Md 22 | 75,357 | 357 | 75,000 |
| Robinhood Road/Us 40 To Titan Terrace | 3,604,045 | 791,938 | 2,812,107 |
| Hickory II Improvements | 823,503 | 774,350 | 49,153 |
| Culvert Rehabilitation | 3,500,000 | 3,286,481 | 213,519 |
| Intersection Improvements | 1,327,444 | 1,082,756 | 244,688 |
| Perryman Access - Mitchell Lane | 650,000 | 640,504 | 9,496 |
| * Conversion Of Tar & Chip To Hot Mix | 2,745,000 | 2,681,324 | 63,676 |

continued

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2011
(Continued)

Exhibit C-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|--|-------------------------|-----------------------|------------------------------|
| * Tar & Chip Reclamation | 850,000 | 834,802 | 15,198 |
| Village Of Scot's Fancy-Starmount La | 750,000 | 715,128 | 34,872 |
| Cedar Lane (Md 136-Cedarday) | 930,000 | 787,000 | 143,000 |
| Shucks Road Improvements | 600,000 | 136,785 | 463,215 |
| Vale Road | 1,800,000 | 680,532 | 1,119,468 |
| Drainage Improvements | 850,000 | 797,260 | 52,740 |
| * Edgewood Train Station | 1,710,208 | 39,201 | 1,671,007 |
| Fuel Dispensing System Upgrade | 200,000 | 150,000 | 50,000 |
| New Roads & Storm Drains | 1,370,000 | 877,509 | 492,491 |
| Stormdrain Rehabilitation | 1,066,231 | 911,505 | 154,726 |
| Traffic Signals | 200,000 | 96,985 | 103,015 |
| Singer Road Improvements | 50,000 | 27,050 | 22,950 |
| * Equipment Sheds | 852 | 852 | - |
| * Security Gates For The Highways Shops | 75,000 | 17,952 | 57,048 |
| * Commerce Road-Private Rd Const | 800,000 | 561,846 | 238,154 |
| * Road Reconstruction & Rehabilitation | 4,325,000 | 4,325,000 | - |
| Resurfacing Roadways | 6,291,975 | 6,291,975 | - |
| Md 152 / Oakmont Road / Port Lane | 550,000 | 500 | 549,500 |
| Road Reconstruction And Rehabilitation | 6,330,000 | 3,999,014 | 2,330,986 |
| Thomas Run Road (Md22-W Medical Hall Rd) | 50,000 | 45,334 | 4,666 |
| Wheel Rd / Laurel Bush Intersection Impi | 1,468,000 | 858,462 | 609,538 |
| Resurfacing Roadways FY 2010 | 7,706,147 | 5,480,000 | 2,226,147 |
| Guardrails FY 2010 | 200,000 | 195,250 | 4,750 |
| Sidewalks & Handicapped Ramps | 200,000 | 98,319 | 101,681 |
| Traffic Calming & Road Safety Improvements | 200,000 | 56,724 | 143,276 |
| Red Pump Roundabout | 800,000 | 300,000 | 500,000 |
| Macphail Road/Tollgate Road Roundabout | 455,000 | - | 455,000 |
| Road Reconstruction & Rehabilitation | 1,600,000 | 1,098,692 | 501,308 |
| Trimble Road/Fort Hoyle Road Roundabout | 410,000 | - | 410,000 |
| Resurfacing | 3,885,000 | 2,993,021 | 891,979 |
| Safeguarding Business Operations | 1,831,200 | 123,930 | 1,707,270 |
| Traffic Calming | 930,000 | 930,000 | - |
| Sidewalks | 1,375,000 | 862,379 | 512,621 |
| Moores Mill Road | 3,062,113 | 1,900,421 | 1,161,692 |
| Computer Equipment/Networks | 1,399,022 | 1,297,132 | 101,890 |
| Carrs Mill Road/Rte 152 - Grafton Shop | 1,195,000 | 1,165,348 | 29,652 |
| County Acceptance Of Private Roads | 610,000 | 73,945 | 536,055 |
| Wheel Road/Laurel Bush - Fairway | 6,950,000 | 1,937,236 | 5,012,764 |
| * Milestone Project/Highways | 325,000 | 317,914 | 7,086 |
| New Roads & Storm Drains | 1,790,000 | 808,516 | 981,484 |
| Total Roads | 84,886,376 | 54,753,523 | 30,132,853 |
| HIGHWAYS-BRIDGES | | | |
| Ryan Road Bridge #61 | 1,330,000 | 1,323,273 | 6,727 |
| Harford Creamery Rd Bridge 104 | 680,000 | 234,772 | 445,228 |
| North Avenue/Henderson Rd Bridge | 2,565,000 | 15,344 | 2,549,656 |
| St Clair Road Bridge #99 | 1,435,000 | 362,315 | 1,072,685 |
| Watervale Road Bridge #63 | 2,880,000 | 541,414 | 2,338,586 |
| Bridge Inspection Program | 1,190,000 | 810,798 | 379,202 |
| Bridge Rehabilitation | 2,750,000 | 2,391,106 | 358,894 |
| Ruff's Mill Road Bridge #190 | 1,582,000 | 287,633 | 1,294,367 |
| Road & Bridge Scour Repairs | 800,000 | 389,502 | 410,498 |

continued

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2011
(Continued)

Exhibit C-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|------------------------------------|-------------------------|-----------------------|------------------------------|
| Macton Road Bridge #145 | 175,000 | 138,936 | 36,064 |
| Snake Lane Bridge #31 | 175,000 | 158,104 | 16,896 |
| Carrs Mill Rd Bridge | 260,000 | 127,056 | 132,944 |
| Macton Road Bridge #144 | 600,000 | 418,049 | 181,951 |
| Glen Cove Road Bridge #156 | 120,000 | 110,351 | 9,649 |
| Robinson Mill Road Bridge #154 | 120,000 | 120,000 | - |
| Abingdon Road Bridge #169 Over Csx | 300,000 | 1,412 | 298,588 |
| Bridge Painting | 20,000 | 19,579 | 421 |
| Jehricho Road Bridge #3 | 50,000 | 32,189 | 17,811 |
| Chestnut Hill Bridge #40 | 180,000 | - | 180,000 |
| Phillips Mill Road Bridge #70 | 200,000 | - | 200,000 |
| Southampton Rd Bridge No 47 (94) | 5,590,000 | 4,224,551 | 1,365,449 |
| * Bridge Painting 97 | 1,378,244 | 1,378,244 | - |
| Structural Evaluation | 420,000 | 275,004 | 144,996 |
| Total Bridges | <u>24,800,244</u> | <u>13,359,632</u> | <u>11,440,612</u> |
| Total Highways | <u>109,686,620</u> | <u>68,113,155</u> | <u>41,573,465</u> |
| Total All projects | 1,020,965,812 | 765,465,900 | 255,499,912 |
| *Less Closed Projects | <u>(158,780,229)</u> | <u>(119,862,326)</u> | <u>(38,917,903)</u> |
| Total Capital Project Funds | \$ <u>862,185,583</u> | \$ <u>645,603,574</u> | \$ <u>216,582,009</u> |

Enterprise Fund

The Water and Sewer Capital Projects Fund was established to account for the acquisition, renovation and construction of capital assets used in the production, distribution and maintenance of the water and sewer systems of the County. This fund represents the construction in process recorded in the Water and Sewer Fund.

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2011

Exhibit D-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|--|-------------------------|-----------------------|------------------------------|
| SEWER PROJECTS | | | |
| Church Creek Pump Station Replacement | \$ 10,074,766 | \$ 3,803,390 | \$ 6,271,376 |
| * Church Creek Pump Station Replacement | 25,234 | 25,234 | - |
| Harford Estates PS Abandonment | 5,032,100 | 1,165,927 | 3,866,173 |
| Lower Bynum Run | 9,599,388 | 1,022,049 | 8,577,339 |
| * Lower Bynum Run | 40,612 | 40,612 | - |
| Plumtree Collector Parallel Ph II | 100,000 | 55,964 | 44,036 |
| Joppatowne Pump Station No.47 | 4,048,750 | 200,897 | 3,847,853 |
| * Joppatowne Pump Station No.47 | 1,250 | 1,250 | - |
| * Oaklyn Manor Phase 2 | 2,950,000 | 139,065 | 2,810,935 |
| * Pump Station Improvements | 125,000 | 99,364 | 25,636 |
| ENR Refinement At Sod Run | 43,750,000 | 2,880,655 | 40,869,345 |
| * Sod Run Generator | 150,000 | - | 150,000 |
| Bush Creek Pump St 4th Pump | 27,397,059 | 6,230,528 | 21,166,531 |
| * Bush Creek Pump St 4th Pump | 2,941 | 2,941 | - |
| * Capacity Manage, Operation & Maint-Cmom | 150,000 | 74,471 | 75,529 |
| * Constant Friendship Replace Sewer | 200,000 | 138,448 | 61,552 |
| * Haverhill Pump Station Replace | 1,025,000 | 673,791 | 351,209 |
| * Riviera Drive Pump Station Replace | 750,000 | 637,773 | 112,227 |
| Utility Protection/Restoration | 500,000 | 138,529 | 361,471 |
| Winters Run Pump Station Outfall | 1,757,000 | 246,823 | 1,510,177 |
| * Winters Run Pump Station Outfall | 3,000 | 3,000 | - |
| Infiltration & Inflow | 3,400,000 | 918,634 | 2,481,366 |
| * Bel Air Infiltration & Inflow | 500,000 | 48,325 | 451,675 |
| Bynum Run Parallel Phase 6 & 7 | 300,000 | 80,861 | 219,139 |
| ENR At Joppatowne WTP | 5,000,000 | 231,607 | 4,768,393 |
| * Church Creek Pump Station Incoming Sewer | 1,000,000 | - | 1,000,000 |
| Pump Station Improvements | 100,000 | - | 100,000 |
| Edgewood Interceptor Sewer Parallel | 300,000 | - | 300,000 |
| Green Ridge Pump Station Replacement | 200,000 | 56,847 | 143,153 |
| * Infiltration And Inflow | 100,000 | - | 100,000 |
| Bill Bass Outfall Sewer Replacement | 800,000 | 26,768 | 773,232 |
| Chlorine Replacement Program WWTP | 175,000 | - | 175,000 |
| Total Sewer Projects | 119,557,100 | 18,943,753 | 100,613,347 |
| WATER PROJECTS | | | |
| * HDG WTP Solids Management | 9,800,000 | 8,110,997 | 1,689,003 |
| * Backflow Prevention Upgrades | 200,000 | 6,133 | 193,867 |
| * Inform Asset Management Study-Water | 400,000 | 362,352 | 37,648 |
| Abingdon WTP Expansion | 74,385,000 | 67,011,119 | 7,373,881 |
| * Abingdon WTP Expansion | 150,000 | 150,000 | - |
| Chlorine Replacement Program WTP | 720,000 | 291,577 | 428,423 |
| Construction Unanticipated Water | 200,000 | 135,505 | 64,495 |
| Water Zone Improvements | 350,000 | 286,057 | 63,943 |
| * Washington Court Water Main | 601,276 | - | 601,276 |
| Abingdon Rd Water Main Parallel | 8,298,251 | 264,661 | 8,033,590 |
| * Abingdon Rd Water Main Parallel | 1,749 | 1,749 | - |
| Route 24 Water Transmission | 160,000 | 70,699 | 89,301 |
| Construction Unanticipated Water | 100,000 | - | 100,000 |
| * Tank Painting 2009 | 325,000 | 324,985 | 15 |
| Rt. 1 Hickory Bypass Transmission | 790,000 | 308,981 | 481,019 |
| Tollgate Road Water Main Parallel | 1,300,000 | 7,003 | 1,292,997 |
| * Tank Painting | 365,000 | 277,139 | 87,861 |
| HDG Water Treatment Plant Upgrade | 200,000 | 24,611 | 175,389 |
| Magnolia Booster Station | 200,000 | - | 200,000 |
| Swan Harbor Tank & Transmission | 600,000 | 7,200 | 592,800 |
| Total Water Projects | 99,146,276 | 77,640,768 | 21,505,508 |

continued

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2011

(continued)

Exhibit D-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|--|-------------------------|-----------------------|------------------------------|
| OTHER PROJECTS | | | |
| * County Facilities & Sys Security | 50,000 | - | 50,000 |
| Site Acq Water & Sewer Facilities | 800,000 | - | 800,000 |
| Safeguarding Business Operations | 1,918,400 | 125,034 | 1,793,366 |
| Computer Equipment/Network | 972,278 | 852,662 | 119,616 |
| * Computer Equipment/Network | 60,695 | 60,695 | - |
| Milestone Project/Water & Sewer | 500,000 | 476,003 | 23,997 |
| | <u>4,301,373</u> | <u>1,514,394</u> | <u>2,786,979</u> |
| Total Other Projects | | | |
| Total Water, Sewer and Other Projects | 223,004,749 | 98,098,915 | 124,905,834 |
| *Less Closed and Capitalized Projects | <u>(18,976,757)</u> | <u>(11,178,324)</u> | <u>(7,798,433)</u> |
| Total Open Water, Sewer and Other Projects | \$ <u>204,027,992</u> | \$ <u>86,920,591</u> | \$ <u>117,107,401</u> |

Internal Service Funds

Self-Insurance Fund

The Self-Insurance Fund was established in 1982 to provide for Workers' Compensation, General and Automobile liability claims. The program is administered by a risk manager as established by the Harford County Code.

Fleet Management Fund

The Fleet Management Fund was established in July 2008 to reduce unnecessary repairs and maintenance on County vehicles and centralize the purchase and management of the County fleet. This Fund was dissolved on April 30, 2011, by management.

