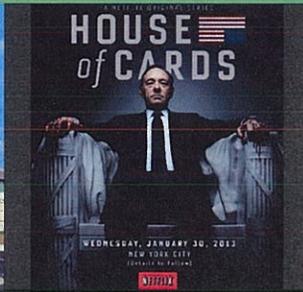
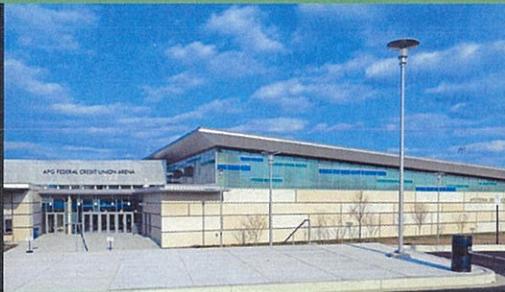




Comprehensive Annual Financial REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013



David R. Craig
County Executive



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

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2013



Prepared by:

*Department of the Treasury
Harford County, Maryland*

*Kathryn L. Hewitt, CPA
Harford County Treasurer*



HARFORD
COUNTY

WELCOMES YOU!

HARFORD COUNTY, MARYLAND
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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, 2013

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, 2013 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, 2013 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, 2013, are fairly presented in conformity with GAAP. The Report of Independent Public Accountants 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 440 square miles and serves a population of 247,570. 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 Public Schools, Harford County Public 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 15 of each year. The County Council conducts budget hearings with departments, the Harford County Public Schools and other component units as well as public hearings prior to approving the budget and the tax rates by June 15 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 three major governmental funds which adopted an annual budget, the general, highway and agricultural land preservation funds, and can be found on pages 20-21 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 revenue outlook for fiscal year 2013 remained challenging while preparing the fiscal year 2014 budget. A lagging national economy, unfunded mandates from Annapolis and lower tax revenues have resulted in lean budgets, both Operating and Capital for 2014. After four consecutive years with no pay raises, Bill No. 12-47 which was effective November 27, 2012 approved a 4% merit increase retroactive to July 1, 2012.

The County's largest revenue source remains real property taxes even though there have been recent declines in the real estate market. The fiscal year 2013 taxable assessable base resulted in a decrease over the fiscal year 2012 assessable base of 1.7 percent. The assessable base growth rate is expected to decline to a negative 1.8 percent in fiscal year 2014. General Fund property tax revenues net of interest, discounts and credits are estimated to decrease by 1.3 percent from fiscal year 2013 to fiscal year 2014. The real estate market appears to have bottomed out but it is too early to predict if the market will rebound in the coming year. The County property tax rate has remained the same for four years.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels and personal income. Income tax revenue has shown increases beginning in 2010 through 2013 using the modified accrual basis of accounting. The year over year increase for 2010 to 2011, 2011 to 2012 and 2012 to 2013 has been 8.0%, 7.6% and 2.3%. Income tax is budgeted at \$190.6 million for fiscal year 2014.

Long-term financial planning: Harford County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. Harford County received the highest rating from two of three bond rating agencies for its general obligation bonds on February 19, 2013.

Completion of the Department of Defense Base Realignment and Closure (BRAC) 2005 implementation process was officially recognized on September 15, 2011. It brought \$1.3 billion dollars in construction and 3.0 million square feet of laboratory, office and testing space to Aberdeen Proving Ground. The positive influence of BRAC on Harford's economy may be mitigated in the future. Federal spending cuts known as sequestration went into effect on March 1, 2013. Department of Defense civilian employees have been affected by unpaid furlough days. Aberdeen Proving Ground (APG), Harford County's largest employer and home to 11 major commands and more than 80 agencies, has approximately 11,500 Department of Defense civilian employees subject to furloughs, about half of APG's workforce. Although the long term effect of sequestration is difficult to predict, we feel the results will not be positive for Harford County's workforce and economy.

The fiscal year 2014 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. The state mandated contribution to teacher pensions will be phased in over a four year period, with the County being responsible for 100 percent of the cost in fiscal year 2016. The County's share for teacher's pension liability was \$5,529,741 in fiscal year 2013 and will be \$7,009,102 in fiscal year 2014.

The fiscal year 2013 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 2014, appropriated fund balance in the general fund is \$22 million of which \$20.5 million is assigned and \$1.5 million is restricted.

The County continues to invest 100 percent of cash held temporarily idle during the year using an equity-in-pooled-cash system, except for bond funds, Volunteer Firemen's Length of Service Award Program, Agricultural Preservation, Sheriff's Office Pension System, and the Other Post-Employment Benefits (OPEB) trust fund, which are invested separately. For fiscal year 2013, the weighted average yield on investments was 0.20 percent. The total amount of interest earned by the County on pooled investments was \$595,194.

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, 2012. This was the twenty-seventh 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-fifth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2012. 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 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,

A handwritten signature in blue ink that reads "Kathryn L. Hewitt". The signature is written in a cursive style with a horizontal line above the name.

Kathryn L. Hewitt, CPA, CCM, CPFO
Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

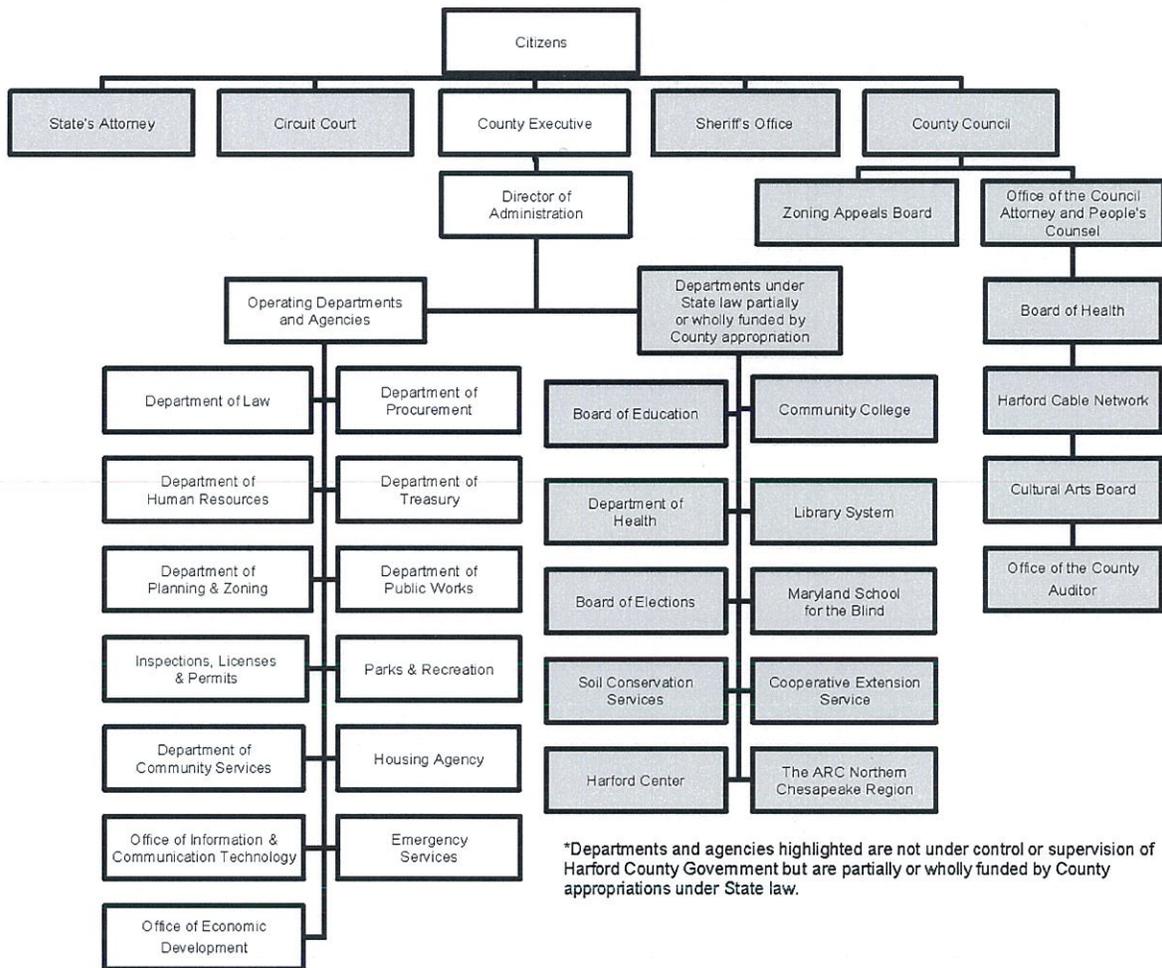
**Harford County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



**HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2013**

CERTAIN ELECTED OFFICIALS

County Executive

David R. Craig

President of the County Council
County Council Members

William “Billy” Boniface
Dion F. Guthrie
Joseph M. Woods
James “Capt’n Jim” 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 Emergency Services
Director of Human Resources
Director of Information and Communication Technology
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
Russell Strickland
Scott T. Gibson
W. Ted Pibil
Richard D. Lynch
Arden McClune
C. Peter Gutwald
Deborah L. Henderson
Timothy F. Whittie