HARFORD COUNTY, MARYLAND
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

Exhibit E-1

| | Self - Insurance | Fleet Management | Total |
|--|---------------------|---------------------|--------------|
| Operating Revenues: | | | |
| Charges for Services | \$ 2,712,443 | \$ 2,346,547 | \$ 5,058,990 |
| Miscellaneous | 125,858 | - | 125,858 |
| Total Operating Revenues | 2,838,301 | 2,346,547 | 5,184,848 |
| Operating Expenses: | | | |
| General and Administrative Expenses | - | 23,773 | 23,773 |
| Insurance Claims and Expenses | 3,128,830 | - | 3,128,830 |
| Depreciation | - | 775,403 | 775,403 |
| Total Operating Expenses | 3,128,830 | 799,176 | 3,928,006 |
| Operating Income (Loss) | (290,529) | 1,547,371 | 1,256,842 |
| Non-operating Revenues (Expenses): | | | |
| Interest Income | 30,829 | 3,042 | 33,871 |
| Interest Expense | - | (132,674) | (132,674) |
| Transfers Out | - | (2,450,053) | (2,450,053) |
| Total Non-operating Revenue (Expenses) | 30,829 | (2,579,685) | (2,548,856) |
| Change in Net Assets | (259,700) | (1,032,314) | (1,292,014) |
| Total Net Assets--Beginning | 8,507,169 | 1,032,314 | 9,539,483 |
| Total Net Assets--Ending | \$ 8,247,469 | \$ - | \$ 8,247,469 |

HARFORD COUNTY, MARYLAND
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

Exhibit E-2

| | Self- Insurance | Fleet Management | Total |
|--|--------------------|---------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from interfund services provided | \$ 2,712,443 | \$ 2,346,547 | \$ 5,058,990 |
| Receipts from Others for Claims | 125,858 | - | 125,858 |
| Payments to Suppliers for Goods and Services | (406,240) | (144,338) | (550,578) |
| Payments for Claims | (3,223,573) | - | (3,223,573) |
| Net Cash (Used in) Provided by Operating Activities | (791,512) | 2,202,209 | 1,410,697 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and Construction of Capital Assets | - | (1,205,127) | (1,205,127) |
| Principal Payments on Lease | - | (1,356,007) | (1,356,007) |
| Deposit with Trustee | - | 1,266,428 | 1,266,428 |
| Interest Paid on Leases | - | (132,674) | (132,674) |
| Transfer Out | - | (1,721,656) | (1,721,656) |
| Net Cash (Used in) Capital and Related Financing Activities | - | (3,149,036) | (3,149,036) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment Income | 30,829 | 3,042 | 33,871 |
| Net Cash Provided by Investing Activities | 30,829 | 3,042 | 33,871 |
| Net (Decrease) in Cash and Cash Equivalents | (760,683) | (943,785) | (1,704,468) |
| Cash and Cash Equivalents, July 1 | 13,654,476 | 943,785 | 14,598,261 |
| Cash and Cash Equivalents, June 30 | \$ 12,893,793 | \$ - | \$ 12,893,793 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating (Loss) Income | \$ (290,529) | \$ 1,547,371 | \$ 1,256,842 |
| Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities: | | | |
| Depreciation | - | 775,403 | 775,403 |
| Increase (Decrease) in Accounts Payable | 107,542 | (86,298) | 21,244 |
| Increase (Decrease) in Accrued Expenses | - | (34,267) | (34,267) |
| Increase (Decrease) Estimated Payables for Future Claims | (608,525) | - | (608,525) |
| Net Cash (Used in) Provided by Operating Activities | \$ (791,512) | \$ 2,202,209 | \$ 1,410,697 |
| NONCASH CAPITAL ACTIVITIES: | | | |
| Capital assets net of related debt transferred to other funds | \$ - | \$ (728,397) | \$ (728,397) |

Fiduciary Funds

Pension Trust Funds

Sheriff's Office Pension System – This fund accounts for the pension system of certain law enforcement and correctional employees.

Firemen's Pension Trust - This fund accounts for the LOSAP system for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

Private Purpose Trust Funds

Revolving Loan Fund -This fund was established in February 1998. This account, joined with funding from several local lending institutions, provides loans to credit-worthy businesses unable to obtain financing through traditional sources due to limited equity, collateral or marginal cash flow and serves as an alternative incentive offered by the County to attract, expand or retain a small business by extending below market rates and favorable terms.

BVL Cooperating Parties Group - This fund was established in September 1996 to account for revenues collected from entities independent of the County, which the EPA has named as potentially responsible for the Bush Valley superfund site. These funds are for the purpose of undertaking the design and construction of the remedial systems deemed necessary at the Bush Valley Landfill Site.

Bar Library Trust Fund - This fund was established in 1999 to account for all expenditures associated with the operations of the Bar Library of the Circuit Court of Harford County. Fines and appearance fees collected from local attorneys provide the source of revenues.

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2011

Exhibit F-1

| | Sheriff's Office Pension System | Firemen's Pension Trust | Total |
|--|------------------------------------|----------------------------|---------------|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 251,140 | \$ 444,388 | \$ 695,528 |
| Investments, at Fair Value | | | |
| Cash Equivalents | 169,202 | 101,712 | 270,914 |
| Fixed Income Fund | 9,289,619 | 6,394,458 | 15,684,077 |
| Equities & Equivalents | 26,641,567 | 9,594,726 | 36,236,293 |
| Total Investments | 36,100,388 | 16,090,896 | 52,191,284 |
| Total Assets | 36,351,528 | 16,535,284 | 52,886,812 |
| LIABILITIES | | | |
| Accounts Payable | 21,803 | 29,062 | 50,865 |
| Total Liabilities | 21,803 | 29,062 | 50,865 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | |
| (Schedules of funding progress and employer contributions are presented in the "Required Supplementary Information", (Schedule 1) | | | |
| | \$ 36,329,725 | \$ 16,506,222 | \$ 52,835,947 |

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2011

Exhibit F-2

| | Sheriff's Office Pension System | Firemen's Pension Trust | Total |
|--|------------------------------------|----------------------------|---------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employee Contributions | \$ 461,209 | \$ - | \$ 461,209 |
| Employer Contributions | 2,140,299 | - | 2,140,299 |
| Plan Sponsor Contributions | - | 1,670,207 | 1,670,207 |
| Total Contributions | 2,601,508 | 1,670,207 | 4,271,715 |
| Investment Earnings | | | |
| Net Appreciation in Fair Value of Investments | 5,506,912 | 1,720,137 | 7,227,049 |
| Interest and Dividends | 1,578,129 | 940,576 | 2,518,705 |
| Total Investment Earnings | 7,085,041 | 2,660,713 | 9,745,754 |
| Less Investment Expense | (150,159) | (98,854) | (249,013) |
| Net Investment Income | 6,934,882 | 2,561,859 | 9,496,741 |
| Total Additions | 9,536,390 | 4,232,066 | 13,768,456 |
| DEDUCTIONS | | | |
| Administrative Expenses | 36,260 | 9,505 | 45,765 |
| Benefits | 2,258,292 | 1,306,202 | 3,564,494 |
| Total Deductions | 2,294,552 | 1,315,707 | 3,610,259 |
| Change in Net Assets | 7,241,838 | 2,916,359 | 10,158,197 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | |
| Net Assets--Beginning of the Year | 29,087,887 | 13,589,863 | 42,677,750 |
| Net Assets--End of the Year | \$ 36,329,725 | \$ 16,506,222 | \$ 52,835,947 |

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2011

Exhibit F-3

| | BVL Cooperating Parties Group | Bar Library | Total |
|---------------------------------------|-------------------------------------|----------------|--------------|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 1,166,542 | \$ 283,160 | \$ 1,449,702 |
| Accounts Receivable | - | 9,819 | 9,819 |
| Investments | 1,101,114 | - | 1,101,114 |
| Total Assets | 2,267,656 | 292,979 | 2,560,635 |
| LIABILITIES | | | |
| Accounts Payable | 4,370 | 9,271 | 13,641 |
| Accrued Expense | 47,091 | - | 47,091 |
| Deferred Revenue | 1,101,114 | - | 1,101,114 |
| Total Liabilities | 1,152,575 | 9,271 | 1,161,846 |
| NET ASSETS | | | |
| Held in Trust | \$ 1,115,081 | \$ 283,708 | \$ 1,398,789 |

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2011

Exhibit F-4

| | Revolving Loan | BVL Cooperating Parties Group | Bar Library | Total |
|------------------------------|-------------------|-------------------------------------|----------------|--------------|
| ADDITIONS | | | | |
| Contributions and Donations | \$ - | \$ 110,671 | \$ 111,575 | \$ 222,246 |
| Interest and Dividends | 239 | 3,056 | 748 | 4,043 |
| Total Additions | 239 | 113,727 | 112,323 | 226,289 |
| DEDUCTIONS | | | | |
| Administrative Expenses | 75,987 | - | - | 75,987 |
| Contractual Services | - | 212,089 | 184,798 | 396,887 |
| Total Deductions | 75,987 | 212,089 | 184,798 | 472,874 |
| Change in Net Assets | (75,748) | (98,362) | (72,475) | (246,585) |
| NET ASSETS | | | | |
| Net Assets-Beginning of Year | 75,748 | 1,213,443 | 356,183 | 1,645,374 |
| Net Assets-End of Year | \$ - | \$ 1,115,081 | \$ 283,708 | \$ 1,398,789 |

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2011

Exhibit F-5

| | Balance July 1, 2010 | Additions | Deductions | Balance June 30, 2011 |
|-------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| PASS-THROUGH GRANTS | | | | |
| ASSETS | | | | |
| Equity in Pooled Cash | \$ (213,826) | \$ 263,508 | \$ - | \$ 49,682 |
| Accounts Receivable | 345,708 | 2,434 | 345,708 | 2,434 |
| Total Assets | <u>\$ 131,882</u> | <u>\$ 265,942</u> | <u>\$ 345,708</u> | <u>\$ 52,116</u> |
| LIABILITIES | | | | |
| Due to Beneficiary | \$ 131,882 | \$ 52,116 | \$ 131,882 | \$ 52,116 |
| Total Liabilities | <u>\$ 131,882</u> | <u>\$ 52,116</u> | <u>\$ 131,882</u> | <u>\$ 52,116</u> |
| HEALTH CARE CONSORTIUM | | | | |
| ASSETS | | | | |
| Investments | \$ 9,944,716 | \$ 2,838,150 | \$ 1,253,584 | \$ 11,529,282 |
| Total Assets | <u>\$ 9,944,716</u> | <u>\$ 2,838,150</u> | <u>\$ 1,253,584</u> | <u>\$ 11,529,282</u> |
| LIABILITIES | | | | |
| Due to Beneficiary | \$ 9,944,716 | \$ 2,838,150 | \$ 1,253,584 | \$ 11,529,282 |
| Total Liabilities | <u>\$ 9,944,716</u> | <u>\$ 2,838,150</u> | <u>\$ 1,253,584</u> | <u>\$ 11,529,282</u> |
| TOTAL ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Equity in Pooled Cash | \$ (213,826) | \$ 263,508 | \$ - | \$ 49,682 |
| Accounts Receivable | 345,708 | 2,434 | 345,708 | 2,434 |
| Investments | 9,944,716 | 2,838,150 | 1,253,584 | 11,529,282 |
| Total Assets | <u>\$ 10,076,598</u> | <u>\$ 3,104,092</u> | <u>\$ 1,599,292</u> | <u>\$ 11,581,398</u> |
| LIABILITIES | | | | |
| Due to Beneficiary | \$ 10,076,598 | \$ 2,890,266 | \$ 1,385,466 | \$ 11,581,398 |
| Total Liabilities | <u>\$ 10,076,598</u> | <u>\$ 2,890,266</u> | <u>\$ 1,385,466</u> | <u>\$ 11,581,398</u> |



Statistical Section

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Statistical Section

(Unaudited)

This part of the Harford County's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

Financial Trends

Tables 1 through 5 contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective.

Revenue Capacity

Tables 6 through 9 contain information that may assist the reader in assessing the viability of the County's most significant local revenue source, property taxes.

Debt Capacity

Tables 10 through 14 present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Economic & Demographic Information

Tables 15 and 16 offer economic and demographic indicators that may assist the reader in understanding the environment within which the County's financial activities take place.

Operating Information

Tables 17 through 19 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Source:

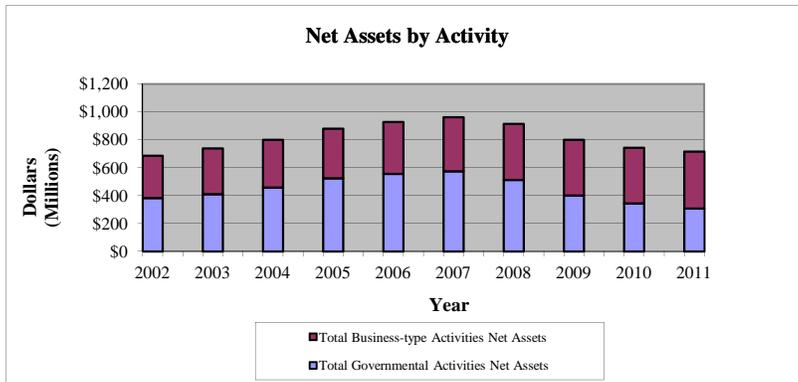
Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in fiscal year 2002, therefore tables presenting government-wide information includes only information from 2002 to the present.

Harford County, Maryland

Net Assets by Component (accrual basis of accounting)

**Table 1
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Governmental Activities | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 284,105,573 | \$ 333,435,548 | \$ 357,931,623 | \$ 373,728,341 |
| Restricted | 48,338,534 | 53,287,166 | 58,792,889 | 60,274,990 |
| Unrestricted | 50,029,353 | 22,536,723 | 41,887,313 | 91,040,906 |
| Total Governmental Activities Net Assets | <u>\$ 382,473,460</u> | <u>\$ 409,259,437</u> | <u>\$ 458,611,825</u> | <u>\$ 525,044,237</u> |
| Business-Type Activities | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 205,161,939 | \$ 213,138,995 | \$ 219,478,767 | \$ 229,285,930 |
| Unrestricted | 97,819,863 | 115,982,093 | 121,799,547 | 125,501,320 |
| Total Business-type Activities Net Assets | <u>\$ 302,981,802</u> | <u>\$ 329,121,088</u> | <u>\$ 341,278,314</u> | <u>\$ 354,787,250</u> |
| Primary Government | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 489,267,512 | \$ 546,574,543 | \$ 577,410,390 | \$ 603,014,271 |
| Restricted | 48,338,534 | 53,287,166 | 58,792,889 | 60,274,990 |
| Unrestricted | 147,849,216 | 138,518,816 | 163,686,860 | 216,542,226 |
| Total Primary Government Net Assets | <u>\$ 685,455,262</u> | <u>\$ 738,380,525</u> | <u>\$ 799,890,139</u> | <u>\$ 879,831,487</u> |



| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ 395,170,359 | \$ 412,786,546 | \$ 464,659,388 | \$ 449,571,374 | \$ 444,082,892 | \$ 422,414,425 |
| 63,909,160 | 76,961,572 | 76,207,751 | 78,842,512 | 77,888,816 | 91,867,107 |
| 96,748,018 | 83,544,901 | (27,463,371) | (126,890,551) | (178,174,967) | (207,023,969) |
| <u>\$ 555,827,537</u> | <u>\$ 573,293,019</u> | <u>\$ 513,403,768</u> | <u>\$ 401,523,335</u> | <u>\$ 343,796,741</u> | <u>\$ 307,257,563</u> |
| | | | | | |
| \$ 241,947,408 | \$ 256,147,742 | \$ 264,079,863 | \$ 277,437,097 | \$ 285,389,182 | \$ 290,793,475 |
| 130,235,522 | 131,468,032 | 135,343,466 | 121,551,999 | 114,501,559 | 117,859,447 |
| <u>\$ 372,182,930</u> | <u>\$ 387,615,774</u> | <u>\$ 399,423,329</u> | <u>\$ 398,989,096</u> | <u>\$ 399,890,741</u> | <u>\$ 408,652,922</u> |
| | | | | | |
| \$ 637,117,767 | \$ 668,934,288 | \$ 728,739,251 | \$ 727,008,471 | \$ 729,472,074 | \$ 713,207,900 |
| 63,909,160 | 76,961,572 | 76,207,751 | 78,842,512 | 77,888,816 | 91,867,107 |
| 226,983,540 | 215,012,933 | 107,880,095 | (5,338,552) | (63,673,408) | (89,164,522) |
| <u>\$ 928,010,467</u> | <u>\$ 960,908,793</u> | <u>\$ 912,827,097</u> | <u>\$ 800,512,431</u> | <u>\$ 743,687,482</u> | <u>\$ 715,910,485</u> |

Harford County, Maryland

Changes in Net Assets (accrual basis of accounting)

Table 2
Last Ten Fiscal Years

| Expenses (by function) | Fiscal Year | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2002 | 2003 | 2004 | 2005 |
| <i>Government Activities</i> | | | | |
| Agricultural Preservation | \$ 781,438 | \$ 2,538,687 | \$ 2,735,313 | \$ 2,458,011 |
| County Council | 1,450,144 | 1,531,400 | 1,487,864 | 1,546,589 |
| Education-Primary thru Com. College | 166,198,521 | 176,217,742 | 181,753,439 | 197,639,393 |
| General Government | 23,064,861 | 20,203,633 | 23,123,024 | 23,164,674 |
| Harford Center | 347,606 | 367,731 | 367,731 | 382,143 |
| Judicial | 6,749,715 | 6,865,700 | 7,021,007 | 7,639,916 |
| Libraries | 9,058,242 | 13,458,114 | 10,783,353 | 13,838,222 |
| Parks and Recreation | 6,877,916 | 7,888,822 | 11,276,417 | 9,950,468 |
| Public Safety | 45,581,982 | 50,505,871 | 52,792,113 | 57,134,910 |
| Public Works | 35,391,778 | 39,726,014 | 42,579,379 | 43,118,390 |
| Social Services & Health | 17,149,173 | 19,183,085 | 20,164,881 | 20,683,885 |
| Unallocated Debt Interest & Other Costs | 8,555,498 | 8,688,555 | 7,619,473 | 7,852,493 |
| Total Government Activities, as Restated | 321,206,874 | 347,175,354 | 361,703,994 | 385,409,094 |
| <i>Business-type Activities</i> | | | | |
| Water and Sewer | 31,523,242 | 32,220,977 | 33,605,134 | 34,271,051 |
| Total Business-type Activities | 31,523,242 | 32,220,977 | 33,605,134 | 34,271,051 |
| Total Primary Government Expenses | \$ 352,730,116 | \$ 379,396,331 | \$ 395,309,128 | \$ 419,680,145 |
| Program Revenues | | | | |
| <i>Government Activities</i> | | | | |
| Charges for Services | | | | |
| General Government | \$ 1,605,297 | \$ 1,713,930 | \$ 1,846,227 | \$ 1,861,049 |
| Public Safety | 7,190,058 | 5,677,052 | 6,700,000 | 9,119,711 |
| Public Works | 8,357,508 | 12,493,132 | 13,123,511 | 13,706,892 |
| Other Activities | 1,054,504 | 1,130,547 | 1,161,341 | 1,257,179 |
| Operating Grants and Contributions | 28,212,214 | 28,233,897 | 28,017,918 | 27,829,602 |
| Capital Grants and Contributions | 12,948,888 | 17,444,925 | 10,601,993 | 19,323,654 |
| Total Governmental Activities Program Revenue | 59,368,469 | 66,693,483 | 61,450,990 | 73,098,087 |
| <i>Business-type Activities</i> | | | | |
| Charges for Services | 19,122,209 | 19,541,794 | 20,327,113 | 20,841,982 |
| Capital Grants and Contributions | 20,668,188 | 21,366,306 | 19,416,140 | 19,016,100 |
| Total Business-type Activities Program Revenue | 39,790,397 | 40,908,100 | 39,743,253 | 39,858,082 |
| Total Primary Government Program Revenues | \$ 99,158,866 | \$ 107,601,583 | \$ 101,194,243 | \$ 112,956,169 |
| Net (Expense) Revenue | | | | |
| <i>Government Activities, as Restated</i> | | | | |
| | \$ (261,838,405) | \$ (280,481,871) | \$ (300,253,004) | \$ (312,311,007) |
| <i>Business-type Activities</i> | | | | |
| | 8,267,155 | 8,687,123 | 6,138,119 | 5,587,031 |
| Total Primary Government Net Expense, as Restated | \$ (253,571,250) | \$ (271,794,748) | \$ (294,114,885) | \$ (306,723,976) |
| General Revenues and Other Changes in Net Assets | | | | |
| <i>Government Activities</i> | | | | |
| Taxes | | | | |
| Property Taxes | \$ 150,826,264 | \$ 156,065,011 | \$ 169,062,889 | \$ 180,609,309 |
| Income Taxes | 117,760,864 | 119,276,969 | 148,636,932 | 150,378,591 |
| Other Taxes | 22,239,992 | 24,587,212 | 30,167,280 | 38,728,179 |
| Investment Earnings | 6,724,177 | 6,560,410 | 1,244,606 | 7,754,509 |
| Grants and Contributions | - | 860,767 | 645,575 | 860,767 |
| Miscellaneous | 1,082,504 | 1,072,462 | 1,422,066 | 1,733,509 |
| Total Governmental Activities | 298,633,801 | 308,422,831 | 351,179,348 | 380,064,864 |
| <i>Business-type Activities</i> | | | | |
| Other Taxes | 1,840,995 | 2,142,874 | 2,724,595 | 3,403,703 |
| Investment Earnings | 4,941,379 | 4,274,289 | 3,294,512 | 4,518,202 |
| Litigation Settlement | - | 11,035,000 | - | - |
| Miscellaneous | - | - | - | - |
| Total Business-type Activities | 6,782,374 | 17,452,163 | 6,019,107 | 7,921,905 |
| Total Primary Government | \$ 305,416,175 | \$ 325,874,994 | \$ 357,198,455 | \$ 387,986,769 |
| Change in Net Assets | | | | |
| <i>Government Activities, as Restated</i> | | | | |
| | \$ 36,795,396 | \$ 27,940,960 | \$ 50,926,344 | \$ 67,753,857 |
| <i>Business-type Activities</i> | | | | |
| | 15,049,529 | 26,139,286 | 12,157,226 | 13,508,936 |
| Total Primary Government, as Restated | \$ 51,844,925 | \$ 54,080,246 | \$ 63,083,570 | \$ 81,262,793 |

| Fiscal Year | | | | | | |
|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ | 3,063,167 | \$ 1,967,017 | \$ 3,127,195 | \$ 5,695,097 | \$ 4,249,774 | \$ 3,319,578 |
| | 1,771,152 | 1,859,440 | 2,379,819 | 2,243,875 | 2,148,195 | 2,198,979 |
| | 237,071,869 | 241,576,927 | 297,182,465 | 319,330,062 | 291,542,340 | 257,424,328 |
| | 22,934,310 | 36,207,586 | 43,776,142 | 51,703,093 | 48,547,861 | 38,564,852 |
| | 432,143 | 482,143 | 532,142 | 582,143 | 553,036 | 553,036 |
| | 8,342,616 | 9,052,442 | 10,398,970 | 10,206,733 | 9,943,671 | 10,159,127 |
| | 17,313,195 | 12,894,760 | 16,406,652 | 16,809,566 | 16,446,279 | 21,721,995 |
| | 11,255,578 | 19,323,689 | 18,980,453 | 14,431,566 | 17,598,714 | 20,811,081 |
| | 64,446,233 | 74,225,224 | 95,946,852 | 95,086,768 | 96,984,770 | 113,230,332 |
| | 66,827,829 | 56,214,545 | 73,819,429 | 60,809,936 | 74,378,929 | 63,368,723 |
| | 22,780,840 | 25,119,209 | 26,492,857 | 28,677,264 | 29,228,702 | 29,806,456 |
| | 8,498,206 | 8,202,236 | 9,995,430 | 10,563,561 | 13,071,359 | 19,962,786 |
| | <u>464,737,138</u> | <u>487,125,218</u> | <u>599,038,406</u> | <u>616,139,664</u> | <u>604,693,630</u> | <u>581,121,273</u> |
| | 35,899,779 | 36,525,841 | 40,077,024 | 40,862,648 | 41,514,775 | 41,859,508 |
| | <u>35,899,779</u> | <u>36,525,841</u> | <u>40,077,024</u> | <u>40,862,648</u> | <u>41,514,775</u> | <u>41,859,508</u> |
| \$ | <u>500,636,917</u> | <u>523,651,059</u> | <u>639,115,430</u> | <u>657,002,312</u> | <u>646,208,405</u> | <u>622,980,781</u> |
| \$ | 1,984,467 | \$ 2,087,329 | \$ 2,109,440 | \$ 2,149,523 | \$ 2,407,582 | \$ 2,375,772 |
| | 6,441,809 | 6,647,023 | 6,227,490 | 5,370,147 | 4,029,330 | 3,636,934 |
| | 14,678,365 | 14,754,084 | 16,734,280 | 11,573,060 | 13,345,821 | 12,048,111 |
| | 1,302,711 | 1,300,942 | 1,340,804 | 1,170,172 | 2,194,432 | 1,373,949 |
| | 32,667,246 | 33,674,068 | 34,867,362 | 36,473,746 | 33,788,214 | 28,476,585 |
| | 23,626,095 | 17,680,246 | 17,557,762 | 9,210,506 | 17,130,252 | 21,112,129 |
| | <u>80,700,693</u> | <u>76,143,692</u> | <u>78,837,138</u> | <u>65,947,154</u> | <u>72,895,631</u> | <u>69,023,480</u> |
| | 22,236,063 | 22,757,806 | 24,179,578 | 24,001,673 | 24,994,995 | 26,142,956 |
| | 20,539,437 | 18,600,053 | 17,661,512 | 10,366,224 | 12,941,591 | 19,897,191 |
| | 42,775,500 | 41,357,859 | 41,841,090 | 34,367,897 | 37,936,586 | 46,040,147 |
| \$ | <u>123,476,193</u> | <u>117,501,551</u> | <u>120,678,228</u> | <u>100,315,051</u> | <u>110,832,217</u> | <u>115,063,627</u> |
| \$ | (384,036,445) | \$ (410,981,526) | \$ (520,201,268) | \$ (550,192,510) | \$ (531,797,999) | \$ (512,097,793) |
| | 6,875,721 | 4,832,018 | 1,764,066 | (6,494,751) | (3,578,189) | 4,180,639 |
| \$ | <u>(377,160,724)</u> | <u>(406,149,508)</u> | <u>(518,437,202)</u> | <u>(556,687,261)</u> | <u>(535,376,188)</u> | <u>(507,917,154)</u> |
| \$ | 195,158,988 | \$ 218,160,400 | \$ 243,355,073 | \$ 269,385,374 | \$ 286,733,047 | \$ 290,004,412 |
| | 158,656,846 | 160,292,947 | 167,483,930 | 136,159,443 | 155,948,152 | 158,374,084 |
| | 48,152,486 | 41,225,896 | 31,524,076 | 21,920,852 | 25,609,883 | 23,980,727 |
| | 9,566,164 | 14,410,465 | 15,068,189 | 7,883,023 | 5,094,195 | 2,113,223 |
| | 860,767 | 909,303 | 832,651 | 100,161 | 132,964 | 185,216 |
| | 4,738,703 | 3,491,848 | 2,048,098 | 2,863,224 | 553,164 | 900,953 |
| | <u>417,133,954</u> | <u>438,490,859</u> | <u>460,312,017</u> | <u>438,312,077</u> | <u>474,071,405</u> | <u>475,558,615</u> |
| | 3,943,394 | 3,213,661 | 2,501,024 | 1,572,507 | 1,706,028 | 1,651,107 |
| | 6,576,565 | 7,387,165 | 7,542,465 | 4,488,011 | 2,773,806 | 2,582,713 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | 347,722 |
| | 10,519,959 | 10,600,826 | 10,043,489 | 6,060,518 | 4,479,834 | 4,581,542 |
| \$ | <u>427,653,913</u> | <u>449,091,685</u> | <u>470,355,506</u> | <u>444,372,595</u> | <u>478,551,239</u> | <u>480,140,157</u> |
| \$ | 33,097,509 | \$ 27,509,333 | \$ (59,889,251) | \$ (111,880,433) | \$ (57,726,594) | \$ (36,539,178) |
| | 17,395,680 | 15,432,844 | 11,807,555 | (434,233) | 901,645 | 8,762,181 |
| \$ | <u>50,493,189</u> | <u>42,942,177</u> | <u>(48,081,696)</u> | <u>(112,314,666)</u> | <u>(56,824,949)</u> | <u>(27,776,997)</u> |

Harford County, Maryland

Fund Balances, Governmental Funds (modified accrual basis of accounting)