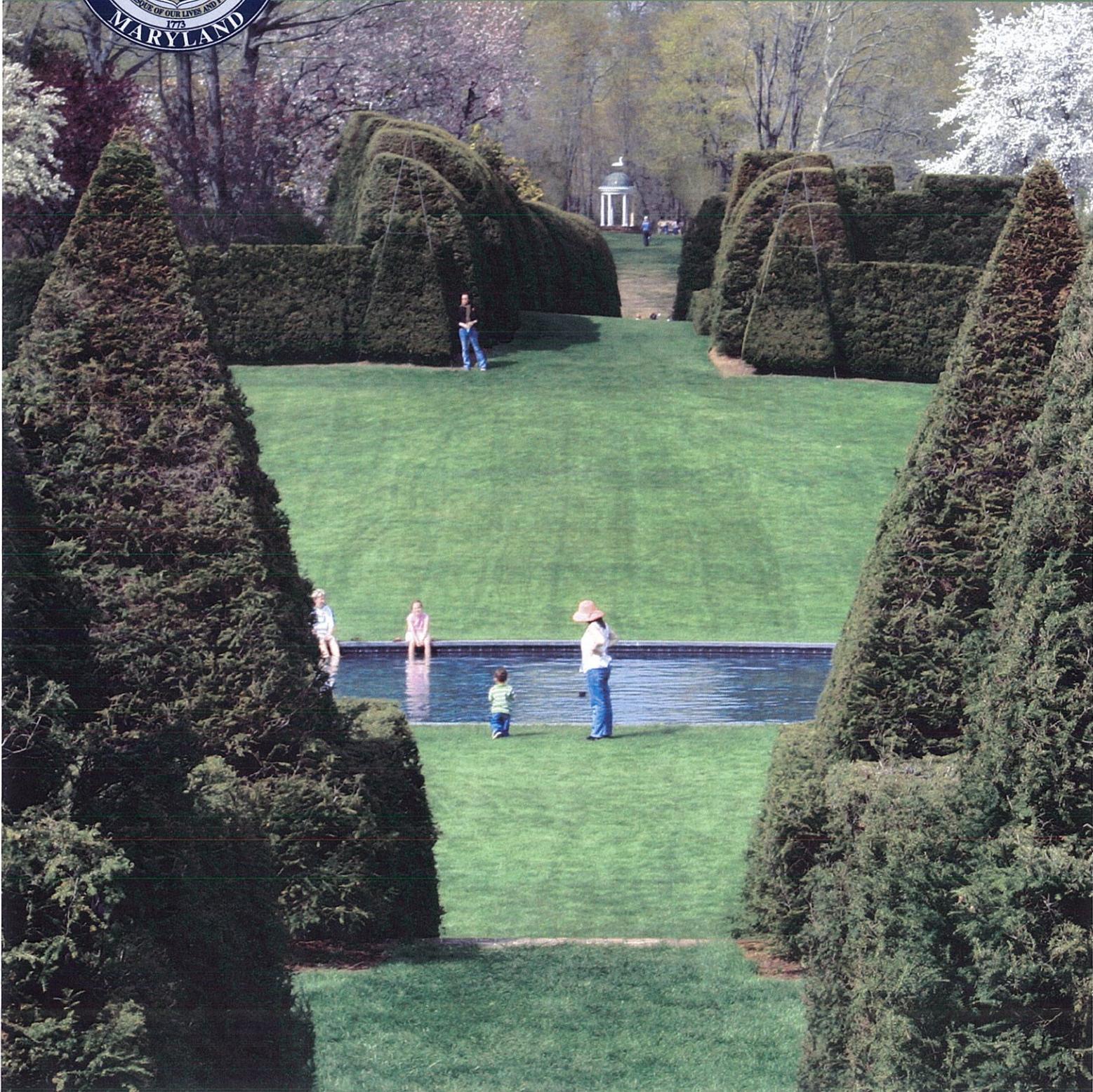
Independent Public Accountants
SB & Company, LLC
Certified Public Accountants
Hunt Valley, Maryland

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

Financial Advisor
Public Advisory Consultants
Owings Mills, Maryland



Financial Section





SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Honorable Members of the County Council
Harford County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Harford County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Harford County Community College, the Harford County Library, and the Harford Center, Inc. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplemental schedules of funding progress for the Pension Trust Funds, Other Post Employment Benefit (OPEB) Trust, and the 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 sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The accompanying combining and individual fund statements and budgetary comparison schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Hunt Valley, Maryland
September 27, 2013

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, 2013. 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 \$739.3 million. The unrestricted portion of this is a negative \$111.1 million and is composed of an unrestricted deficit in the governmental activities of \$214.9 million and a balance of \$103.8 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 Harford County Public Schools.
- Total net position of the County has increased by \$6.6 million over the prior fiscal year. In the governmental activities, total revenues decreased 3.3 percent while expenses increased 0.3 percent from the prior fiscal year, resulting in a \$7.2 million decrease in net position, which is \$20.5 million less than the fiscal year 2012 increase. In the business-type activities, total revenues exceeded total expenditures by \$13.7 million, which is a \$10.2 million more than the fiscal year 2012 increase.

Fund Level:

- The County's governmental funds reported combined fund balances of \$235.2 million, a decrease of \$7.8 million from the prior year. The greatest net change in fund balance, \$10.6 million increase from the prior year, occurred in the Capital Projects Fund, due to the issuance of \$30.0 million in general obligation bonds. For fiscal year 2013, the General Fund and Highways Fund, where total expenditures exceeded revenues, had decreases in fund balance of \$9.4 million and \$7.7 million, respectively.
- Approximately 82.8 percent of the total governmental fund balance, \$194.7 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.
- Available fund balance for the General Fund was \$84.9 million or 17.9 percent of total General Fund expenditures. Restricted fund balance of the General Fund was \$3.6 million or 4.0 percent of total fund balance, leaving \$0.8 million, 0.9 percent, of nonspendable fund balance in the General Fund.
- The business-type activities operating revenue increased slightly, \$0.5 million, and operating expenditures increased by \$7.6 million, 20.0 percent, to increase the operating loss \$7.1 million or 57.8 percent from the prior fiscal year. Fiscal year 2013 capital grants and contributions were \$32.7 million, an increase of \$16.5 million, 102.1 percent, over fiscal year 2012.

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 statement 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 position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during this fiscal year. All changes in net position 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; Harford County Public Schools, Harford Community College, Harford County Public 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 Exhibits 1 and 2 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 Position 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 the General Fund, Highways Fund and Agricultural Land Preservation Fund to demonstrate compliance with this budget. The report can be found on Exhibit 6 of the Basic Financial Statement. A budgetary comparison statement for the Parks & Recreation Fund can be found on Exhibit B-1 and a budgetary comparison statement for the Beechtree Tax Increment Fund can be found on Exhibit C-1.

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. The basic proprietary fund financial statements can be found on Exhibits 7 and 8 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 Exhibits 10 and 11 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 30 to 84 of this report.

Financial Analysis of the County as a Whole

The County's net position is divided into three categories; invested in capital assets, net of related debt; restricted net position and unrestricted net position. The largest portion of the County's net position, \$771.5 million, reflects its investment in capital assets net of depreciation (e.g. land, development rights, construction in progress, buildings, machinery, equipment, intangibles, 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 position, at \$78.9 million, is 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 position and the two categories of net position just discussed be recorded as unrestricted net position regardless of any negative balances that may result. Unrestricted net position of the total primary government is a negative \$111.1 million; business-type activities have a balance of \$103.8 million unrestricted net position while the unrestricted net position for governmental activities is a negative \$214.9 million. The major reason for negative unrestricted net position 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 position, as noted earlier, is an indicator of a government's overall financial condition, the issuance of debt for Harford County Public Schools 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 Position. The County's net position increased \$6.6 million during the current fiscal year.

The net position of governmental activities decreased, \$7.2 million, during fiscal year 2013. Program expenses of the governmental activities increased slightly, \$1.6 million, from fiscal year 2012 while program revenues increased \$6.6 million and general revenues decreased \$25.5 million over fiscal year 2012. Governmental activities general revenues for 2013 decreases in property taxes \$9.0 million, income taxes \$12.9 million, investment earnings \$6.1 million, and impact fees \$1.0 million were off set with increases in recordation tax \$1.3 million, transfer tax \$1.1 million and miscellaneous \$1.1 million to account for the overall net decrease in general revenues.

The net position of business-type activities of the County increased \$13.7 million during fiscal year 2013. This increase is \$10.2 million greater than the increase received in fiscal year 2012. Capital grants and contributions revenue, primarily from developers and the State of Maryland, increased \$16.5 million or 102.1 percent from fiscal year 2012. The slight increase in charges for services, operating grants and contributions, recordation taxes, and investment income totaled \$0.8 million, 2.7 percent, from fiscal year 2012 to 2013. Expenses for the business-type activities increased \$7.1 million or 16.6 percent from the prior fiscal year.

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

Harford County Government - New Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current & Other Assets	\$ 281,356,036	\$ 308,726,906	\$ 141,075,467	\$ 155,754,359	\$ 422,431,503	\$ 464,481,265
Capital Assets	662,544,918	648,365,566	433,276,721	409,206,030	1,095,821,639	1,057,571,596
Total Assets	<u>943,900,954</u>	<u>957,092,472</u>	<u>574,352,188</u>	<u>564,960,389</u>	<u>1,518,253,142</u>	<u>1,522,052,861</u>
Long-term Liabilities	601,593,617	602,711,042	135,695,378	134,642,444	737,288,995	737,353,486
Other Liabilities	28,945,062	33,831,758	12,701,950	18,106,576	41,647,012	51,938,334
Total Liabilities	<u>630,538,679</u>	<u>636,542,800</u>	<u>148,397,328</u>	<u>152,749,020</u>	<u>778,936,007</u>	<u>789,291,820</u>
Net Position:						
Investment in Capital						
Assets net related debt	449,378,060	434,233,561	322,126,658	303,842,266	771,504,718	738,075,827
Restricted	78,915,495	93,748,598	-	-	78,915,495	93,748,598
Unrestricted	(214,931,280)	(207,432,487)	103,828,202	108,369,103	(111,103,078)	(99,063,384)
Total Net Position	<u>\$ 313,362,275</u>	<u>\$ 320,549,672</u>	<u>\$ 425,954,860</u>	<u>\$ 412,211,369</u>	<u>\$ 739,317,135</u>	<u>\$ 732,761,041</u>