**Table 3
Last Ten Fiscal Years; Restated**

| | Fiscal Year | | | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Nonspendable: | | | | |
| Inventory | \$ 1,110,993 | \$ 1,038,142 | \$ 1,150,057 | \$ 1,262,145 |
| Prepaid | 131,282 | 131,282 | 131,282 | 131,282 |
| Long-term Receivable | 3,537,044 | 3,009,965 | 2,815,638 | 1,759,653 |
| | <u>4,779,319</u> | <u>4,179,389</u> | <u>4,096,977</u> | <u>3,153,080</u> |
| Restricted for: | | | | |
| Bond Proceeds | 3,980,008 | 3,615,968 | - | - |
| Health Department | 1,841 | 25,942 | 21,887 | 23,599 |
| Board of Education | 2,932,388 | 522,782 | 6,150,508 | 4,440,320 |
| Bonded Capital Projects | 38,741,077 | 19,848,423 | 21,357,955 | 37,855,522 |
| General Fund Detention Center | 14,343 | 11,849 | 11,536 | 32,269 |
| Parks & Recreation | 1,116,247 | 2,032,631 | 1,221,952 | - |
| Grants | 1,985,420 | 1,747,720 | 2,259,965 | 2,131,352 |
| Lease Purchase Proceeds | - | - | - | - |
| Other Purposes | - | - | - | 5,028 |
| | <u>48,771,324</u> | <u>27,805,315</u> | <u>31,023,803</u> | <u>44,488,090</u> |
| Committed to: | | | | |
| Development Rights | 12,758,643 | 17,783,635 | 17,933,640 | 21,181,535 |
| | <u>12,758,643</u> | <u>17,783,635</u> | <u>17,933,640</u> | <u>21,181,535</u> |
| Assigned to: | | | | |
| Appropriation of Fund Balance | 31,844,368 | 22,158,430 | 21,657,928 | 49,156,651 |
| Credit Rating Purposes | 17,896,494 | 17,672,055 | 19,182,771 | 22,603,453 |
| Encumbrances | 13,532,571 | 19,572,363 | 17,727,016 | 22,333,991 |
| Landfill Closure Costs | 8,691,835 | 9,129,076 | 9,718,184 | 10,296,512 |
| Other Purposes | 63,350 | 2,340,204 | 63,350 | 63,350 |
| Highways | 13,697,394 | 12,378,712 | 7,639,383 | 5,112,485 |
| Ag Preservation | 10,434,939 | 10,237,374 | 9,014,130 | 15,569,317 |
| Capital Projects | 25,058,675 | 25,899,265 | 38,542,898 | 25,036,530 |
| Non Major P&R Fund | 16,811 | 48,878 | 76,013 | - |
| | <u>121,236,437</u> | <u>119,436,357</u> | <u>123,621,673</u> | <u>150,172,289</u> |
| Unassigned: | <u>7,363,314</u> | <u>5,921,926</u> | <u>22,003,739</u> | <u>31,738,528</u> |
| Total Fund Balance | <u>\$ 194,909,037</u> | <u>\$ 175,126,622</u> | <u>\$ 198,679,832</u> | <u>\$ 250,733,522</u> |

| | | Fiscal Year | | | | | | | | | |
|----|--------------------|-------------|--------------------|------|--------------------|------|--------------------|----|--------------------|----|--------------------|
| | | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | | | | |
| \$ | 1,445,667 | \$ | 1,690,366 | \$ | 1,964,376 | \$ | 2,079,969 | \$ | 2,019,073 | \$ | 2,114,574 |
| | 131,282 | | 131,282 | | 131,282 | | 131,282 | | 131,282 | | 131,282 |
| | 803,569 | | 750,852 | | 695,894 | | 907,399 | | 1,449,301 | | 538,285 |
| | <u>2,380,518</u> | | <u>2,572,500</u> | | <u>2,791,552</u> | | <u>3,118,650</u> | | <u>3,599,656</u> | | <u>2,784,141</u> |
| | - | | 6,103,211 | | - | | 6,778,472 | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | 2,260,747 | | 11,911,872 | | 13,698,754 | | 17,044,211 | | 6,279,957 | | 13,711,336 |
| | 9,080,695 | | - | | 30,562,023 | | 25,599,509 | | 83,110,584 | | 35,468,418 |
| | 177,409 | | 386,861 | | 554,510 | | 765,303 | | 952,289 | | 1,010,310 |
| | 194,914 | | 729,145 | | 1,662 | | 129,104 | | 849,988 | | 594,673 |
| | 2,691,037 | | 3,305,701 | | 4,487,913 | | 4,635,607 | | 8,684,777 | | 8,584,742 |
| | - | | 8,155,360 | | 1,224,637 | | - | | 1,191,984 | | - |
| | - | | - | | - | | - | | - | | - |
| | <u>14,404,802</u> | | <u>30,592,150</u> | | <u>50,529,499</u> | | <u>54,952,206</u> | | <u>101,069,579</u> | | <u>59,369,479</u> |
| | 19,920,299 | | 22,756,704 | | 32,953,506 | | 37,983,430 | | 42,038,898 | | 43,308,194 |
| | <u>19,920,299</u> | | <u>22,756,704</u> | | <u>32,953,506</u> | | <u>37,983,430</u> | | <u>42,038,898</u> | | <u>43,308,194</u> |
| | 36,573,989 | | 43,543,890 | | 30,124,908 | | 9,754,106 | | 12,031,257 | | 50,646,722 |
| | 24,535,175 | | 26,529,534 | | 27,296,784 | | 25,738,539 | | 25,745,240 | | 27,028,071 |
| | 16,743,241 | | 21,392,723 | | 20,053,621 | | 20,999,378 | | 34,889,776 | | 18,868,628 |
| | 11,122,509 | | 11,501,927 | | 12,663,965 | | 15,301,157 | | 15,500,786 | | 9,020,231 |
| | 63,350 | | 8,573,008 | | 5,099,596 | | 63,350 | | 7,390,878 | | - |
| | 4,292,902 | | 856,893 | | 9,079,727 | | 14,217,744 | | 14,380,858 | | 11,661,675 |
| | 22,320,467 | | 16,416,611 | | 11,708,279 | | 1,220,005 | | 3,467,777 | | 5,146,399 |
| | 44,014,210 | | 23,554,049 | | 13,693,316 | | - | | - | | - |
| | 25,630 | | 35,737 | | 24,480 | | 76,424 | | 114,506 | | 225,413 |
| | <u>159,691,473</u> | | <u>152,404,372</u> | | <u>129,744,676</u> | | <u>87,370,703</u> | | <u>113,521,078</u> | | <u>122,597,139</u> |
| | 30,801,310 | | 22,826,647 | | 7,275,141 | | 12,953,584 | | 8,126,063 | | 7,310,375 |
| \$ | <u>227,198,402</u> | \$ | <u>231,152,373</u> | \$ | <u>223,294,374</u> | \$ | <u>196,378,573</u> | \$ | <u>268,355,274</u> | \$ | <u>235,369,328</u> |

Harford County, Maryland

Changes in Fund Balances, Governmental Funds (modified accrual basis of accounting)

Table 4
Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|----------------------|------------------------|----------------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 |
| REVENUES | | | | |
| Taxes | \$ 292,082,670 | \$ 300,449,556 | \$ 336,284,877 | \$ 364,815,190 |
| Revenues from Other Agencies | 32,061,157 | 33,935,764 | 32,157,865 | 34,682,711 |
| Investment Income | 6,238,809 | 6,343,303 | 1,131,601 | 7,554,516 |
| Charges for Current Services | 14,794,163 | 17,050,091 | 18,364,374 | 22,175,765 |
| Miscellaneous | 1,082,504 | 1,210,245 | 1,601,605 | 2,209,668 |
| Licenses and Permits | 3,165,955 | 3,189,445 | 3,405,141 | 3,391,013 |
| Fines and Forfeitures | 76,253 | 203,133 | 293,387 | 378,053 |
| Total Revenues | <u>349,501,511</u> | <u>362,381,537</u> | <u>393,238,850</u> | <u>435,206,916</u> |
| EXPENDITURES | | | | |
| Agricultural Preservation | 2,003,110 | 7,240,243 | 5,411,510 | 4,503,005 |
| County Council | 1,419,861 | 1,571,340 | 1,483,520 | 1,560,253 |
| General Government | 21,491,344 | 20,941,923 | 23,037,144 | 22,637,479 |
| Education-Primary thru Comm. College | 148,954,027 | 157,549,466 | 159,838,878 | 166,326,151 |
| Harford Center | 347,606 | 367,731 | 367,731 | 382,143 |
| Judicial | 6,256,191 | 6,448,245 | 6,540,613 | 7,225,955 |
| Libraries | 8,765,813 | 9,731,241 | 10,361,806 | 11,646,499 |
| Parks, Recreation and Natural Resources | 6,038,609 | 6,474,097 | 6,964,965 | 7,815,100 |
| Public Safety | 44,861,108 | 48,332,669 | 50,229,709 | 56,318,711 |
| Public Works | 28,646,164 | 54,705,653 | 32,390,927 | 34,574,637 |
| Social Services | 16,172,807 | 18,023,183 | 20,525,377 | 20,177,851 |
| Capital Outlay | 44,246,753 | 51,547,714 | 50,991,391 | 73,025,553 |
| Debt Service | | | | |
| Principal | 10,010,573 | 15,454,794 | 18,444,292 | 17,266,837 |
| Interest | 7,959,173 | 10,105,153 | 9,461,803 | 10,030,592 |
| Forgiveness of Long-term debt | - | - | - | 850,000 |
| Administrative Cost | 166,491 | 989,515 | 255,893 | 302,312 |
| Total Expenditures | <u>347,339,630</u> | <u>409,482,967</u> | <u>396,305,559</u> | <u>434,643,078</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>2,161,881</u> | <u>(47,101,430)</u> | <u>(3,066,709)</u> | <u>563,838</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 30,420,950 | 37,397,005 | 27,214,887 | 31,312,152 |
| Transfers (Out) | (30,420,950) | (37,397,005) | (27,214,887) | (31,312,152) |
| Payment to Escrow Agent for Refunding | - | - | (13,154,444) | - |
| Premium on Issuance of Bonds | - | - | - | 2,908,731 |
| Issuance of Notes and Leases | 3,500,000 | 43,338 | - | 11,635,000 |
| Issuance of Installment Purchase Agreements | 590,612 | 4,777,778 | 2,638,004 | 929,032 |
| Issuances of Bonds | 28,625,819 | 22,570,750 | 37,024,444 | 35,905,000 |
| Total Other Financing Sources(Uses) | <u>32,716,431</u> | <u>27,391,866</u> | <u>26,508,004</u> | <u>51,377,763</u> |
| Net Change in Fund Balances | <u>\$ 34,878,312</u> | <u>\$ (19,709,564)</u> | <u>\$ 23,441,295</u> | <u>\$ 51,941,601</u> |

| Fiscal Year | | | | | | |
|-------------|---------------------|---------------------|-----------------------|------------------------|----------------------|------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ | 397,052,086 | \$ 422,717,106 | \$ 438,882,450 | \$ 452,667,810 | \$ 466,531,995 | \$ 480,666,752 |
| | 38,652,065 | 42,139,431 | 47,211,851 | 39,468,501 | 46,537,712 | 43,118,868 |
| | 9,233,932 | 13,985,693 | 14,564,031 | 7,658,217 | 5,043,402 | 2,079,353 |
| | 20,657,426 | 20,936,913 | 21,348,472 | 18,410,619 | 16,194,617 | 15,688,351 |
| | 2,328,712 | 4,348,707 | 3,547,649 | 3,659,409 | 3,152,079 | 3,284,872 |
| | 3,429,632 | 3,412,684 | 3,108,872 | 2,746,769 | 3,152,131 | 3,302,291 |
| | 320,294 | 439,781 | 520,451 | 293,516 | 715,952 | 227,873 |
| | <u>471,674,147</u> | <u>507,980,315</u> | <u>529,183,776</u> | <u>524,904,841</u> | <u>541,327,888</u> | <u>548,368,360</u> |
| | 3,390,559 | 6,740,532 | 23,120,378 | 14,419,355 | 1,069,805 | 188,385 |
| | 1,753,619 | 1,894,779 | 2,499,875 | 2,181,966 | 2,077,277 | 2,191,906 |
| | 24,667,799 | 28,921,206 | 36,931,065 | 43,946,514 | 39,126,361 | 33,984,438 |
| | 189,193,543 | 204,193,543 | 215,393,543 | 222,918,540 | 226,354,606 | 225,580,152 |
| | 432,143 | 482,143 | 532,143 | 582,143 | 553,036 | 553,036 |
| | 7,829,181 | 8,530,681 | 9,658,821 | 9,489,000 | 9,190,480 | 9,525,838 |
| | 13,105,781 | 14,361,956 | 15,705,461 | 16,135,917 | 15,312,147 | 15,112,147 |
| | 8,379,757 | 9,616,126 | 11,356,395 | 11,140,363 | 10,436,404 | 10,864,188 |
| | 63,317,434 | 69,010,378 | 88,947,220 | 86,708,998 | 89,322,138 | 94,157,346 |
| | 37,785,746 | 41,461,050 | 48,226,571 | 43,296,084 | 43,737,049 | 41,088,647 |
| | 22,063,636 | 24,183,444 | 26,433,379 | 29,229,188 | 28,775,089 | 27,393,475 |
| | 92,586,151 | 86,959,198 | 139,888,861 | 146,470,982 | 118,270,600 | 89,082,362 |
| | 21,686,606 | 18,050,332 | 20,403,260 | 22,135,758 | 23,386,490 | 26,060,395 |
| | 10,596,280 | 10,296,906 | 12,689,676 | 14,110,855 | 15,845,507 | 19,968,082 |
| | - | - | - | - | - | - |
| | 159,045 | 470,370 | 567,990 | 685,625 | 1,210,978 | 1,197,249 |
| | <u>496,947,280</u> | <u>525,172,644</u> | <u>652,354,638</u> | <u>663,451,288</u> | <u>624,667,967</u> | <u>596,947,646</u> |
| | <u>(25,273,133)</u> | <u>(17,192,329)</u> | <u>(123,170,862)</u> | <u>(138,546,447)</u> | <u>(83,340,079)</u> | <u>(48,579,286)</u> |
| | 53,649,718 | 47,973,433 | 48,620,080 | 43,873,509 | 30,132,690 | 34,565,953 |
| | (53,649,718) | (47,973,433) | (48,620,080) | (43,873,509) | (30,132,690) | (33,068,114) |
| | - | - | - | (22,812,194) | (28,885,874) | - |
| | - | - | 5,901,161 | 8,106,323 | 14,359,593 | - |
| | - | 18,231,849 | 700,000 | 1,316,999 | 1,186,000 | - |
| | 1,554,491 | 2,669,752 | 12,537,691 | 7,065,889 | - | - |
| | - | - | 95,900,000 | 117,838,036 | 168,717,957 | 14,000,000 |
| | <u>1,554,491</u> | <u>20,901,601</u> | <u>115,038,852</u> | <u>111,515,053</u> | <u>155,377,676</u> | <u>15,497,839</u> |
| \$ | <u>(23,718,642)</u> | <u>\$ 3,709,272</u> | <u>\$ (8,132,010)</u> | <u>\$ (27,031,394)</u> | <u>\$ 72,037,597</u> | <u>\$ (33,081,447)</u> |

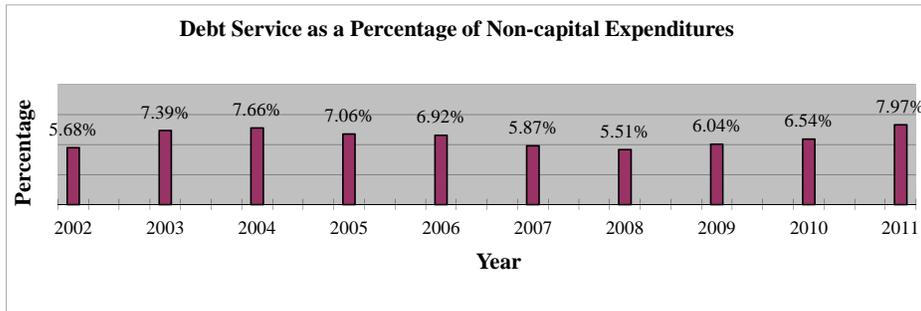
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures

Table 5
Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|------------------|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 | 2005 |
| Total Expenditures | \$ 347,339,630 | \$ 409,482,967 | \$ 396,305,559 | \$ 434,643,078 |
| (1) Less Capital Asset Expenditures | 31,066,768 | 63,600,954 | 31,779,050 | 47,847,785 |
| Non-capital Expenditures | \$ 316,272,862 | \$ 345,882,013 | \$ 364,526,509 | \$ 386,795,293 |
| Debt Service Expenditures | | | | |
| Principal | \$ 10,010,573 | \$ 15,454,794 | \$ 18,444,292 | \$ 17,266,837 |
| Interest | 7,959,173 | 10,105,153 | 9,461,803 | 10,030,592 |
| Forgiveness of Long-term debt | - | - | - | 850,000 |
| Administrative Cost | 166,491 | 989,515 | 255,893 | 302,312 |
| Total Debt Service Expenditures | \$ 18,136,237 | \$ 26,549,462 | \$ 28,161,988 | \$ 28,449,741 |
| Principal and Interest as a Percentage of Non-capital Expenditures | 5.68% | 7.39% | 7.66% | 7.06% |