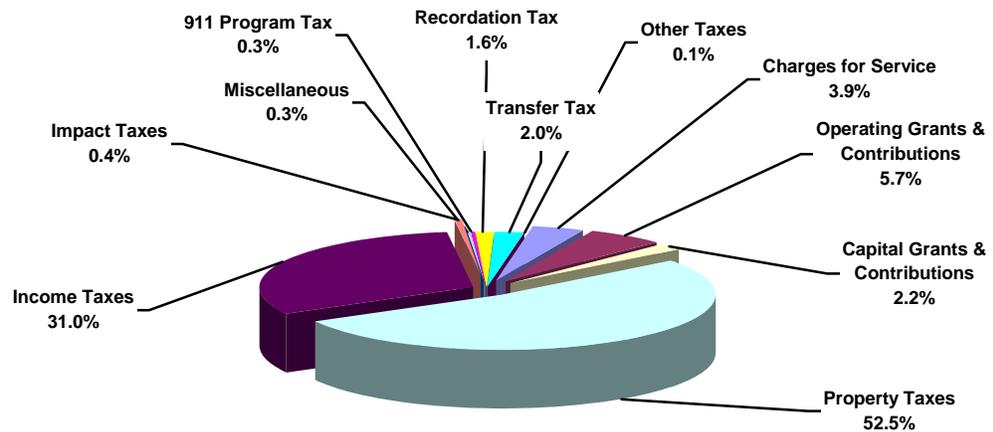
Harford County Government-Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for Services	\$ 21,603,336	\$ 22,303,863	\$ 26,179,225	\$ 25,658,671	\$ 47,782,561	\$ 47,962,534
Operating Grants & Contributions	30,926,766	25,216,324	648,672	704,699	31,575,438	25,921,023
Capital Grants & Contributions	11,878,363	10,270,108	32,698,896	16,181,330	44,577,259	26,451,438
General revenues:						
Property taxes	286,926,355	295,910,417	-	-	286,926,355	295,910,417
Income taxes	169,703,257	182,590,526	-	-	169,703,257	182,590,526
Impact fees	2,027,400	3,123,373	-	-	2,027,400	3,123,373
911 Program taxes	1,582,307	1,586,002	-	-	1,582,307	1,586,002
Recordation taxes	8,916,236	7,573,926	1,783,159	1,514,835	10,699,395	9,088,761
Transfer taxes	10,854,827	9,786,317	-	-	10,854,827	9,786,317
Other taxes	744,146	722,273	-	-	744,146	722,273
Investment earnings	(520,840)	5,607,895	2,534,663	2,452,379	2,013,823	8,060,274
Unrestricted Grants & Contributions	239,369	189,543	-	-	239,369	189,543
Miscellaneous	1,888,635	810,088	-	-	1,888,635	810,088
Total Revenues	546,770,157	565,690,655	63,844,615	46,511,914	610,614,772	612,202,569
Program Expenses:						
Agricultural Land Preservation	3,601,838	3,432,517	-	-	3,601,838	3,432,517
County Council	2,763,150	2,597,248	-	-	2,763,150	2,597,248
General Government	46,041,421	43,655,212	-	-	46,041,421	43,655,212
Education	248,045,564	256,361,884	-	-	248,045,564	256,361,884
Harford Center	553,036	553,036	-	-	553,036	553,036
Judicial	9,950,169	9,666,237	-	-	9,950,169	9,666,237
Libraries	17,314,092	17,359,356	-	-	17,314,092	17,359,356
Parks and Recreation	15,697,516	14,416,981	-	-	15,697,516	14,416,981
Public Safety	106,668,221	95,202,878	-	-	106,668,221	95,202,878
Public Works	60,279,965	61,916,296	-	-	60,279,965	61,916,296
Social Services	28,769,204	28,365,201	-	-	28,769,204	28,365,201
Unallocated Debt Interest and Other	14,273,378	18,871,700	-	-	14,273,378	18,871,700
Water and Sewer	-	-	50,101,124	42,953,467	50,101,124	42,953,467
Total Expenses	553,957,554	552,398,546	50,101,124	42,953,467	604,058,678	595,352,013
Change in Net Position	(7,187,397)	13,292,109	13,743,491	3,558,447	6,556,094	16,850,556
Net Position-Beginning	320,549,672	307,257,563	412,211,369	408,652,922	732,761,041	715,910,485
Net Position-Ending	\$ 313,362,275	\$ 320,549,672	\$ 425,954,860	\$ 412,211,369	\$ 739,317,135	\$ 732,761,041

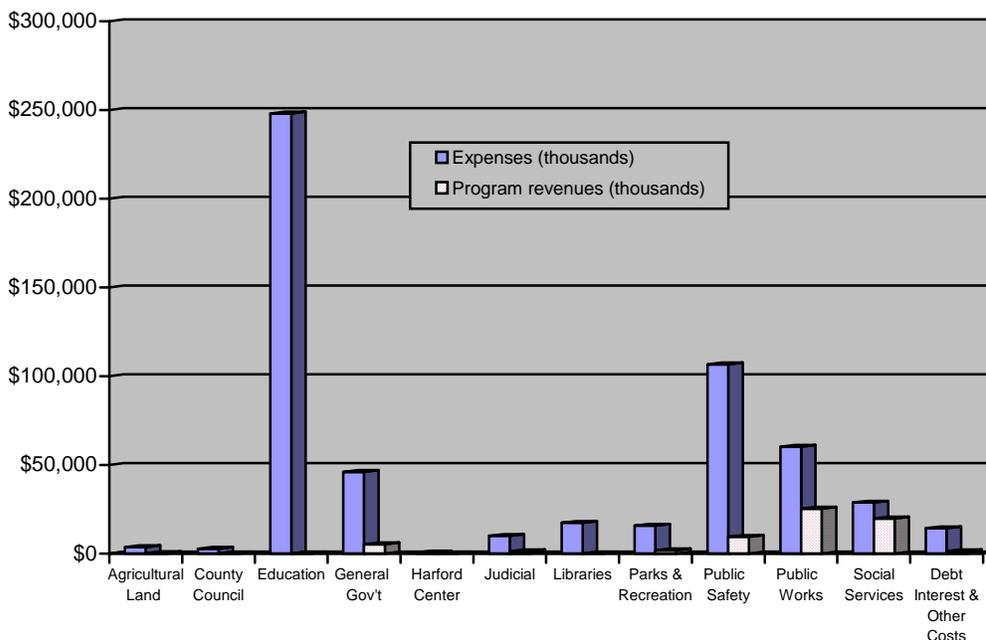
Governmental activities The net position of governmental activities decreased \$7.2 million during fiscal year 2013. Key elements are as follows:

- The County recorded \$169.7 million in income tax revenue from the State of Maryland for fiscal year 2013. This is a \$12.9 million, 7.1 percent, decrease from fiscal year 2012 using full accrual accounting.
- Decrease in investment earnings, \$6.1 million or 109.3 percent, over the prior fiscal year attributed to a decrease in the fair market value adjustment of US Treasury Strips purchased for settlements in the Agricultural Land Preservation Fund as of June 30, 2013.
- Public Safety program expenses increased \$11.5 million or 12.0 percent from fiscal year 2012 primarily due to monies spent on improving communications technology and interoperability among public safety agencies.

Revenues by Source-Governmental Activities



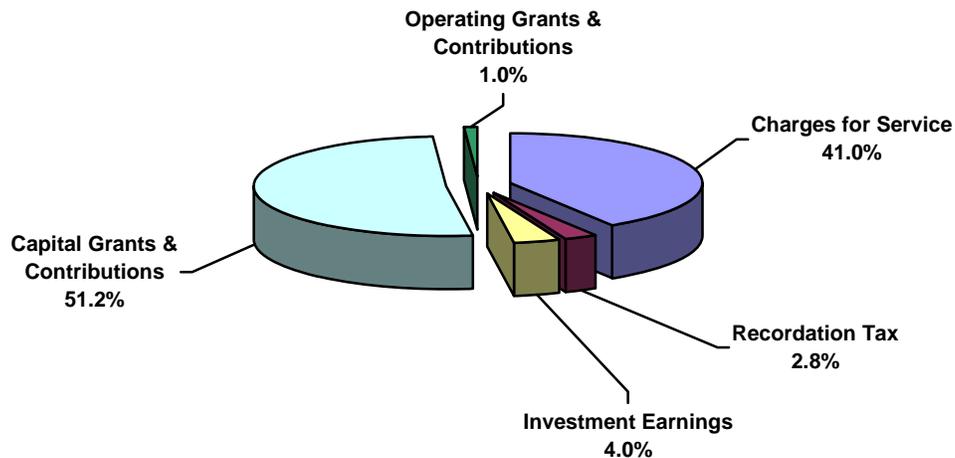
Expenses and Program Revenues-Governmental Activities



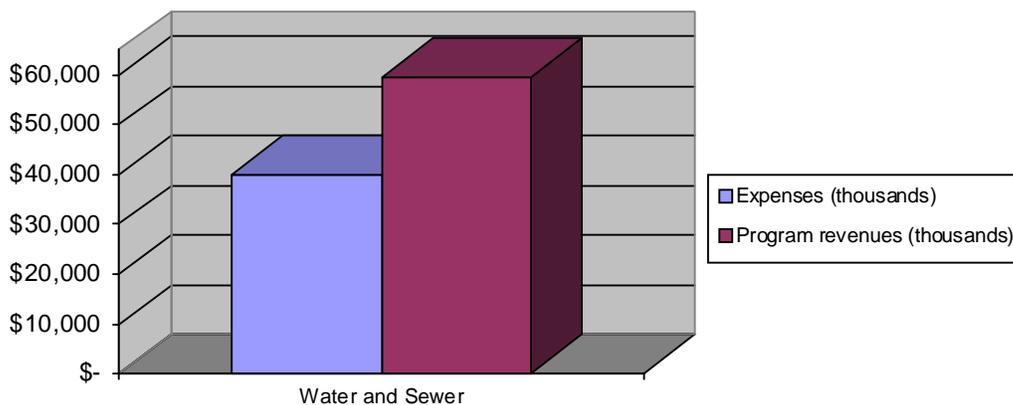
Business-type activities Business-type activities recorded an increase in net position of \$13.7 million during fiscal year 2013. Key elements are as follows:

- Capital grants and contributions totaled \$32.7 million. Of the total capital grants and contributions 21.7 percent was attributed to completed developer projects, 54.5 percent was from the State of Maryland for the Enhanced Nutrient Removal projects at County wastewater treatment plants, 0.9 percent from the Federal Government and 22.9 percent was attributed to County water and sewer hook-up charges as outlined in current Department of Public Works Rules and Regulations.
- Operating grants and contributions revenue, 1.0 percent of total business-type activity revenue, was comprised of Build America Bond interest credit revenue and reimbursement from the Federal Emergency Management Agency for natural disasters occurring during the fiscal year.
- Program revenues, including capital grants and contributions, exceeded total expenses by \$9.4 million.

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 \$235.2 million, a decrease of \$7.8 million in comparison with the prior year. Approximately 82.8 percent of this total amount, or \$194.7 million, constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$40.5 million, is *nonspendable and restricted* to indicate that it is not available for new spending because it has been dedicated: 1) to unexpended bonded capital projects, \$23.8 million; 2) for dedicated revenues, \$11.8 million; 3) for special taxing district, \$2.0 million, 4) for inventories, \$1.9 million; 5) for a loan receivable of \$0.4 million, 6) for waste-to-energy insurance, \$0.5 million, or 7) a deposit with a vendor, \$0.1 million. The nonspendable and restricted fund balance, at 17.2 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 \$84.9 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 17.9 percent of total General Fund expenditures, while total fund balance represents 18.9 percent of that same amount.

The County's General Fund total fund balance has decreased by \$9.4 million during the current fiscal year. The decrease is primarily due to a decrease in real property tax revenues of \$5.4 million, corporate property tax revenues of \$2.6 million, Build America Bond interest credit of \$0.7 million and solid waste tipping fees of \$0.3 million, combined with a \$2.2 million decrease in the County's homestead tax credit over fiscal year 2012. General fund expenditures increased \$5.3 million from the prior fiscal year primarily to the growing needs of the Department of Public Safety and Education.

The Highways Fund has a total fund balance of \$14.2 million, representing a decrease of \$7.7 million from the prior fiscal year. The Highways Fund has 83.0 percent, \$11.8 million, of its total fund balance assigned to the purpose of the fund. Of this amount, 21.0 percent is designated for fiscal stabilization purposes and 7.6 percent is designated for other post-employment benefits. The Highway's Fund balance of \$2.1 million classified as nonspendable represents inventory and a prepaid deposit with a vendor.

The Grant Fund has a total fund balance of \$7.7 million. The \$0.9 million increase in fund balance over the prior fiscal year is due primarily to a increase in grant revenues.

The Agricultural Land Preservation Fund has a total fund balance of \$51.6 million, a decrease of \$2.2 million over the prior year. Of the total fund balance, \$48.9 million or 94.7 percent is committed for future payments of principal on development rights. The County purchased 40 development rights during fiscal year 2013. The Agricultural Land Preservation Fund has \$2.7 million, of its total fund balance assigned to the purpose of the fund.

The Capital Project Fund has a total fund balance of \$69.8 million; a \$10.6 million increase over the prior fiscal year. General obligation bonds of \$30.0 million were issued during fiscal year 2013 to help offset the cost of County capital projects. Of the total fund balance, \$23.5 million is restricted for Harford

County Public Schools and other bonded capital projects, \$0.5 million is restricted for Parks and Recreation projects, \$43.3 million is assigned to liquidate contracts and purchase orders of the prior period and \$2.5 million is assigned to future general projects.

The Beechtree Tax Increment Financing Fund has a restricted fund balance of \$2.0 million at year end. Expenditures slightly exceed revenues for the year by \$0.1 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 position of the Water and Sewer Fund at the end of the year amounted to \$104.1 million and unrestricted net position of the Internal Service Fund totaled \$7.1 million. Net position of the Water and Sewer Fund has increased by \$13.7 million over 2013. 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 position has increased by \$0.2 million.

General Fund Budgetary Highlights

The final budget of the General Fund for fiscal year 2013 was increased by \$83.5 million over the original budget. Appropriated fund balance was increased \$8.8 million to account for estimated expenses attributable to other post-employment benefits and post-employment health plan benefits for County employees, \$3.5 million to account for merit increases for qualified employees of Harford County Government and Harford County Public Libraries, \$0.8 million for natural disasters and \$0.3 million in funding for Havre de Grace High School field facilities project. Issuance of bonds appropriation was increased \$70.1 million to account for the 2013 bond refunding. Ending variances from the final fiscal year 2013 budget include an \$8.2 million positive variance in income tax revenue, a positive variance of \$2.0 million in corporate and business personal property tax revenue, a positive variance of \$1.1 million in enterprise zone tax credits and a \$2.1 million decrease in projected revenue from real property taxes. A conservative spending policy led to the 2.1 percent decrease in actual General Fund expenditures compared to the final General Fund 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, 2013, amounts to \$1.1 billion (net of accumulated depreciation). This investment in capital assets includes land, development rights, construction in process, buildings, improvements, machinery and equipment, vehicles, intangibles and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 3.6 percent.

The County's Capital Assets

(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 247,679,364	\$ 242,329,051	\$ 2,027,385	\$ 1,991,400	\$ 249,706,749	\$ 244,320,451
Development Rights	120,094,050	117,834,362	-	-	120,094,050	117,834,362
Construction in Process	27,218,973	22,605,294	65,317,927	45,615,727	92,536,900	68,221,021
Buildings	113,286,068	116,460,950	146,880,894	146,853,739	260,166,962	263,314,689
Improvements	21,813,516	26,014,550	214,977,938	210,721,085	236,791,454	236,735,635
Machinery and Equipment	4,640,131	5,117,234	2,672,145	2,853,962	7,312,276	7,971,196
Vehicles	15,729,127	11,450,261	1,221,935	1,069,546	16,951,062	12,519,807
Intangibles	445,840	237,698	178,497	100,571	624,337	338,269
Infrastructure	111,637,849	106,316,166	-	-	111,637,849	106,316,166
Total	\$ 662,544,918	\$ 648,365,566	\$ 433,276,721	\$ 409,206,030	\$ 1,095,821,639	\$ 1,057,571,596

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

- The Shucks Road Regional Complex will develop a seventy-one acre site centrally located in Harford County. The initial phase of park development will include baseball/softball diamonds, lacrosse fields, soccer fields and an entrance road with parking. During fiscal year 2013, \$4.1 million was spent for total expenditures to date of \$4.7 million.
- The New Emergency Operations Center is currently under development. Phase 1 includes construction of the new Emergency Operations/Dispatch center. At June 30, 2013, \$2.4 million was spent on construction to date and \$23.1 million was encumbered, of the \$26.3 million appropriated for this project.
- The Wheel Road (Laurel Bush to Fairway) project has completed phase 1 and 2A. This project, when complete, will improve the capacity and safety of Wheel Road as it serves as a linking road for MD543 and MD24. To date, \$6.6 million has been spent on this project.
- Enhanced Nutrient Removal Refinement projects are currently under construction at the County's Sod Run and Joppatowne Wastewater Treatment Plants. The upgrade of the wastewater treatment plants is necessary to meet State and Federal TMDL requirements for nutrient reductions in the Chesapeake Bay. During fiscal year 2013, \$20.0 million was spent for total expenditures to date of \$28.7 million at the Sod Run Wastewater Treatment Plant and \$2.4 million was spent for total expenditures to date of \$3.3 million at the Joppatowne Wastewater Treatment Plant.

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

Education Capital Expenditures:

Harford County Public Schools and Harford Community College projects made up 22.5 percent of the fiscal year 2013 Capital Budget. Some of the major expenditures were:

- The William Paca Elementary School air conditioning project will install a minimum cost air conditioning system in the two school buildings which currently do not have an air conditioning system. Expenditures to date for this project total \$3.9 million of the \$5.8 million appropriated.
- Jarrettsville Elementary School is undergoing a comprehensive HVAC systemic replacement project, which is upgrading and/or replacing all components of the school's current heating and air conditioning system. Expenditures to date for this project total \$2.7 million of the \$2.9 million appropriated.
- The Youth's Benefit Elementary School Primary Building Air Conditioning Project has a total projected cost of \$4.8 million. The project will provide a minimum cost air conditioning system to the building which currently does not have one. During fiscal year 2013, \$1.2 million was spent on this project.
- Harford Community College's water and wastewater project will enable the College to pretreat wastewater on-site in accordance with MDE regulations. During fiscal year 2013, \$1.0 million was spent for total expenditures to date of \$1.7 million.

Long-term debt At the end of the current fiscal year, the County had Bonds, Notes and Capital Leases debt outstanding of \$660.2 million. Of this amount, \$132.5 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 \$61.1 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	
	2013	2012	2013	2012	2013	2012
Ag Land						
Preservation	\$ 61,104,712	\$ 62,058,577	\$ -	\$ -	\$ 61,104,712	\$ 62,058,577
Bonds Payable	462,229,857	462,132,841	132,276,225	131,235,775	594,506,082	593,368,616
Capital Leases	1,294,584	2,941,940	193,444	380,989	1,488,028	3,322,929
Notes Payable	3,070,721	4,871,422	-	-	3,070,721	4,871,422
	<u>\$ 527,699,874</u>	<u>\$ 532,004,780</u>	<u>\$ 132,469,669</u>	<u>\$ 131,616,764</u>	<u>\$ 660,169,543</u>	<u>\$ 663,621,544</u>

Bonds, Notes and Capital Leases debt of the County has decreased by \$3.5 million, 0.5 percent, during the current fiscal year. For the governmental activities, debt decreased \$4.3 million due to principal payments and reductions of \$33.2 million and \$70.1 million debt refunded offset by a general obligation bond sale of \$30.0 million, a refunding bond of \$59.8 million and a premium of \$13.6 million. In business-type activities, debt increased slightly, \$0.9 million, due to a bond sale of \$10.0 million, a refunding bond of \$14.8 million and a premium/deferred loss of \$1.8 million, offset by bond principal payments and reductions of \$10.9 million and \$14.8 million refunded debt.

During fiscal year 2013, 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 \$1.7 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 of this report.