(1) Total Capital Asset Expenditures equals the Purchase of Capital Assets in that fiscal year.



| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| \$ 496,947,280 | \$ 525,172,644 | \$ 652,354,638 | \$ 663,451,288 | \$ 624,667,967 | \$ 596,947,646 |
| <u>30,601,719</u> | <u>41,900,223</u> | <u>51,462,491</u> | <u>63,496,219</u> | <u>24,528,046</u> | <u>19,300,086</u> |
| \$ <u>466,345,561</u> | \$ <u>483,272,421</u> | \$ <u>600,892,147</u> | \$ <u>599,955,069</u> | \$ <u>600,139,921</u> | \$ <u>577,647,560</u> |
| \$ 21,686,606 | \$ 18,050,332 | \$ 20,403,260 | \$ 22,135,758 | \$ 23,386,490 | \$ 26,060,395 |
| 10,596,280 | 10,296,906 | 12,689,676 | 14,110,855 | 15,845,507 | 19,968,082 |
| - | - | - | - | - | - |
| <u>159,045</u> | <u>470,370</u> | <u>567,990</u> | <u>685,625</u> | <u>1,210,978</u> | <u>1,197,249</u> |
| \$ <u>32,441,931</u> | \$ <u>28,817,608</u> | \$ <u>33,660,926</u> | \$ <u>36,932,238</u> | \$ <u>40,442,975</u> | \$ <u>47,225,726</u> |
| | | | | | |
| <u>6.92%</u> | <u>5.87%</u> | <u>5.51%</u> | <u>6.04%</u> | <u>6.54%</u> | <u>7.97%</u> |

Harford County, Maryland

Assessed Value and Actual Value of Taxable Property (1) (Per \$100 of Assessed Value)

Table 6
Last Ten Fiscal Years

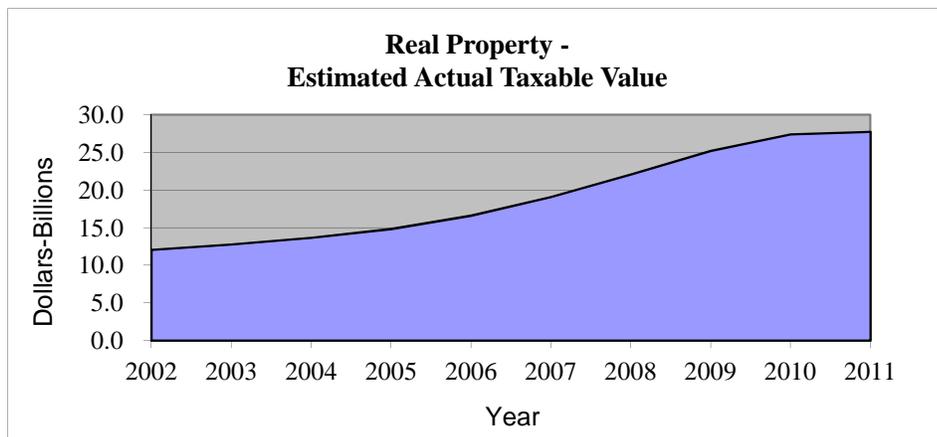
| Fiscal Year Ending June 30 | Real Property | | | |
|----------------------------------|-------------------|--------------------|------------------------------|--------------------------------------|
| | Assessed Value | Exempt Property | Taxable Assessed Value | Estimated Actual Taxable Value |
| (2) | | | | |
| 2002 | \$ 13,859,919,484 | \$ 1,800,100,819 | \$ 12,059,818,665 | \$ 12,059,818,665 |
| 2003 | 14,614,884,399 | 1,830,939,786 | 12,783,944,613 | 12,783,944,613 |
| 2004 | 15,527,295,683 | 1,871,639,589 | 13,655,656,094 | 13,655,656,094 |
| 2005 | 16,726,025,577 | 1,896,309,164 | 14,829,716,413 | 14,829,716,413 |
| 2006 | 18,548,656,553 | 1,940,013,808 | 16,608,642,745 | 16,608,642,745 |
| 2007 | 21,102,242,472 | 2,014,779,364 | 19,087,463,108 | 19,087,463,108 |
| 2008 | 24,150,504,718 | 2,085,913,339 | 22,064,591,379 | 22,064,591,379 |
| 2009 | 27,438,977,269 | 2,225,139,558 | 25,213,837,711 | 25,213,837,711 |
| 2010 | 29,765,437,549 | 2,346,618,410 | 27,418,819,139 | 27,418,819,139 |
| 2011 | 30,248,925,066 | 2,506,869,202 | 27,742,055,864 | 27,742,055,864 |

(1) Based on information provided by the Maryland Department of Assessments and Taxation.

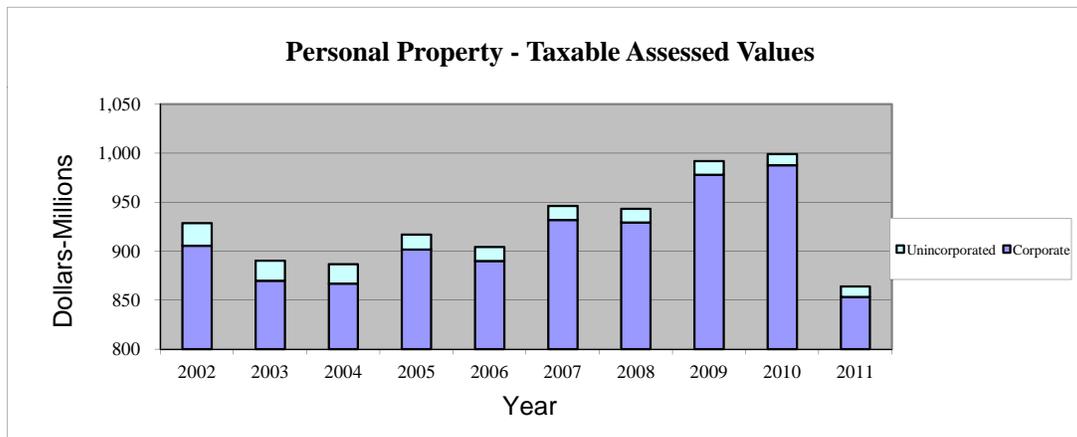
(2) As of Fiscal Year 2002, real property taxes are assessed at the property's estimated actual value.

Note:

Assessed values are established by the Maryland Department of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years; any increase in property values is phased in over a minimum of three years. Additionally, the County has a real property tax assessment cap for residential properties of 10% for Fiscal Year 2008 and prior, 9% for Fiscal Years 2009 and 2010 and 5% for Fiscal Year 2011. Personal Property tax rates are 2.5 times the real property tax rate.



| % Taxable Assessed To Estimated Actual Taxable Value | Real Property Direct Tax Rate | Personal Property | | | Personal Property Direct Tax Rate |
|--|-------------------------------|----------------------------------|---------------------------------------|-------|-----------------------------------|
| | | Corporate Taxable Assessed Value | Unincorporated Taxable Assessed Value | | |
| 100.00% | 1.092 | \$ 905,527,810 | \$ 23,169,200 | 2.730 | |
| 100.00% | 1.092 | 869,827,630 | 20,554,730 | 2.730 | |
| 100.00% | 1.092 | 866,976,420 | 19,634,220 | 2.730 | |
| 100.00% | 1.092 | 901,577,340 | 15,330,820 | 2.730 | |
| 100.00% | 1.082 | 889,899,840 | 14,181,420 | 2.705 | |
| 100.00% | 1.082 | 931,753,570 | 14,438,670 | 2.705 | |
| 100.00% | 1.082 | 929,164,770 | 14,066,570 | 2.705 | |
| 100.00% | 1.082 | 978,058,220 | 13,982,600 | 2.705 | |
| 100.00% | 1.064 | 987,547,770 | 11,403,430 | 2.660 | |
| 100.00% | 1.042 | 853,133,530 | 10,730,670 | 2.605 | |



Harford County, Maryland

**Direct and Overlapping Property Tax Rates (1)
(Per \$100 of Assessed Value)**

**Table 7
Last Ten Fiscal Years**

| Fiscal Year Ending June 30 | County Direct Real Property Tax Rate | | | Overlapping Real Property Tax Rates | | |
|-------------------------------------|--------------------------------------|--------------------------------|-----------------------------|-------------------------------------|----------------------------|----------------------------------|
| | General Fund (2) | Special Revenue Fund (3) | Total Direct Tax Rate | Town of Bel Air (4) | City of Aberdeen (4) | City of Havre de Grace (4) |
| 2002 | 0.936 | 0.156 | 1.092 | 0.440 | 0.5120 | 0.620 |
| 2003 | 0.936 | 0.156 | 1.092 | 0.440 | 0.5120 | 0.620 |
| 2004 | 0.936 | 0.156 | 1.092 | 0.500 | 0.5500 | 0.720 |
| 2005 | 0.936 | 0.156 | 1.092 | 0.500 | 0.5500 | 0.720 |
| 2006 | 0.926 | 0.156 | 1.082 | 0.500 | 0.5500 | 0.700 |
| 2007 | 0.926 | 0.156 | 1.082 | 0.500 | 0.7350 | 0.680 |
| 2008 | 0.926 | 0.156 | 1.082 | 0.500 | 0.7150 | 0.650 |
| 2009 | 0.926 | 0.156 | 1.082 | 0.500 | 0.7000 | 0.630 |
| 2010 | 0.908 | 0.156 | 1.064 | 0.500 | 0.6875 | 0.610 |
| 2011 | 0.896 | 0.146 | 1.042 | 0.500 | 0.6800 | 0.590 |

| Fiscal Year Ending June 30 | County Direct Personal Property Tax Rate | | | Overlapping Personal Property Tax Rates | | |
|-------------------------------------|--|--------------------------------|-----------------------------|---|----------------------------|----------------------------------|
| | General Fund (2) | Special Revenue Fund (3) | Total Direct Tax Rate | Town of Bel Air (4) | City of Aberdeen (4) | City of Havre de Grace (4) |
| 2002 | 2.340 | 0.390 | 2.730 | 1.100 | 1.280 | 1.550 |
| 2003 | 2.340 | 0.390 | 2.730 | 1.100 | 1.280 | 1.550 |
| 2004 | 2.340 | 0.390 | 2.730 | 1.160 | 1.400 | 1.705 |
| 2005 | 2.340 | 0.390 | 2.730 | 1.160 | 1.400 | 1.705 |
| 2006 | 2.315 | 0.390 | 2.705 | 1.160 | 1.400 | 1.705 |
| 2007 | 2.315 | 0.390 | 2.705 | 1.160 | 1.700 | 1.705 |
| 2008 | 2.315 | 0.390 | 2.705 | 1.160 | 1.700 | 1.705 |
| 2009 | 2.315 | 0.390 | 2.705 | 1.160 | 1.700 | 1.705 |
| 2010 | 2.270 | 0.390 | 2.660 | 1.160 | 1.700 | 1.705 |
| 2011 | 2.240 | 0.365 | 2.605 | 1.160 | 1.700 | 1.705 |

- (1) Overlapping rates are those of local municipalities that apply to property owners within Harford County.
Not all overlapping rates apply to all Harford County property owners. For example, Town of Bel Air rates apply only to the County property owners whose property is located within that municipalities geographic boundaries.
- (2) Assessed against all property within Harford County.
- (3) Assessed against all property within Harford County, but not in an incorporated town.
- (4) Assessed against all property within these incorporated towns.

Note: The County's direct property tax rates are set by the County Council and can only be changed by the Council.

Harford County, Maryland

Principal Taxpayers (1)

Table 8
Current Fiscal Year and Ten Years Ago

| Fiscal Year | | 2,011 | | |
|----------------------------------|------------------------|--------------------------|----------------------|--|
| Taxpayer | Type of Business | Assessed Valuation | County Taxes (2) | Percentage of Total Assessed Valuation |
| Baltimore Gas & Electric Company | Public Utility | \$ 310,436,160 | \$ 8,005,772 | 1.09% |
| Exelon Generation Company | Non-Utility Generator | 75,699,643 | 1,971,975 | 0.26% |
| Verizon - Maryland | Public Utility | 77,899,220 | 1,929,142 | 0.27% |
| PECO Energy Power Company | Non-Utility Generator | 116,040,737 | 1,209,144 | 0.41% |
| Harford Mall Business Trust | Shopping Center | 75,955,580 | 680,562 | 0.27% |
| Festival at Bel Air LLC | Shopping Center | 58,274,554 | 607,221 | 0.20% |
| Comcast of Harford County LLC | Cable Provider | 20,142,321 | 506,825 | 0.07% |
| Wells Fargo Northwest | Office/Industrial Ctr. | 45,773,660 | 476,961 | 0.16% |
| Columbia Gas Transmission | Public Utility | 17,291,250 | 450,402 | 0.06% |
| Bel Air Square LLC | Shopping Center | 47,057,143 | 421,632 | 0.16% |
| | | <u>844,570,268</u> | <u>\$ 16,259,636</u> | <u>2.95%</u> |
| Total Assessed Valuation | | <u>\$ 28,605,920,064</u> | | |

| Fiscal Year | | 2,002 | | |
|---------------------------------------|-----------------------|--------------------------|----------------------|--|
| Taxpayer | Type of Business | Assessed Valuation | County Taxes (2) | Percentage of Total Assessed Valuation |
| Baltimore Gas & Electric Company | Public Utility | \$ 246,366,346 | \$ 6,664,849 | 1.90% |
| MCI Telecommunications Corporation | Public Utility | 112,242,870 | 3,061,415 | 0.86% |
| Verizon - Maryland | Public Utility | 95,881,300 | 2,492,488 | 0.74% |
| Susquehanna Power Company | Public Utility | 71,950,882 | 1,795,835 | 0.55% |
| GPS Maryland, Inc. | Office/Industrial Ctr | 41,690,290 | 766,532 | 0.32% |
| Comcast Cablevision of Harford County | Cable TV Provider | 18,215,822 | 480,870 | 0.14% |
| Sumitomo Bank Leasing & Finance | Office/Industrial Ctr | 40,076,000 | 437,630 | 0.31% |
| Columbia Gas Transmission | Public Utility | 15,262,610 | 416,635 | 0.12% |
| Mid-Atlantic Realty Trust | Shopping Center | 43,334,364 | 394,845 | 0.33% |
| Bel Air Retail Inc. | Shopping Center | 32,602,300 | 353,024 | 0.25% |
| | | <u>717,622,784</u> | <u>\$ 16,864,123</u> | <u>5.52%</u> |
| Total Assessed Valuation | | <u>\$ 12,988,515,675</u> | | |