Economic Factors and Next Year's Budgets and Rates

- The County Real Property Tax Rate for fiscal year 2014 remains unchanged at \$1.042 per \$100 of the assessed valuation. This is the third consecutive year that the County real property tax rate falls below the constant yield rate. Net property tax receipts recorded in the General Fund for fiscal year 2014 are expected to decline 1.3 percent over those projected for fiscal year 2013. The decline is primarily due to a 6.5 percent decrease in reassessment value of one-third of County property owners in the northern part of the County, Havre de Grace and Joppatowne. Statewide, the assessment notices mailed to property owners reflect another decrease in real estate values for residential properties. In Harford County 92.0 percent of the properties being reassessed experienced a decline in value.
- The County Council has set the fiscal year 2014 County income tax rate at 3.06 percent which is unchanged from the prior fiscal year. Fiscal year 2014 income tax revenue is projected to increase over the approved fiscal year 2013 income tax revenue by 8.9 percent. The increase in income tax revenue is largely due, in part, to an improving economy and lower unemployment in Maryland. Income tax is budgeted at \$190.6 million for fiscal year 2014.

- The County levies and collects a transfer tax at a rate of 1.0 percent of the actual consideration paid for conveyance of title to real property. This tax is imposed upon all transfers of real property within the County. Transfer tax collected is split 50.0 percent to fund school construction debt and 50.0 percent to purchase agricultural land for preservation. For fiscal year 2014, the County anticipates recording \$9.6 million in transfer tax.
- A new State mandate for 2013 requires the County collect a stormwater fee from taxpayers to fund the implementation of a local watershed protection and restoration program. As of July 1, 2013, 10.0 percent of the stormwater fees outlined in Bill No. 13-12 shall be collected and maintained in a dedicated fund, the Stormwater Management Fund. A Watershed Protection and Restoration Task Force shall be established to report on recommendations for fees. For fiscal year 2014, the Stormwater Management Fund has an approved budget of \$1.3 million.
- For fiscal year 2014, Harford County Public Schools are being funded at \$221.3 million, which is almost \$2.0 million above the required Maintenance of Effort for fiscal year 2014. While the County's Maintenance of Effort has actually decreased due to continued reductions in student enrollment, in May 2012, special State legislation shifted 100.0 percent of the teachers' normal pension costs from the State to the County. The transfer of these pension costs will be phased in over a four-year period. \$7.0 million has been included in the FY14 budget to cover the cost of this pension shift. Harford County Public Schools fiscal year 2014 capital budget contains twenty-two planned projects totaling \$64.0 million. Of the total General Fund debt service budget, 62.1 percent is allocated for school debt.
- The County's support of Harford Community College fiscal year 2014 budget remains at the same funding level as fiscal year 2013, \$15.0 million. The County has appropriated \$4.1 million for two of Harford Community College's fiscal year 2014 capital projects, which will be financed by issuing general obligation bonds.

These and other economic factors were considered when preparing the fiscal year 2014 General Fund budget, which estimates total revenues at \$511.7 million; an increase of \$9.6 million or 1.9 percent over fiscal year 2013 original budgeted amounts. Mindful of the economic struggles the County has faced for the past several years as a result of national economic uncertainties, cuts in revenue funding streams and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2014 will continue to be tightened and trimmed where possible. The County also anticipates issuing bonds during fiscal year 2014.

There are no new taxes to fund the fiscal year 2014 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 is 5.0 percent for Harford County for fiscal year 2014 and remains unchanged from the past fiscal year.

The Water and Sewer Fund rates will increase by 2.1 percent for fiscal year 2014. 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 2014 approved budget from the 2013 fiscal year original approved budget for the Water and Sewer Operating Fund is nominal, \$1.7 million, 3.7 percent.

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 Note 1A of this report.

Basic Financial Statements

HARFORD COUNTY, MARYLAND
Statement of Net Position
June 30, 2013

Exhibit 1

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total Primary Government	Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library
ASSETS							
Equity in Pooled Cash and Investments	\$ 163,082,884	\$ 75,838,475	\$ 238,921,359	\$ -	\$ -	\$ -	\$ -
Cash and Investments	42,750	650	43,400	25,000,650	1,338,364	27,354,896	5,650,028
Taxes and Accounts Receivable (Net)	3,411,183	7,137,783	10,548,966	9,165,621	125,272	874,290	56,186
Federal and State Receivable	30,794,468	6,748,977	37,543,445	6,699,961	-	1,763,707	-
Internal Balances	227,251	(227,251)	-	-	-	-	-
Due From Primary Government	-	-	-	1,923,020	-	-	-
Inventories	1,922,189	1,452,823	3,375,012	828,460	-	625,022	-
Loans Receivable	3,593,598	-	3,593,598	-	-	-	-
Other Assets	576,287	-	576,287	-	-	1,196,725	11,478
Deposit with Trustee	3,128,613	-	3,128,613	-	-	6,433	2,855,928
Benefit Assessments	683,825	37,127,881	37,811,706	-	-	-	-
Restricted Assets--Cash & Investments	71,491,109	12,191,946	83,683,055	-	-	7,023,887	-
Unamortized Bond Costs	2,401,879	804,183	3,206,062	-	-	-	-
Capital Assets:							
Land, Land Improvements, Development Rights & CIP	394,992,387	67,345,312	462,337,699	26,199,449	-	4,720,554	-
Other Capital Assets, Net of Depreciation	267,552,531	365,931,409	633,483,940	561,565,812	525,536	90,739,604	4,976,762
Total Assets	943,900,954	574,352,188	1,518,253,142	631,382,973	1,989,172	134,305,118	13,550,382
LIABILITIES							
Accounts Payable	7,125,688	3,188,577	10,314,265	7,745,719	68,935	1,633,600	110,321
Due to Component Units	1,923,020	-	1,923,020	-	-	-	-
Retainages Payable	785,041	2,982,358	3,767,399	-	-	61,201	-
Payable to State of Maryland	200,639	1,123,393	1,324,032	-	57,519	-	-
Accrued Expenses	12,409,284	2,549,702	14,958,986	1,009,146	29,665	1,063,420	612,559
Unearned Revenue	3,832,835	27,218	3,860,053	441,272	-	3,062,952	-
Performance Deposits	950,038	191,298	1,141,336	-	-	-	-
Escrow Accounts	1,333,220	2,620,308	3,953,528	-	-	-	-
Other Liabilities	385,297	19,096	404,393	-	-	373,538	-
Noncurrent Liabilities:							
Due within one year	48,258,466	8,661,380	56,919,846	4,421,320	-	84,988	33,712
Due in more than one year	553,335,151	127,033,998	680,369,149	196,004,312	-	1,209,975	8,779,841
Total Liabilities	630,538,679	148,397,328	778,936,007	209,621,769	156,119	7,489,674	9,536,433
NET POSITION							
Net Investment in Capital Assets	449,378,060	322,126,658	771,504,718	577,748,614	525,536	95,460,158	4,903,841
Restricted for:							
Highways Projects	14,411,020	-	14,411,020	-	-	-	-
Agricultural Land Preservation	51,613,603	-	51,613,603	-	-	-	-
Public Schools	2,660,492	-	2,660,492	-	-	-	-
Grant Programs	7,718,401	-	7,718,401	-	-	-	-
Other Purposes	2,511,979	-	2,511,979	10,298,709	31,975	7,451,838	51,591
Unrestricted	(214,931,280)	103,828,202	(111,103,078)	(166,286,119)	1,275,542	23,903,448	(941,483)
Total Net Position	\$ 313,362,275	\$ 425,954,860	\$ 739,317,135	\$ 421,761,204	\$ 1,833,053	\$ 126,815,444	\$ 4,013,949

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, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position							
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units					
					Governmental Activities	Business-Type Activities	Total	Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library	
Primary Government:												
Government Activities												
Agricultural Preservation	\$ 3,601,838	\$ -	\$ 46,081	\$ 147,103	\$ (3,408,654)	\$ -	\$ (3,408,654)	\$ -	\$ -	\$ -	\$ -	\$ -
County Council	2,763,150	-	91,155	-	(2,671,995)	-	(2,671,995)	-	-	-	-	-
General Government	46,041,421	2,778,718	1,296,827	1,108,214	(40,857,662)	-	(40,857,662)	-	-	-	-	-
Education-Primary thru Comm. College	248,045,564	-	-	-	(248,045,564)	-	(248,045,564)	-	-	-	-	-
Harford Center	553,036	-	-	-	(553,036)	-	(553,036)	-	-	-	-	-
Judicial	9,950,169	-	1,291,785	-	(8,658,384)	-	(8,658,384)	-	-	-	-	-
Libraries	17,314,092	-	-	-	(17,314,092)	-	(17,314,092)	-	-	-	-	-
Parks, Recreation and Natural Resources	15,697,516	986,866	236,574	618,084	(13,855,992)	-	(13,855,992)	-	-	-	-	-
Public Safety	106,668,221	3,701,079	5,537,793	224,998	(97,204,351)	-	(97,204,351)	-	-	-	-	-
Public Works	60,279,965	13,570,360	1,907,145	9,779,964	(35,022,496)	-	(35,022,496)	-	-	-	-	-
Social Services	28,769,204	566,313	19,145,814	-	(9,057,077)	-	(9,057,077)	-	-	-	-	-
Unallocated Debt Interest / Other Costs	14,273,378	-	1,373,592	-	(12,899,786)	-	(12,899,786)	-	-	-	-	-
Total Government Activities	<u>553,957,554</u>	<u>21,603,336</u>	<u>30,926,766</u>	<u>11,878,363</u>	<u>(489,549,089)</u>	<u>-</u>	<u>(489,549,089)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities												
Water and Sewer	50,101,124	26,179,225	648,672	32,698,896	-	9,425,669	9,425,669	-	-	-	-	-
Total Business-type Activities	<u>50,101,124</u>	<u>26,179,225</u>	<u>648,672</u>	<u>32,698,896</u>	<u>-</u>	<u>9,425,669</u>	<u>9,425,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 604,058,678</u>	<u>\$ 47,782,561</u>	<u>\$ 31,575,438</u>	<u>\$ 44,577,259</u>	<u>(489,549,089)</u>	<u>9,425,669</u>	<u>(480,123,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:												
Harford County Public Schools	\$ 566,475,184	\$ 8,811,091	\$ 124,751,029	\$ 35,158,834	-	-	-	(397,754,230)	-	-	-	-
Harford Center, Inc.	2,158,014	22,150	1,703,069	-	-	-	-	(432,795)	-	-	-	-
Harford Community College	60,630,418	18,672,270	22,334,535	13,563,416	-	-	-	-	-	(6,060,197)	-	-
Harford County Public Library	19,999,840	749,256	2,697,794	-	-	-	-	-	-	-	-	(16,552,790)
Total Component Units	<u>\$ 649,263,456</u>	<u>\$ 28,254,767</u>	<u>\$ 151,486,427</u>	<u>\$ 48,722,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(397,754,230)</u>	<u>(432,795)</u>	<u>(6,060,197)</u>	<u>-</u>	<u>(16,552,790)</u>
General Revenues:												
Taxes:												
Property Taxes					286,926,355	-	286,926,355	-	-	-	-	-
Income Taxes					169,703,257	-	169,703,257	-	-	-	-	-
Impact Taxes					2,027,400	-	2,027,400	-	-	-	-	-
911 Program Taxes					1,582,307	-	1,582,307	-	-	-	-	-
Recordation Taxes					8,916,236	1,783,159	10,699,395	-	-	-	-	-
Transfer Taxes					10,854,827	-	10,854,827	-	-	-	-	-
Other Taxes					744,146	-	744,146	-	-	-	-	-
Investment Earnings					(520,840)	2,534,663	2,013,823	30,950	40,215	625,072	5,935	-
Grants and Contributions not Restricted to Specific Purposes					239,369	-	239,369	361,148,916	553,036	15,712,002	16,054,666	-
Miscellaneous					1,888,635	-	1,888,635	5,717,630	-	-	-	-
Total General Revenues					<u>482,361,692</u>	<u>4,317,822</u>	<u>486,679,514</u>	<u>366,897,496</u>	<u>593,251</u>	<u>16,337,074</u>	<u>16,060,601</u>	<u>-</u>
Change in net position					<u>(7,187,397)</u>	<u>13,743,491</u>	<u>6,556,094</u>	<u>(30,856,734)</u>	<u>160,456</u>	<u>10,276,877</u>	<u>(492,189)</u>	<u>-</u>
Net Position--Beginning					<u>320,549,672</u>	<u>412,211,369</u>	<u>732,761,041</u>	<u>452,617,938</u>	<u>1,672,597</u>	<u>116,538,567</u>	<u>4,506,138</u>	<u>-</u>
Net Position--Ending					<u>\$ 313,362,275</u>	<u>\$ 425,954,860</u>	<u>\$ 739,317,135</u>	<u>\$ 421,761,204</u>	<u>\$ 1,833,053</u>	<u>\$ 126,815,444</u>	<u>\$ 4,013,949</u>	<u>\$ -</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, 2013

Exhibit 3

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Beechtree TIF	Non Major Parks & Recreation	Total Governmental Funds
ASSETS								
Equity in Pooled Cash and Investments	\$ 73,935,440	\$ 13,298,701	\$ 5,506,092	\$ 3,007,843	\$ 53,908,753	\$ 57,521	\$ 558,584	\$ 150,272,934
Cash and Investments	42,700	50	-	-	-	-	-	42,750
Taxes and Accounts Receivable (Net)	2,856,290	357,768	185,894	-	-	-	2,573	3,402,525
Federal and State Receivable	24,587,268	386,682	4,174,067	-	1,646,451	-	-	30,794,468
Inventories	-	1,922,189	-	-	-	-	-	1,922,189
Loans Receivable	398,743	-	3,194,855	-	-	-	-	3,593,598
Other Assets	445,005	131,282	-	-	-	-	-	576,287
Deposit with Trustee	-	-	-	-	1,191,984	1,936,629	-	3,128,613
Benefit Assessment	-	-	-	-	683,825	-	-	683,825
Restricted Assets - Investments	2,687,977	320,055	-	48,873,277	19,609,800	-	-	71,491,109
Total Assets	<u>\$ 104,953,423</u>	<u>\$ 16,416,727</u>	<u>\$ 13,060,908</u>	<u>\$ 51,881,120</u>	<u>\$ 77,040,813</u>	<u>\$ 1,994,150</u>	<u>\$ 561,157</u>	<u>\$ 265,908,298</u>
LIABILITIES								
Accounts Payable	\$ 2,938,187	\$ 720,814	\$ 369,272	\$ 266,404	\$ 2,769,969	\$ -	\$ 28,028	\$ 7,092,674
Due to Component Units	-	-	-	-	1,923,020	-	-	1,923,020
Retainages Payable	-	-	-	-	785,041	-	-	785,041
Payable to State of Maryland	200,350	-	-	-	-	-	289	200,639
Accrued Expenditures	2,095,862	309,375	120,815	1,113	-	-	6,566	2,533,731
Unearned Revenue	1,717,742	-	1,528,415	-	586,678	-	-	3,832,835
Deferred Revenue	7,493,553	208,742	3,324,005	-	683,825	-	-	11,710,125
Performance Deposits	475,107	474,931	-	-	-	-	-	950,038
Escrow Accounts	347,088	500,353	-	-	477,334	-	8,445	1,333,220
Other Liabilities	370,238	234	-	-	14,825	-	-	385,297
Total Liabilities	<u>15,638,127</u>	<u>2,214,449</u>	<u>5,342,507</u>	<u>267,517</u>	<u>7,240,692</u>	<u>-</u>	<u>43,328</u>	<u>30,746,620</u>
FUND BALANCES								
Nonspendable	843,748	2,053,471	-	-	-	-	-	2,897,219
Restricted	3,587,146	359,573	7,718,401	-	23,919,410	1,994,150	-	37,578,680
Committed	-	-	-	48,873,277	-	-	-	48,873,277
Assigned	77,951,284	11,789,234	-	2,740,326	45,880,711	-	517,829	138,879,384
Unassigned	6,933,118	-	-	-	-	-	-	6,933,118
Total Fund Balances	<u>89,315,296</u>	<u>14,202,278</u>	<u>7,718,401</u>	<u>51,613,603</u>	<u>69,800,121</u>	<u>1,994,150</u>	<u>517,829</u>	<u>235,161,678</u>
Total Liabilities and Fund Balances	<u>\$ 104,953,423</u>	<u>\$ 16,416,727</u>	<u>\$ 13,060,908</u>	<u>\$ 51,881,120</u>	<u>\$ 77,040,813</u>	<u>\$ 1,994,150</u>	<u>\$ 561,157</u>	<u>\$ 265,908,298</u>

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements. 227,251

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 662,544,918

Unamortized bond costs are not financial resources and therefore are not reported in the funds. 2,401,879

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. 11,710,125

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 position. 7,084,274

Long-term liabilities, including bonds payable, compensated absences, notes payable, capital leases, landfill closure and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds. (605,767,850)

Net Position of Governmental Activities \$ 313,362,275

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2013

Exhibit 4

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Beechtree TIF	Non Major Parks & Recreation	Governmental Funds
REVENUES								
Taxes	\$ 439,953,898	\$ 34,627,770	\$ -	\$ 5,427,413	\$ 14,343,650	\$ 978,167	\$ -	\$ 495,330,898
Revenues from Other Agencies	3,433,628	1,775,301	25,390,194	46,081	3,041,073	-	-	33,686,277
Investment Income	314,237	30,876	78	(981,074)	91,016	1,912	733	(542,222)
Charges for Current Services	14,656,269	766,064	1,023,452	-	-	-	928,278	17,374,063
Miscellaneous	829,332	37,685	688,877	26,236	1,951,765	-	556	3,534,451
Licenses and Permits	3,637,218	-	-	-	-	-	-	3,637,218
Fines and Forfeitures	127,271	14,780	241,462	-	-	-	-	383,513
Total Revenues	<u>462,951,853</u>	<u>37,252,476</u>	<u>27,344,063</u>	<u>4,518,656</u>	<u>19,427,504</u>	<u>980,079</u>	<u>929,567</u>	<u>553,404,198</u>
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	2,486,811	-	-	-	2,486,811
County Council	2,659,600	-	91,155	-	-	-	-	2,750,755
General Government	35,494,785	-	1,755,379	-	-	-	-	37,250,164
Education-Primary thru Comm. College	232,782,980	2,000,000	-	-	-	-	-	234,782,980
Harford Center	553,036	-	-	-	-	-	-	553,036
Judicial	8,286,627	-	1,569,453	-	-	-	-	9,856,080
Libraries	16,054,666	-	-	-	-	-	-	16,054,666
Parks, Recreation and Natural Resources	10,549,363	-	296,207	-	-	-	780,870	11,626,440
Public Safety	92,255,164	1,196,012	4,967,586	-	-	-	-	98,418,762
Public Works	14,321,690	26,134,418	12,254	-	-	-	-	40,468,362
Social Services	11,467,883	-	20,272,976	-	-	-	-	31,740,859
Capital Outlay	-	-	-	-	53,425,443	-	-	53,425,443
Debt Service:								
Principal	30,294,241	618,060	-	2,966,960	-	-	-	33,879,261
Interest	18,259,079	59,455	-	3,221,629	-	1,050,000	-	22,590,163
Administrative Costs	505,181	14,657	-	41,219	-	25,361	-	586,418
Total Expenditures	<u>473,484,295</u>	<u>30,022,602</u>	<u>28,965,010</u>	<u>8,716,619</u>	<u>53,425,443</u>	<u>1,075,361</u>	<u>780,870</u>	<u>596,470,200</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(10,532,442)</u>	<u>7,229,874</u>	<u>(1,620,947)</u>	<u>(4,197,963)</u>	<u>(33,997,939)</u>	<u>(95,282)</u>	<u>148,697</u>	<u>(43,066,002)</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	19,172,940	37,065	2,963,443	-	33,346,130	-	-	55,519,578
Transfers (Out)	(21,029,438)	(15,280,135)	(449,507)	-	(18,760,498)	-	-	(55,519,578)
Issuance of Bonds	-	-	-	-	30,000,000	-	-	30,000,000
Issuance of Refunding Bonds	59,750,398	-	-	-	-	-	-	59,750,398
Premium on Issuance of Bonds	13,310,613	327,391	-	-	-	-	-	13,638,004
Issuance of Installment Purchase Agreements	-	-	-	2,013,095	-	-	-	2,013,095
Payment to Escrow Agent for Refunding	(70,065,844)	-	-	-	-	-	-	(70,065,844)
Total Other Financing Sources (Uses)	<u>1,138,669</u>	<u>(14,915,679)</u>	<u>2,513,936</u>	<u>2,013,095</u>	<u>44,585,632</u>	<u>-</u>	<u>-</u>	<u>35,335,653</u>
Net Change in Fund Balances	<u>(9,393,773)</u>	<u>(7,685,805)</u>	<u>892,989</u>	<u>(2,184,868)</u>	<u>10,587,693</u>	<u>(95,282)</u>	<u>148,697</u>	<u>(7,730,349)</u>
Fund Balances--Beginning	98,709,069	21,990,987	6,825,412	53,798,471	59,212,428	2,089,432	369,132	242,994,931
Increase (Decrease) in Inventory	-	(102,904)	-	-	-	-	-	(102,904)
Fund Balances--Ending	<u>\$ 89,315,296</u>	<u>\$ 14,202,278</u>	<u>\$ 7,718,401</u>	<u>\$ 51,613,603</u>	<u>\$ 69,800,121</u>	<u>\$ 1,994,150</u>	<u>\$ 517,829</u>	<u>\$ 235,161,678</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, 2013