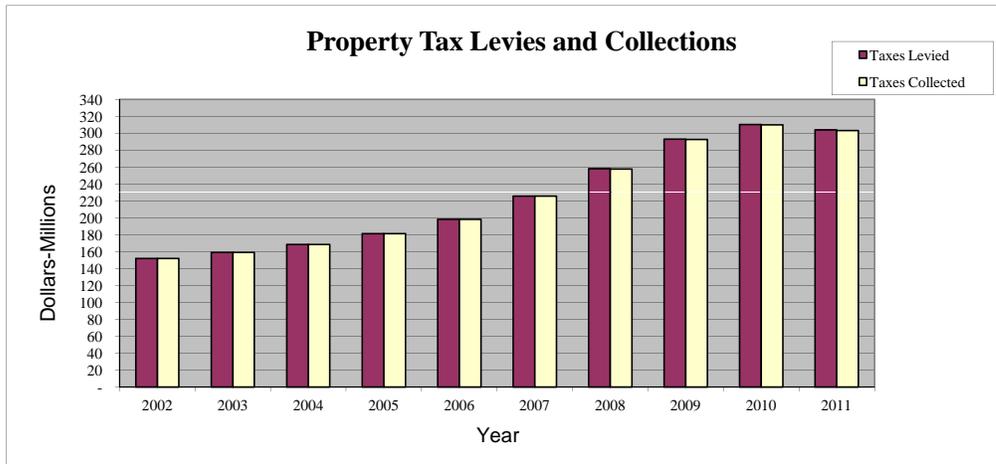
SOURCE: Harford County Department of the Treasury
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

Harford County, Maryland

Property Tax Levies and Collections

Table 9
Last Ten Fiscal Years

| Year Ending June 30 | Total Taxes Levied | Collected within the Fiscal Year of the Levy | | Collections In Subsequent Years | Total Collections to Date | | Outstanding Delinquent Taxes | Delinquent Taxes to Tax Levy |
|---------------------------|--------------------------|---|---------|---------------------------------------|------------------------------|---------|------------------------------------|------------------------------------|
| | | Amount | Percent | | Amount | Percent | | |
| 2002 | \$ 152,030,530 | \$ 151,301,348 | 99.52% | \$ 654,056 | \$ 151,955,404 | 99.95% | \$ 75,126 | 0.05% |
| 2003 | 159,226,438 | 156,728,264 | 98.43% | 2,402,873 | 159,131,137 | 99.94% | 95,301 | 0.06% |
| 2004 | 168,687,861 | 167,999,826 | 99.59% | 594,739 | 168,594,565 | 99.94% | 93,296 | 0.06% |
| 2005 | 181,503,256 | 181,184,501 | 99.82% | 161,227 | 181,345,728 | 99.91% | 157,528 | 0.09% |
| 2006 | 198,312,916 | 197,681,023 | 99.68% | 484,242 | 198,165,265 | 99.93% | 147,651 | 0.07% |
| 2007 | 225,953,745 | 225,203,456 | 99.67% | 622,809 | 225,826,265 | 99.94% | 127,480 | 0.06% |
| 2008 | 258,048,164 | 255,936,685 | 99.18% | 1,929,840 | 257,866,525 | 99.93% | 181,639 | 0.07% |
| 2009 | 293,089,183 | 290,917,209 | 99.26% | 1,878,569 | 292,795,778 | 99.90% | 293,405 | 0.10% |
| 2010 | 310,508,497 | 309,581,012 | 99.70% | 504,224 | 310,085,236 | 99.86% | 423,261 | 0.14% |
| 2011 | 304,126,005 | 303,254,570 | 99.71% | Not Available | 303,254,570 | 99.71% | 871,435 | 0.29% |



Harford County, Maryland

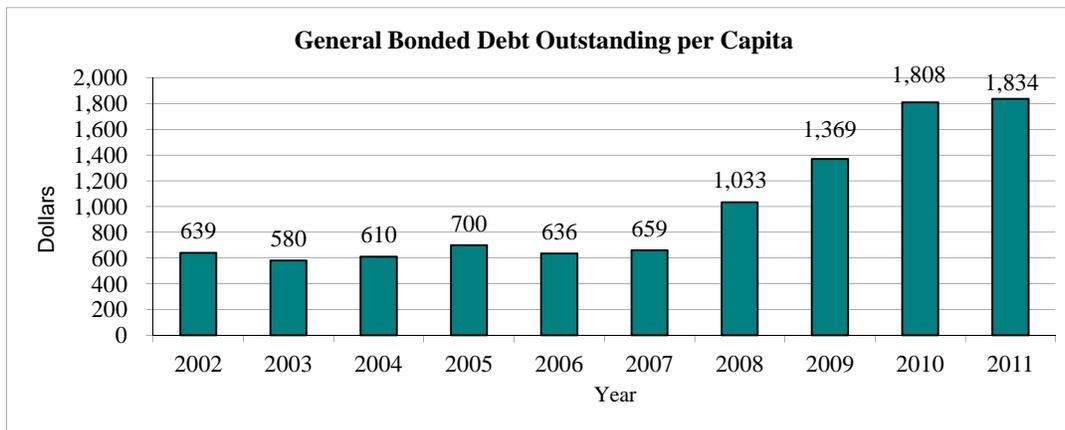
Ratios of General Bonded Debt Outstanding (1)

Table 10
Last Ten Fiscal Years

| Year Ending June 30 | Governmental General/Special Obligation Debt (2) | Business-type General Obligation Debt | Less Amounts to be Paid with Other Resources (3) | Total Net Primary Government | Percentage of Actual Assessed Value of Property (4) | Per Capita (4) |
|----------------------------|---|--|---|-------------------------------------|--|-----------------------|
| 2002 | \$ 176,591,527 | \$ 102,048,855 | \$ 133,687,479 | \$ 144,952,903 | 1.12% | \$ 639 |
| 2003 | 169,869,912 | 91,685,037 | 127,713,945 | 133,841,004 | 0.98% | 580 |
| 2004 | 180,976,494 | 85,059,837 | 123,297,887 | 142,738,444 | 0.98% | 610 |
| 2005 | 204,436,901 | 82,783,768 | 121,158,041 | 166,062,628 | 1.05% | 700 |
| 2006 | 191,290,866 | 68,994,713 | 107,627,411 | 152,658,168 | 0.87% | 636 |
| 2007 | 198,511,893 | 60,545,635 | 100,736,470 | 158,321,058 | 0.79% | 659 |
| 2008 | 301,845,832 | 74,514,748 | 126,944,354 | 249,416,226 | 1.08% | 1,033 |
| 2009 | 390,165,496 | 88,379,669 | 146,485,275 | 332,059,890 | 1.27% | 1,369 |
| 2010 | 506,690,179 | 128,412,388 | 185,512,510 | 449,590,057 | 1.58% | 1,808 (5) |
| 2011 | 520,315,389 | 125,771,843 | 195,951,421 | 450,135,811 | 1.57% | 1,834 (5) |

- (1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included here because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments, surcharges and recordation taxes. See Table 11 for specific information on business-type bonded debt.
- (2) All Notes Payable and the 2007 and 2009 Lease Purchase are backed by the full faith and credit and unlimited taxing authority of the County.
- (3) Agricultural Land Preservation debt, Special Obligation debt and Water & Sewer debt are subtracted from the bonded debt because Agricultural Land Preservation debt is paid from dedicated revenues in the Agricultural Land Preservation Special Revenue fund, Special Obligation debt is paid from the debt service fund and Water and Sewer debt is paid from the Water & Sewer Enterprise fund.
- (4) Information from Tables 6 and 15.
- (5) Personal income and population information were estimated for fiscal years 2010 and 2011 because data was unavailable.

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



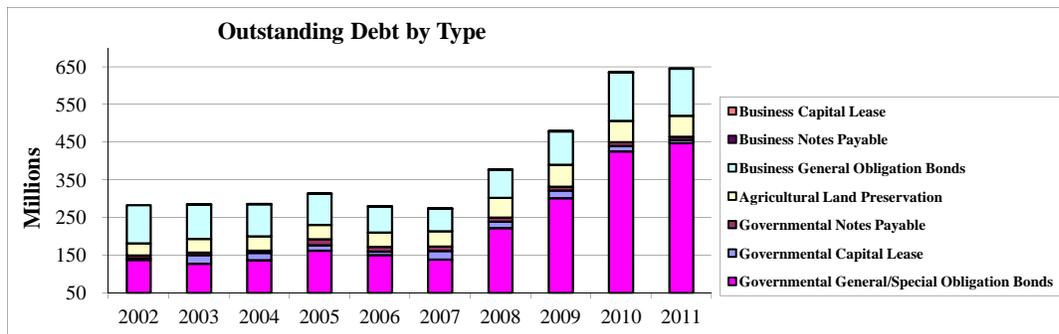
Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

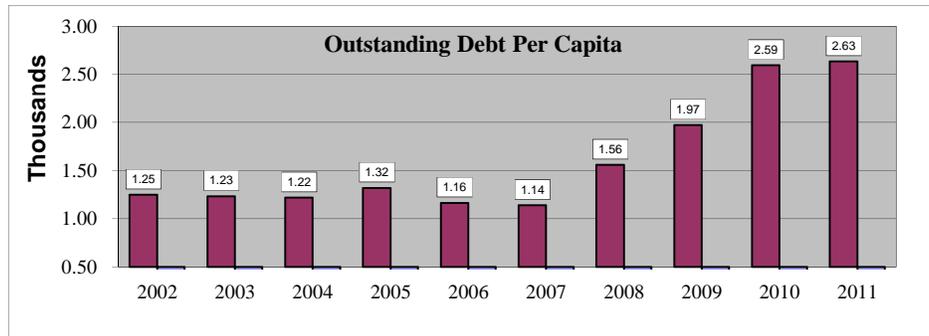
Table 11
Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Governmental Activities | | | | | Total Governmental Activities |
|----------------------------|----------------------------------|--------------------------|---------------|--------------------------------|----------------|-------------------------------|
| | General/Special Obligation Bonds | Capital Lease Obligation | Notes Payable | Agricultural Land Preservation | | |
| | | | | | | |
| 2002 | \$ 136,887,632 | \$ 4,322,441 | \$ 8,065,271 | \$ 31,638,624 | \$ 180,913,968 | |
| 2003 | 126,797,975 | 22,981,128 | 7,268,029 | 35,803,908 | 192,851,040 | |
| 2004 | 136,566,067 | 18,896,526 | 6,397,725 | 38,012,702 | 199,873,020 | |
| 2005 | 161,388,248 | 14,885,073 | 15,814,155 | 38,179,497 | 230,266,973 | |
| 2006 | 150,076,668 | 8,955,750 | 12,511,500 | 38,632,698 | 210,176,616 | |
| 2007 | 138,106,697 | 22,584,599 | 11,870,000 | 40,508,347 | 213,069,643 | |
| 2008 | 221,313,649 | 17,406,894 | 10,590,000 | 52,535,289 | 301,845,832 | |
| 2009 | 301,480,584 | 20,325,901 | 10,181,999 | 58,177,012 | 390,165,496 | |
| 2010 | 425,205,736 | 14,801,760 | 9,582,561 | 57,100,122 | 506,690,179 | |
| 2011 | 447,558,610 | 8,590,078 | 7,987,123 | 56,179,578 | 520,315,389 | |

- (1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.
- (2) Information from Table 15.
- (3) Personal Income and population information were estimated for fiscal years 2011 and 2010 because data was unavailable.



| Business-type Activities | | | | | | |
|--------------------------------|------------------|--------------------------------|--------------------------------------|--------------------------------|---|-------------------|
| General Obligation Bonds | Notes Payable | Capital Lease Obligation | Total Business-type Activities | Total Primary Government | Percentage of Personal Income (2) | Per Capita (2) |
| \$102,048,855 | \$ - | \$ - | \$ 102,048,855 | \$ 282,962,823 | 3.70% | 1,247 |
| 91,685,037 | 225,000 | - | 91,910,037 | 284,761,077 | 3.52% | 1,234 |
| 85,059,837 | 225,348 | - | 85,285,185 | 285,158,205 | 3.30% | 1,219 |
| 82,783,768 | 194,776 | - | 82,978,544 | 313,245,517 | 3.40% | 1,320 |
| 68,994,713 | 171,238 | - | 69,165,951 | 279,342,567 | 2.87% | 1,164 |
| 60,228,123 | 138,950 | 317,512 | 60,684,585 | 273,754,228 | 2.65% | 1,139 |
| 74,150,409 | 105,683 | 258,656 | 74,514,748 | 376,360,580 | 3.46% | 1,559 |
| 88,110,699 | 71,406 | 197,564 | 88,379,669 | 478,545,165 | 4.30% | 1,973 |
| 128,242,149 | 36,089 | 134,150 | 128,412,388 | 635,102,567 | 5.36% (3) | 2,594 (3) |
| 125,140,703 | - | 631,140 | 125,771,843 | 646,087,232 | 5.12% (3) | 2,632 (3) |



Harford County, Maryland

Legal Debt Margin Information

**Table 12
Last Ten Fiscal Years**

| Fiscal Year | Debt Limit | Total Debt Applicable to the Limit | Legal Debt Margin | Total Debt Applicable to the Limit as a % of Debt Limit |
|--------------------|-------------------|---|------------------------------|--|
| 2002 | \$ 970,899,721 | \$ 133,122,632 | \$ 837,777,089 | 13.71% |
| 2003 | 1,010,450,418 | 123,302,975 | 887,147,443 | 12.20% |
| 2004 | 1,064,629,337 | 136,566,067 | 928,063,270 | 12.83% |
| 2005 | 1,027,319,209 | 192,087,477 | 835,231,732 | 18.70% |
| 2006 | 1,132,130,755 | 171,543,918 | 960,586,837 | 15.15% |
| 2007 | 1,287,176,622 | 172,561,296 | 1,114,615,326 | 13.41% |
| 2008 | 1,465,360,184 | 249,310,543 | 1,216,049,641 | 17.01% |
| 2009 | 1,661,636,386 | 331,988,484 | 1,329,647,902 | 19.98% |
| 2010 | 1,794,971,828 | 449,590,057 | 1,345,381,771 | 25.05% |
| 2011 | 1,794,102,982 | 450,135,811 | 1,343,967,171 | 25.09% |

Legal Debt Margin Calculation for Fiscal Year 2011

| | | |
|---|----------------------|---------------------------------------|
| (1) Net Assessed Value-Real Property | \$ 27,742,055,864 | |
| (2) Debt Limit=6% of Net Assessed Value | | \$ 1,664,523,352 |
| (1) Assessed Value--Personal Property | <u>863,864,200</u> | |
| (2) Debt Limit=15% of Net Assessed Value | | <u>129,579,630</u> |
| Total Debt Limit | | 1,794,102,982 |
| (3) Amount of Debt Applicable to Debt Limit | 646,087,232 | |
| Less Other deductions allowed by law: | | |
| (3) Debt Payable from Special Revenue Fund | (56,179,578) | |
| (3) Debt Payable from Debt Service Fund | (14,000,000) | |
| (3) Debt Payable from Enterprise Revenues | <u>(125,771,843)</u> | |
| Total debt applicable to Debt Limitation | | <u>450,135,811</u> |
| Legal debt margin | | \$ <u><u>1,343,967,171</u></u> |

(1) Table 6

(2) Pursuant to Article 25A section 5 (P) of the Annotated Code of Maryland

(3) Table 11

Harford County, Maryland

Direct and Overlapping Governmental Activities Debt

Table 13
Current Fiscal Year

| <u>Jurisdiction</u> | <u>Total Debt Outstanding (1)</u> | <u>Taxable Assessed Valuation (2)</u> | <u>% of Assessed Valuation to Countywide Total (3)</u> | <u>Estimated Share Of Total Direct & Overlapping Debt (4)</u> |
|-------------------------------|-----------------------------------|---------------------------------------|--|---|
| Direct | | | | |
| Harford County | \$ 464,135,811 | \$ 24,261,539,481 | 84.81% | \$ 424,237,969 |
| Overlapping | | | | |
| Aberdeen | 5,504,871 | 1,387,424,341 | 4.85% | 24,260,749 |
| Bel Air | 2,220,405 | 1,511,172,156 | 5.29% | 26,461,724 |
| Havre de Grace | 28,360,548 | 1,445,784,086 | 5.05% | 25,261,193 |
| <i>Total Overlapping Debt</i> | <u>36,085,824</u> | <u>4,344,380,583</u> | <u>15.19%</u> | <u>75,983,666</u> |
| Total | <u>\$ 500,221,635</u> | <u>\$ 28,605,920,064</u> | <u>100.00%</u> | <u>\$ 500,221,635</u> |

(1) Debt repaid with property tax revenues.