Exhibit 5

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

Net change in fund balances--total governmental funds	\$	(7,730,349)
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.		6,764,108
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(6,655,423)
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 has any effect of net position. 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.		4,222,142
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.		(3,927,228)
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.		(15,435)
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 individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		154,788
Change in net position of governmental activities	\$	(7,187,397)

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, 2013

Exhibit 6

	General				Highways			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 431,233,874	\$ 431,233,874	\$ 439,953,898	\$ 8,720,024	\$ 34,373,443	\$ 34,373,443	\$ 34,627,770	\$ 254,327
Revenues from Other Agencies	2,941,800	2,941,800	3,433,628	491,828	1,254,847	1,254,847	1,775,301	520,454
Investment Income	331,416	331,416	314,237	(17,179)	46,920	46,920	30,876	(16,044)
Charges for Current Services	14,651,720	14,651,720	14,656,269	4,549	903,600	903,600	766,064	(137,536)
Miscellaneous	9,647,404	9,647,404	9,925,420	278,016	8,329,537	8,329,537	8,028,571	(300,966)
Licenses and Permits	3,302,600	3,302,600	3,637,218	334,618	-	-	-	-
Fines and Forfeitures	105,100	105,100	127,271	22,171	9,000	9,000	14,780	5,780
Total Revenues	<u>462,213,914</u>	<u>462,213,914</u>	<u>472,047,941</u>	<u>9,834,027</u>	<u>44,917,347</u>	<u>44,917,347</u>	<u>45,243,362</u>	<u>326,015</u>
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	-	-	-	-	-
County Council	2,763,743	2,933,532	2,679,857	253,675	-	-	-	-
General Government	42,966,883	45,866,008	41,694,546	4,171,462	-	-	-	-
Education-Primary thru Comm. College	234,782,980	234,782,980	234,782,980	-	-	2,000,000	2,000,000	-
Harford Center	553,036	553,036	553,036	-	-	-	-	-
Judicial	7,824,588	8,645,798	8,290,946	354,852	-	-	-	-
Libraries	15,634,624	16,054,666	16,054,666	-	-	-	-	-
Parks, Recreation and Natural Resources	10,289,877	11,177,728	10,527,591	650,137	-	-	-	-
Public Safety	89,739,032	96,635,210	92,651,803	3,983,407	-	1,196,012	1,196,012	-
Public Works	14,900,965	15,374,901	14,327,846	1,047,055	37,800,768	36,722,536	34,170,270	2,552,266
Social Services	11,483,301	12,015,591	11,464,135	551,456	-	-	-	-
	<u>430,939,029</u>	<u>444,039,450</u>	<u>433,027,406</u>	<u>11,012,044</u>	<u>37,800,768</u>	<u>39,918,548</u>	<u>37,366,282</u>	<u>2,552,266</u>
Debt Service	50,378,196	50,378,196	49,058,501	1,319,695	679,515	692,175	692,172	3
Total Expenditures	<u>481,317,225</u>	<u>494,417,646</u>	<u>482,085,907</u>	<u>12,331,739</u>	<u>38,480,283</u>	<u>40,610,723</u>	<u>38,058,454</u>	<u>2,552,269</u>
(Deficiency)/Excess of Revenues Over Expenditures	<u>(19,103,311)</u>	<u>(32,203,732)</u>	<u>(10,037,966)</u>	<u>22,165,766</u>	<u>6,437,064</u>	<u>4,306,624</u>	<u>7,184,908</u>	<u>2,878,284</u>
OTHER FINANCING SOURCES (USES)								
Appropriated Fund Balance	20,357,278	33,771,469	8,899,297	(24,872,172)	8,798,071	10,928,511	7,730,771	(3,197,740)
Transfers In	19,511,701	19,511,701	19,172,940	(338,761)	45,000	45,000	37,065	(7,935)
Transfers (Out)	(20,765,668)	(21,079,438)	(21,029,438)	50,000	(15,280,135)	(15,280,135)	(15,280,135)	-
Issuance of Refunding Bonds	-	70,065,844	59,750,398	(10,315,446)	-	-	-	-
Premium on Issuance of Bonds	-	-	13,310,613	13,310,613	-	-	327,391	327,391
Issuance of Installment Purchase Agreements	-	-	-	-	-	-	-	-
Payment to Escrow Agent for Refunding	-	(70,065,844)	(70,065,844)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>19,103,311</u>	<u>32,203,732</u>	<u>10,037,966</u>	<u>(22,165,766)</u>	<u>(6,437,064)</u>	<u>(4,306,624)</u>	<u>(7,184,908)</u>	<u>(2,878,284)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Less: Appropriated Fund Balance			(8,899,297)			(7,730,771)		
Fund Balance - Beginning			97,048,543			21,391,561		
Prior Year Encumbrances Cancelled			201,317			49,085		
Decrease in Inventory			-			(102,904)		
Fund Balance - Ending			<u>\$ 88,350,563</u>			<u>\$ 13,606,971</u>		

(continued)

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, 2013
(continued)

Exhibit 6

	Agricultural Land Preservation			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive(Negative)
REVENUES				
Taxes	\$ 4,800,000	\$ 4,800,000	\$ 5,427,413	\$ 627,413
Revenues from Other Agencies	98,000	98,000	46,081	(51,919)
Investment Income	769,552	769,552	(981,074)	(1,750,626)
Charges for Current Services	-	-	-	-
Miscellaneous	17,220	17,220	26,236	9,016
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Total Revenues	<u>5,684,772</u>	<u>5,684,772</u>	<u>4,518,656</u>	<u>(1,166,116)</u>
EXPENDITURES				
Current:				
Agricultural Preservation	579,090	3,585,834	2,486,783	1,099,051
County Council	-	-	-	-
General Government	-	-	-	-
Education-Primary thru Comm. College	-	-	-	-
Harford Center	-	-	-	-
Judicial	-	-	-	-
Libraries	-	-	-	-
Parks, Recreation and Natural Resources	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Social Services	-	-	-	-
	<u>579,090</u>	<u>3,585,834</u>	<u>2,486,783</u>	<u>1,099,051</u>
Debt Service	6,324,868	6,324,868	6,229,808	95,060
Total Expenditures	<u>6,903,958</u>	<u>9,910,702</u>	<u>8,716,591</u>	<u>1,194,111</u>
(Deficiency)/Excess of Revenues				
Over Expenditures	<u>(1,219,186)</u>	<u>(4,225,930)</u>	<u>(4,197,935)</u>	<u>27,995</u>
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	1,219,186	1,225,930	2,184,840	958,910
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-
Premium on Issuance of Bonds	-	-	-	-
Issuance of Installment Purchase Agreements	-	3,000,000	2,013,095	(986,905)
Payment to Escrow Agent for Refunding	-	-	-	-
Total Other Financing	<u>-</u>	<u>3,000,000</u>	<u>2,013,095</u>	<u>(986,905)</u>
Sources (Uses)	<u>1,219,186</u>	<u>4,225,930</u>	<u>4,197,935</u>	<u>(27,995)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Less: Appropriated Fund Balance			(2,184,840)	
Fund Balance - Beginning			53,799,556	
Prior Year Encumbrances Cancelled			-	
Decrease in Inventory			-	
Fund Balance - Ending			<u>\$ 51,614,716</u>	

HARFORD COUNTY, MARYLAND
Statement of Net Position
Proprietary Funds
June 30, 2013