(2) Total assessed value data provided by State Department of Assessments and Taxation. Municipality assessed value data provided by the municipalities.

(3) The % of assessed valuation to countywide total is calculated by using taxable assessed property values divided by the County's total taxable assessed value.

(4) The estimated share of total direct and overlapping debt is estimated by multiplying the total debt outstanding by the % of assessed valuation to Countywide total per jurisdiction.

Note: Overlapping governments are those local municipalities within the geographic boundaries of the County. This schedule estimates the entire debt burden borne by the residents and businesses within the County.

Harford County, Maryland

**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

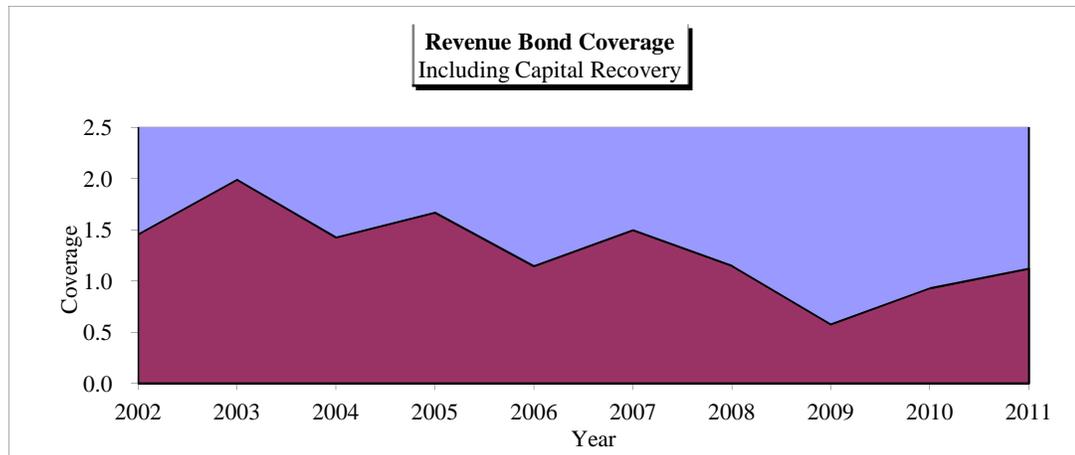
**Table 14
Last Ten Fiscal Years**

| Fiscal Year Ending June 30 | Gross Revenue (2) | Area Connection Charges | Benefit Assessment | User Assessments and Surcharges | Total Gross Revenues |
|---|------------------------------|--|-------------------------------|--|-------------------------------------|
| 2002 | \$ 25,904,583 | \$ 1,904,600 | \$ 875,569 | \$ 9,493,009 | \$ 38,177,761 |
| 2003 | 36,993,957 (5) | 1,575,650 | 981,397 | 9,262,560 | 48,813,564 |
| 2004 | 26,346,220 | 1,530,350 | 1,581,711 (6) | 9,331,722 | 38,790,003 |
| 2005 | 28,763,887 | 1,629,350 | 980,754 | 10,246,968 | 41,620,959 |
| 2006 | 32,756,022 | 1,106,200 | 878,150 | 7,792,887 | 42,533,259 |
| 2007 | 33,358,632 | 861,100 | 632,759 | 6,968,474 | 41,820,965 |
| 2008 | 34,223,067 | 1,127,600 | 658,689 | 8,567,130 | 44,576,486 |
| 2009 | 30,062,191 | 553,400 | 691,019 | 5,620,994 | 36,927,604 |
| 2010 | 29,474,829 | 3,714,030 | 716,553 | 7,671,946 | 41,577,358 |
| 2011 | 31,237,074 | 4,814,179 | 746,977 | 7,985,323 | 44,783,553 |

- (1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.
- (2) Includes Total Operating Revenue, Interest Income, Recordation Tax, Federal Grant and Transfer revenues.
- (3) Includes Total Operating Expenses exclusive of Depreciation plus Other Income (Expense).
- (4) Includes principal and interest on Water and Sewer bonds only from Note 4, F. Non-current Liabilities.
- (5) Gross Revenues for 2003 includes a litigation settlement of \$11,035,000.
- (6) Includes an early benefit assessment payoff of \$573,784 by the Town of Bel Air.

Note: Developer contributions of *Capital Assets* are not included in this table.

| | Operating Expense (3) | Net Revenue Available for Debt Service | Debt Service Requirements (4) | | | Coverage |
|----|--------------------------|--|-------------------------------|--------------|---------------|----------|
| | | | Principal | Interest | Total | |
| \$ | 18,548,079 | \$ 19,629,682 | \$ 8,687,729 | \$ 4,801,418 | \$ 13,489,147 | 1.46 |
| | 19,432,482 | 29,381,082 | 10,517,527 | 4,250,167 | 14,767,694 | 1.99 |
| | 20,362,395 | 18,427,608 | 9,478,117 | 3,451,319 | 12,929,436 | 1.43 |
| | 20,860,714 | 20,760,245 | 9,091,960 | 3,354,360 | 12,446,320 | 1.67 |
| | 22,735,508 | 19,797,751 | 14,094,946 | 3,192,596 | 17,287,542 | 1.15 |
| | 24,600,291 | 17,220,674 | 8,918,773 | 2,593,948 | 11,512,721 | 1.50 |
| | 28,777,126 | 15,799,360 | 10,924,897 | 2,843,674 | 13,768,571 | 1.15 |
| | 29,354,696 | 7,572,908 | 10,368,564 | 2,797,801 | 13,166,365 | 0.58 |
| | 29,149,190 | 12,428,168 | 10,031,325 | 3,342,871 | 13,374,196 | 0.93 |
| | 27,598,274 | 17,185,279 | 10,346,027 | 4,993,322 | 15,339,349 | 1.12 |



Harford County, Maryland

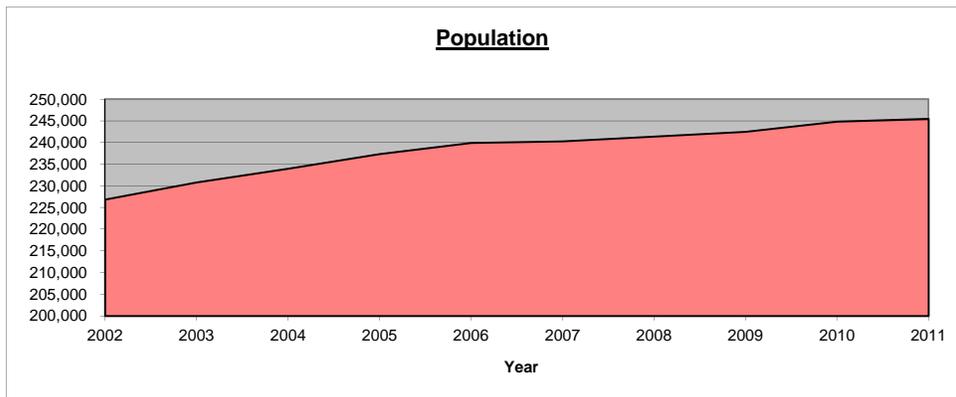
Demographic Statistics

Table 15
Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Population (1) | Per Capita Income (2) | Personal Income (2) (000's) | Unemployment Rate (3) | School Enrollment (4) | Median Age (5) | Education of Bachelor Degree or Higher (5) |
|-----------------------------------|-----------------------|------------------------------|------------------------------------|------------------------------|------------------------------|-----------------------|---|
| 2002 | 226,862 | \$ 33,692 | \$ 7,657,674 | 4.3% | 39,995 | 37.0 | 28.5% |
| 2003 | 230,834 | 34,887 | 8,081,911 | 4.7% | 40,264 | 37.2 | 27.5% |
| 2004 | 234,003 | 36,664 | 8,618,412 | 4.0% | 40,204 | 36.8 | 27.6% |
| 2005 | 237,358 | 38,595 | 9,218,447 | 4.1% | 40,313 | 37.2 | 27.7% |
| 2006 | 239,903 | 40,609 | 9,728,548 | 3.7% | 40,212 | 37.5 | 27.6% |
| 2007 | 240,316 | 43,106 | 10,319,796 | 3.8% | 39,582 | 37.7 | 27.7% |
| 2008 | 241,393 | 45,091 | 10,884,557 | 4.1% | 39,175 | 37.8 | 27.8% |
| 2009 | 242,514 | 45,893 | 11,129,722 | 7.7% | 38,610 | 38.1 | 27.6% |
| 2010 | 244,826 | Not Available | Not Available | 7.3% | 38,637 | 38.3 | 30.3% |
| 2011 | 245,460 | Not Available | Not Available | 7.3% | 38,394 | Not Available | Not Available |

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2010 provided population estimates for FY2001 thru FY2010. Harford County Department of Planning and Zoning provided population estimates for FY2011.
- (2) U.S. Bureau of Economic Analysis Table CAO4, April, 2011.
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, April 2011.
- (4) Harford County Public School System
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning & Zoning.



Harford County, Maryland

Principal Employers

Table 16
Current Fiscal Year and Ten Years Ago

| Fiscal Year | 2011 | | |
|---|-------------------------|------|---------------------------------------|
| | Number of Employees (1) | Rank | Percentage of Total County Employment |
| U.S. Army Aberdeen Proving Ground | 13,984 | 1 | 20.29% |
| Harford County Public Schools | 5,478 | 2 | 7.95% |
| Upper Chesapeake Health | 2,720 | 3 | 3.95% |
| Harford County Government | 1,579 | 4 | 2.29% |
| Harford Community College | 1,219 | 5 | 1.77% |
| Rite Aid Mid-Atlantic Customer Support Center | 1,167 | 6 | 1.69% |
| Shop Rite | 800 | 7 | 1.16% |
| Jacobs Technology | 785 | 8 | 1.14% |
| SAIC | 700 | 9 | 1.02% |
| Sephora USA | 700 | 10 | 1.02% |
| Total | <u>29,132</u> | | <u>42.28%</u> |
| Total County Employment (2) (3) | <u>68,918</u> | | 100% |

| Fiscal Year | 2002 | | |
|---|-------------------------|------|---------------------------------------|
| | Number of Employees (4) | Rank | Percentage of Total County Employment |
| U.S. Army Aberdeen Proving Ground | 10,878 | 1 | 17.31% |
| Harford County Public Schools | 4,489 | 2 | 7.14% |
| Upper Chesapeake Health System | 1,762 | 3 | 2.80% |
| Harford County Government | 1,382 | 4 | 2.20% |
| Rite Aid Mid-Atlantic Customer Support Ctr. | 1,357 | 5 | 2.16% |
| Saks Fifth Avenue | 863 | 7 | 1.37% |
| The GAP-Atlantic Distribution Ctr. | 515 | 6 | 0.82% |
| Frito Lay | 487 | 7 | 0.77% |
| Michel Distribution Services | 440 | 8 | 0.70% |
| Science Applications International Corp. | 400 | 9 | 0.64% |
| Total | <u>22,573</u> | | <u>35.91%</u> |
| Total County Employment (2) | <u>62,844</u> | | 100% |

Source:

- (1) Economic development agencies statewide and Maryland Department of Business and Economic Development, November 2010.
- (2) U.S. Census Bureau, Center for Economic Studies, June 2010.
- (3) Calendar Year 2010.
- (4) Harford County Budget in Brief-Fiscal Year 2002; only the top 9 employers were listed

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Agricultural Preservation | | | | | | | | | | |
| Acres of Farm Land in Preservation Program | 18,015 | 20,441 | 22,246 | 23,390 | 24,078 | 25,007 | 32,623 | 34,387 | 34,723 | 35,024 |
| General Government | | | | | | | | | | |
| Office Buildings | 12 | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 13 | 13 |
| Garage | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 39 | 37 | 37 | 40 | 39 | 40 | 40 | 30 | 34 | 42 |
| Education-Primary thru Community College (1) | | | | | | | | | | |
| Administration Building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Alternative Education Center | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community College | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Elementary Schools | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| High Schools | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 |
| Middle Schools | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 |
| Public Charter School | - | - | - | - | - | 1 | 1 | 1 | - | - |
| Special Education | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vocational/Technical High School | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Harford Center--Rehabilitation Center for Disabled | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Judicial | | | | | | | | | | |
| Courthouse | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 1 | 1 | 2 | 2 | 3 | 2 | 2 | 2 | 2 | 2 |
| Libraries | 9 | 9 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 |
| Parks and Recreation | | | | | | | | | | |
| Number of Parks | 98 | 98 | 98 | 79 | 80 | 83 | 88 | 89 | 91 | 91 |
| Acres of Land | 3,633 | 3,861 | 3,850 | 4,001 | 4,068 | 4,150 | 4,588 | 4,612 | 4,640 | 4,640 |
| Vehicles | 67 | 79 | 83 | 91 | 93 | 100 | 100 | 86 | 88 | 86 |
| Public Safety | | | | | | | | | | |
| Detention Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Stations | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of Patrol Vehicles | 174 | 169 | 171 | 171 | 178 | 194 | 197 | 210 | 196 | 191 |
| Number of Other Vehicles | 98 | 110 | 118 | 139 | 137 | 145 | 145 | 148 | 157 | 176 |
| Firing Range | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mobile Communications Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Emergency Operations Vehicles | 16 | 15 | 16 | 12 | 12 | 10 | 10 | 6 | 6 | 9 |
| Hazmat Vehicles | 2 | 3 | 4 | 6 | 8 | 12 | 12 | 10 | 11 | 10 |
| DILP Vehicles | 21 | 24 | 23 | 24 | 27 | 30 | 30 | 29 | 23 | 27 |
| Animal Control Vehicles | 6 | 10 | 12 | 15 | 15 | 16 | 16 | 13 | 10 | 7 |

continued

| | Fiscal Year | | | | | | | | | |
|--|-------------|------|------|------|------|------|------|------|-------|------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Public Works | | | | | | | | | | |
| Highways | | | | | | | | | | |
| County Maintained Roads-Paved Miles | 943 | 953 | 962 | 974 | 988 | 992 | 994 | 998 | 1,000 | 1002 |
| County Maintained Roads-Unpaved Miles | 55 | 52 | 52 | 50 | 50 | 49 | 48 | 47 | 46 | 46 |
| Office Buildings | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 6 |
| Equipment Sheds | - | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Truck Bay | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Salt Dome | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Vehicles | 288 | 312 | 312 | 314 | 314 | 313 | 332 | 371 | 314 | 332 |
| Water & Sewer | | | | | | | | | | |
| Miles of Water Mains and Laterals (2) | 669 | 696 | 737 | 749 | 603 | 657 | 661 | 687 | 690 | 691 |
| Water Treatment Plants | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Booster Stations | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Water Tanks | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Miles of Wastewater Mains and Laterals (2) | 793 | 869 | 898 | 914 | 670 | 746 | 754 | 762 | 765 | 766 |
| Wastewater Treatment Plants | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Wastewater Pumping Stations | 51 | 51 | 54 | 52 | 52 | 52 | 53 | 54 | 55 | 55 |
| Waste Disposal | | | | | | | | | | |
| Waste to Energy Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 10 | 10 | 10 | 17 | 17 | 21 | 19 | 19 | 19 | 20 |
| Landfills | | | | | | | | | | |
| Buildings | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Vehicles | 70 | 70 | 69 | 73 | 81 | 81 | 88 | 88 | 77 | 59 |
| Social Services & Health | | | | | | | | | | |
| Senior/Activity Centers | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 |
| Buses | 28 | 26 | 29 | 28 | 31 | 34 | 34 | 34 | 33 | 36 |
| Office Buildings | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Transportation Facility | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other Vehicles | 9 | 9 | 9 | 6 | 5 | 7 | 11 | 11 | 6 | 13 |

- (1) Harford County does not own the Education Capital Assets but the County does pay for their construction.
(2) In FY2006 the previous physical survey of mains and laterals was converted to a GIS system creating a difference in the number of miles.

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| <u>Agricultural Preservation</u> | | | | | | | | | | |
| Number of Settlements | 14 | 30 | 26 | 10 | 10 | 12 | 20 | 20 | - | - |
| <u>County Council</u> | | | | | | | | | | |
| Number of bills introduced | 48 | 66 | 61 | 49 | 40 | 51 | 70 | 42 | 46 | 46 |
| Number of bills passed | 42 | 59 | 55 | 43 | 32 | 40 | 67 | 39 | 39 | 42 |
| <u>General Government</u> | | | | | | | | | | |
| <u>Land Use</u> | | | | | | | | | | |
| Total Acres | 335,282 | 335,282 | 335,282 | 335,282 | 335,282 | 335,282 | 335,282 | 335,282 | 335,290 | 335,290 |
| Percent Residential | 24.80% | 24.80% | 24.80% | 24.80% | 24.80% | 24.80% | 24.80% | 24.80% | 27.30% | 27.30% |
| Percent Agriculture | 31.10% | 31.10% | 31.10% | 31.10% | 31.10% | 31.10% | 31.10% | 31.10% | 29.30% | 29.30% |
| Percent Commercial | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | 2.20% | 2.50% | 2.50% |
| <u>Inspections & Permits</u> | | | | | | | | | | |
| Permits issued | 17,131 | 16,806 | 18,260 | 19,332 | 17,922 | 20,523 | 16,582 | 13,687 | 11,937 | 14,019 |
| Com. Construction Permits | 37 | 48 | 60 | 84 | 127 | 92 | 85 | 50 | 18 | 348 |
| Res. Construction Permits | 1,999 | 1,698 | 1,733 | 2,043 | 1,483 | 920 | 666 | 494 | 681 | 713 |
| <u>Judicial</u> | | | | | | | | | | |
| <u>Circuit Court</u> | | | | | | | | | | |
| Number of cases filed- Calendar Yr | 1,597 | 1,816 | 1,856 | 1,948 | 2,324 | 2,368 | 2,331 | 2,184 | 2,162 | 2,067 |
| <u>District Court</u> | | | | | | | | | | |
| Number of cases filed-Calendar Yr | 5,821 | 6,465 | 6,447 | 8,002 | 7,661 | 8,754 | 7,646 | 8,320 | 8,513 | 8,372 |
| <u>Education</u> | | | | | | | | | | |
| <u>Board of Education</u> | | | | | | | | | | |
| Administrators | 391 | 243 | 227 | 234 | 247 | 253 | 270 | 269 | 275 | 274 |
| Support | 1,526 | 1,520 | 1,650 | 1,684 | 1,835 | 1,853 | 1,919 | 1,976 | 1,983 | 2,105 |
| Teachers/Counselors/Mentors | 2,599 | 2,686 | 2,824 | 2,846 | 2,949 | 3,076 | 3,117 | 3,088 | 3,092 | 3,100 |
| Number of Students | 39,995 | 40,264 | 40,203 | 40,294 | 40,212 | 39,571 | 39,175 | 38,610 | 38,639 | 38,394 |
| <u>Community College</u> | | | | | | | | | | |
| Number of credit students | 4,815 | 5,003 | 4,920 | 4,958 | 5,059 | 5,172 | 5,437 | 5,838 | 6,324 | 6,482 |
| Faculty | 73 | 65 | 60 | 68 | 72 | 65 | 62 | 100 | 61 | 60 |
| Administrators | 20 | 23 | 22 | 23 | 25 | 30 | 31 | 33 | 31 | 33 |
| Staff | 150 | 155 | 156 | 158 | 166 | 172 | 176 | 185 | 181 | 187 |
| Visiting professors | n/a | 24 | 34 | 31 | 33 | 35 | 38 | - | 41 | 37 |
| <u>Libraries</u> | | | | | | | | | | |
| Number of registered borrowers | 173,764 | 186,469 | 199,240 | 211,585 | 225,802 | 240,112 | 185,728 | 201,032 | 214,116 | 163,129 |
| Circulation (000) | 2,776 | 2,867 | 2,809 | 3,228 | 3,567 | 3,990 | 4,466 | 4,851 | 4,699 | 4,815 |
| Materials Collection (000) | 835 | 848 | 1,008 | 1,021 | 1,016 | 1,050 | 1,051 | 1,003 | 1,032 | 1,025 |
| Library personnel | 198 | 206 | 225 | 214 | 245 | 247 | 252 | 242 | 236 | 239 |

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| <u>Parks and Recreation</u> | | | | | | | | | | |
| Volunteer recreation councils | 19 | 19 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 22 |
| Number of P&R Volunteers | 19,947 | 21,008 | 22,352 | 23,279 | 22,942 | 23,078 | 23,747 | 29,574 | 42,731 | 32,840 |
| Recreation Registrations-Calendar Yr | 65,942 | 68,175 | 72,554 | 73,258 | 78,943 | 75,605 | 78,587 | 77,149 | 69,382 | n/a |
| <u>Public Safety</u> | | | | | | | | | | |
| Number of volunteers - Fire & EMS | 1,252 | 1,320 | 707 | 1,520 | 1,520 | 1,520 | 1,520 | 1,520 | 1,520 | 1,483 |
| Fire & EMS responses | 27,892 | 29,282 | 21,439 | 23,613 | 23,423 | 24,239 | 28,227 | 32,132 | 24,997 | 26,089 |
| Police responses | 103,228 | 144,411 | 152,096 | 159,160 | 150,656 | 161,532 | 160,494 | 143,618 | 145,072 | 145,509 |
| 911 calls | 83,185 | 93,308 | 97,295 | 98,870 | 100,270 | 101,431 | 102,732 | 101,959 | 104,590 | 106,801 |
| Hazardous material incidents | 212 | 279 | 216 | 255 | 239 | 246 | 304 | 329 | 208 | 175 |
| EOC activations/exercises | 9 | 9 | 14 | 12 | 12 | 19 | 16 | 12 | 17 | 15 |
| Community policing programs | 749 | 749 | 676 | 156 | 308 | 340 | 376 | 311 | 349 | 314 |
| Neighborhood watch programs | 86 | 119 | 120 | 56 | 53 | 62 | 53 | 39 | 63 | 59 |
| <u>Public Works</u> | | | | | | | | | | |
| <u>Solid Waste</u> | | | | | | | | | | |
| Tons of recycled materials | 137,179 | 135,406 | 140,618 | 164,654 | 180,959 | 176,865 | 176,654 | 187,249 | 193,487 | 190,715 |
| Tons of solid waste processed | 155,259 | 152,409 | 152,708 | 149,130 | 168,188 | 166,029 | 160,517 | 143,217 | 160,742 | 142,753 |
| <u>Highways</u> | | | | | | | | | | |
| Number of snow routes | 67 | 67 | 70 | 71 | 72 | 73 | 75 | 75 | 75 | 75 |
| <u>Social Services/Health</u> | | | | | | | | | | |
| <u>Transportation</u> | | | | | | | | | | |
| Average Daily Ridership | 790 | 825 | n/a |
| Annual Ridership | n/a | n/a | 217,821 | 225,180 | 242,208 | 281,991 | 281,991 | 291,577 | 305,532 | 273,712 |
| Vehicle Miles Traveled | n/a | n/a | 709,445 | 740,250 | 709,074 | 737,252 | 737,252 | 684,957 | 772,523 | 526,957 |
| <u>Water & Sewer Operations</u> | | | | | | | | | | |
| Daily average water consumption in gal.(000) | 10,600 | 11,800 | 11,000 | 10,900 | 11,176 | 11,870 | 10,500 | 10,500 | 11,500 | 12,100 |
| Daily average effluent treatment in gal. (000) | 12,400 | 12,300 | 12,500 | 15,000 | 12,110 | 14,000 | 12,300 | 12,000 | 13,000 | 13,300 |
| Number of new accounts added | 1,410 | 1,363 | 1,041 | 964 | 811 | 421 | 477 | 345 | 315 | 384 |

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 19
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| County Council | 19 | 19 | 19 | 19 | 19 | 19 | 20 | 22 | 22 | 22 |
| General Government | | | | | | | | | | |
| County Executive | 4 | 4 | 4 | 4 | 4 | 7 | 7 | 8 | 8 | 12 |
| Administration | 85 | 86 | 87 | 87 | 92 | 93 | 100 | 96 | 103 | 90 |
| Procurement | 10 | 10 | 10 | 10 | 10 | 17 | 20 | 20 | 20 | 19 |
| Treasury | 49 | 49 | 49 | 49 | 51 | 51 | 51 | 51 | 52 | 49 |
| Law | 14 | 14 | 15 | 15 | 16 | 16 | 16 | 16 | 16 | 15 |
| Planning & Zoning | 41 | 41 | 40 | 39 | 39 | 40 | 40 | 44 | 44 | 43 |
| Human Resources | 10 | 10 | 9 | 9 | 9 | 10 | 10 | 11 | 10 | 8 |
| Govt & Community Relations | 7 | 6 | 6 | 4 | 4 | 5 | 5 | 5 | 5 | - |
| Economic Development | 10 | 10 | 10 | 10 | 11 | 14 | 13 | 13 | 12 | 12 |
| | <u>230</u> | <u>230</u> | <u>230</u> | <u>227</u> | <u>236</u> | <u>253</u> | <u>262</u> | <u>264</u> | <u>270</u> | <u>248</u> |
| Judicial | | | | | | | | | | |
| Judicial | 29 | 28 | 23 | 25 | 26 | 26 | 28 | 28 | 28 | 29 |
| State's Attorney | 43 | 43 | 43 | 47 | 50 | 52 | 53 | 52 | 56 | 56 |
| | <u>72</u> | <u>71</u> | <u>66</u> | <u>72</u> | <u>76</u> | <u>78</u> | <u>81</u> | <u>80</u> | <u>84</u> | <u>85</u> |
| Parks and Recreation | <u>72</u> | <u>73</u> | <u>73</u> | <u>74</u> | <u>77</u> | <u>83</u> | <u>96</u> | <u>99</u> | <u>105</u> | <u>104</u> |
| Public Safety | | | | | | | | | | |
| Sheriff's Office | 421 | 425 | 425 | 436 | 459 | 498 | 498 | 510 | 511 | 514 |
| Emergency Services | 69 | 73 | 75 | 81 | 87 | 91 | 92 | 92 | 92 | 91 |
| Inspections, Licenses & Permits | 38 | 39 | 39 | 40 | 42 | 45 | 45 | 45 | 43 | 40 |
| | <u>528</u> | <u>537</u> | <u>539</u> | <u>557</u> | <u>588</u> | <u>634</u> | <u>635</u> | <u>647</u> | <u>646</u> | <u>645</u> |
| Public Works | | | | | | | | | | |
| Public Works - Administration | 21 | 20 | 20 | 21 | 24 | 26 | 30 | 31 | 32 | 24 |
| Public Works - Solid Waste | 28 | 28 | 28 | 29 | 30 | 32 | 33 | 33 | 33 | 33 |
| Public Works - Highways | 222 | 219 | 211 | 215 | 213 | 209 | 217 | 217 | 206 | 206 |
| Public Works - Water & Sewer | 162 | 164 | 165 | 168 | 169 | 168 | 169 | 170 | 170 | 170 |
| | <u>433</u> | <u>431</u> | <u>424</u> | <u>433</u> | <u>436</u> | <u>435</u> | <u>449</u> | <u>451</u> | <u>441</u> | <u>433</u> |
| Social Services & Health | | | | | | | | | | |
| Community Services | 24 | 28 | 29 | 32 | 34 | 36 | 37 | 37 | 33 | 34 |
| Housing Agency | 6 | 5 | 7 | 6 | 5 | 7 | 8 | 8 | 8 | 8 |
| | <u>30</u> | <u>33</u> | <u>36</u> | <u>38</u> | <u>39</u> | <u>43</u> | <u>45</u> | <u>45</u> | <u>41</u> | <u>42</u> |
| Grand Totals | <u>1,384</u> | <u>1,394</u> | <u>1,387</u> | <u>1,420</u> | <u>1,471</u> | <u>1,545</u> | <u>1,588</u> | <u>1,608</u> | <u>1,609</u> | <u>1,579</u> |

(1) Information from Harford County Operating Budget; includes vacant positions.