Exhibit 7

ASSETS	Business-Type Activities	Governmental Activities
	<u>Enterprise Fund, Water and Sewer</u>	<u>Internal Service Fund</u>
Current Assets:		
Equity in Pooled Cash and Investments	\$ 75,838,475	\$ 12,809,950
Cash and Investments	650	-
Restricted Assets - Investments	12,191,946	-
Taxes and Accounts Receivable (Net)	7,137,783	8,658
Federal and State Receivable	6,748,977	-
Inventories	1,452,823	-
Benefit Assessments	3,041,282	-
Total Current Assets	<u>106,411,936</u>	<u>12,818,608</u>
Noncurrent Assets:		
Benefit Assessments	34,086,599	-
Unamortized Bond/Lease Costs	804,183	-
Capital Assets, Net of Depreciation		
Land	2,027,385	-
Construction in Process	65,317,927	-
Property, Plant & Equipment	365,931,409	-
Total Capital Assets	<u>433,276,721</u>	<u>-</u>
Total Noncurrent Assets	<u>468,167,503</u>	<u>-</u>
Total Assets	<u>574,579,439</u>	<u>12,818,608</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	755,496	33,014
Accounts Payable from Restricted Assets	2,433,081	-
Retainage Payable from Restricted Assets	2,982,358	-
Payable to the State of Maryland	1,123,393	-
Accrued Expenses	2,549,702	-
Unearned Revenue	27,218	-
Performance Deposits	191,298	-
Escrow Accounts	2,620,308	-
Other Liabilities	19,096	-
Compensated Absences-Current	1,179,446	-
Bonds Payable-Current	7,288,490	-
Leases Payable-Current	193,444	-
Estimated Current Liability for Claims in Process	-	870,667
Total Current Liabilities	<u>21,363,330</u>	<u>903,681</u>
Noncurrent		
Compensated Absences	2,046,263	-
Bonds Payable	124,987,735	-
Estimated Liability for Claims in Process	-	4,830,653
Total Noncurrent Liabilities	<u>127,033,998</u>	<u>4,830,653</u>
Total Liabilities	<u>148,397,328</u>	<u>5,734,334</u>
NET POSITION		
Net Investment in Capital Assets	322,126,658	-
Unrestricted	104,055,453	7,084,274
Total Net Position	<u>426,182,111</u>	<u>\$ 7,084,274</u>
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 Position	<u>(227,251)</u>	
Net Position of Business-Type Activities	<u>\$ 425,954,860</u>	

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 Position
Proprietary Funds
For the Year Ended June 30, 2013

Exhibit 8

	Business-Type Activities		Governmental Activities	
	<u>Enterprise Fund, Water and Sewer</u>		<u>Internal Service Fund, Self Insurance</u>	
Operating Revenues:				
Charges for Services	\$	-	\$	4,566,407
Income from Water Operations		11,892,796		-
Income from Sewer Operations		12,555,587		-
Miscellaneous		1,730,842		-
Total Operating Revenues		<u>26,179,225</u>		<u>4,566,407</u>
Operating Expenses:				
General and Administrative Expenses		4,972,536		-
Operations and Maintenance-Water		15,323,700		-
Operations and Maintenance-Sewer		14,338,838		-
Insurance Claims and Expenses		-		4,433,001
Depreciation		10,824,244		-
Total Operating Expenses		<u>45,459,318</u>		<u>4,433,001</u>
Operating (Loss) Income		<u>(19,280,093)</u>		<u>133,406</u>
Non-operating Revenues (Expenses):				
Recordation Tax Revenue		1,783,159		-
Federal Grant Revenue		648,672		-
Interest Income		2,534,663		21,382
Interest Expense		(4,417,177)		-
Other Income (Expense)		(240,064)		-
Total Non-operating Revenue (Expenses)		<u>309,253</u>		<u>21,382</u>
Income Before Contributions		(18,970,840)		154,788
Capital Contributions		32,698,896		-
Change in Net Position		<u>13,728,056</u>		<u>154,788</u>
Total Net Position--Beginning		<u>412,454,055</u>		<u>6,929,486</u>
Total Net Position--Ending	\$	<u><u>426,182,111</u></u>	\$	<u><u>7,084,274</u></u>

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

Net change in Net Position -- total business type activities	\$	13,728,056
Eliminating the effect of the internal service fund, using the "look-back" method resulted in increased expenses in the enterprise fund		15,435
Change in Net Position of Business Type Activities	\$	<u><u>13,743,491</u></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, 2013

Exhibit 9

	Business Type Activities		Governmental Activities	
	Enterprise Fund, Water and Sewer		Internal Service Fund, Self Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$	25,801,934	\$	-
Receipts from Interfund Services Provided		-		4,400,312
Receipts from Others for Claims		-		157,537
Receipts from Customer Deposits		426,951		-
Payment of Deposits to Customer		(1,533,462)		-
Payments to Employees for Services		(15,326,095)		-
Payments to Suppliers for Goods and Services		(18,736,798)		(428,743)
Payments for Claims		-		(3,613,865)
Net Cash Provided By (Used In) Operating Activities		<u>(9,367,470)</u>		<u>515,241</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets		(47,096,062)		-
Principal Payments on Long Term Debt		(25,993,852)		-
Bond/Lease Service Costs		(464,599)		-
Interest Paid on Bonds/Leases		(5,185,242)		-
Proceeds from Federal and State Grants		17,009,597		-
Recordation Tax Revenue		1,744,969		-
Tap Fees in Excess of Connection Costs		23,798,120		-
Proceeds from Bond Sale		24,909,602		-
Premium and Accrued Interest, net of Underwriters Fees		2,804,960		-
Proceeds from Rental Income		141,573		-
Proceeds from Sale of Capital Assets		38,138		-
Net Cash (Used in) Capital and Related Financing Activities		<u>(8,292,796)</u>		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income		2,536,224		21,382
Net Cash Provided by Investing Activities		<u>2,536,224</u>		<u>21,382</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>(15,124,042)</u>		<u>536,623</u>
Cash and Cash Equivalents, July 1		<u>103,155,113</u>		<u>12,273,327</u>
Cash and Cash Equivalents, June 30	\$	<u>88,031,071</u>	\$	<u>12,809,950</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating (Loss) Income	\$	(19,280,093)	\$	133,406
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation		10,824,244		-
(Increase) Decrease in Accounts Receivable		(208,288)		(8,558)
(Increase) Decrease in Inventory		(45,751)		-
Increase (Decrease) in Accounts Payable		425,272		(3,228)
Increase (Decrease) in Accrued Expenses		(8,370)		-
Increase (Decrease) Estimated Payables for Future Claims		-		393,621
Increase (Decrease) in Performance Deposits		104,901		-
Increase (Decrease) in Escrow Accounts		(1,217,031)		-
Increase (Decrease) in Deferred Revenue		(163,384)		-
Increase (Decrease) in Other Liabilities		1,002		-
Increase (Decrease) in Compensated Absences		200,028		-
Net Cash Provided By (Used In) Operating Activities:	\$	<u>(9,367,470)</u>	\$	<u>515,241</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Developer Contributions of Capital Assets to the Water and Sewer Fund	\$	<u>7,546,607</u>	\$	<u>-</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO EXHIBIT 7				
Equity in Pooled Cash and Investments	\$	75,838,475	\$	12,809,950
Cash and Investments		650		-
Investments - Current Restricted Assets		12,191,946		-
Cash and Cash Equivalents, June 30	\$	<u>88,031,071</u>	\$	<u>12,809,950</u>

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

HARFORD COUNTY, MARYLAND
Statement of Fiduciary Net Position
June 30, 2013

Exhibit 10

	Pension Trust Funds	Other Post Employment Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Equity in Pooled Cash and Investments	\$ 673,161	\$ 4,120,919	\$ 1,460,599	\$ -
Accounts Receivable	-	-	20,258	-
Investments, at Fair Value				
Cash Equivalents	1,624,497	1,412,511	1,038,208	11,362,160
Fixed Income Fund	18,255,641	14,873,449	-	-
Equities & Equivalents	40,578,649	41,115,745	-	-
Total Investments	<u>60,458,787</u>	<u>57,401,705</u>	<u>1,038,208</u>	<u>11,362,160</u>
Total Assets	<u>61,131,948</u>	<u>61,522,624</u>	<u>2,519,065</u>	<u>11,362,160</u>
LIABILITIES				
Accounts Payable	38,059	16,127	25,592	-
Deferred Revenue	-	-	1,038,208	-
Due to Beneficiaries	-	-	-	11,362,160
Total Liabilities	<u>38,059</u>	<u>16,127</u>	<u>1,063,800</u>	<u>11,362,160</u>
NET POSITION				
Held in Trust for pension benefits and other purposes	<u>\$ 61,093,889</u>	<u>\$ 61,506,497</u>	<u>\$ 1,455,265</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 Position
For Fiscal Year Ending June 30, 2013

Exhibit 11

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions and Donations	\$ -	\$ -	\$ 294,419
Employee Contributions	450,816	-	-
Employer Contributions	2,287,714	13,757,000	-
Plan Sponsor Contributions	1,970,503	-	-
Retiree Contributions	-	677,409	-
Total Contributions	<u>4,709,033</u>	<u>14,434,409</u>	<u>294,419</u>
Investment Earnings			
Net Appreciation in Fair Value of Investments	5,272,447	4,931,651	-
Interest and Dividends	1,202,512	1,016,189	6,646
Total Investment Earnings	<u>6,474,959</u>	<u>5,947,840</u>	<u>6,646</u>
Less Investment Expense	248,205	241,733	-
Net Investment Income	<u>6,226,754</u>	<u>5,706,107</u>	<u>6,646</u>
Total Additions	<u>10,935,787</u>	<u>20,140,516</u>	<u>301,065</u>
DEDUCTIONS			
Administrative Expenses	103,342	13,000	-
Benefits	3,818,366	5,780,853	-
Contractual Service	-	-	225,862
Total Deductions	<u>3,921,708</u>	<u>5,793,853</u>	<u>225,862</u>
Change in Net Position	7,014,079	14,346,663	75,203
Net Position--Beginning of the Year	54,079,810	47,159,834	1,380,062
Net Position--End of the Year	<u>\$ 61,093,889</u>	<u>\$ 61,506,497</u>	<u>\$ 1,455,265</u>

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

Notes to 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, 2013

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, Harford County Public Schools, Harford County Public 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. 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. The component units do not provide services entirely, or almost entirely, to the County nor are any of the governing boards substantially the same, but the component units have a financial benefit/burden relationship with the County, as outlined below.

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.

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

Harford County Public 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 County Public Schools
102 South Hickory Avenue
Bel Air, Maryland 21014

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide Financial Statements: The statement of net position 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, 2013

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 property tax 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, local and private monies designated for a particular purpose or have specific requirement associated with eligible program cost.

The Agricultural Land Preservation Fund accounts for dedicated transfer tax revenue that is legally restricted to the purchases of County agricultural land easements.

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 as well as the Public Schools, Community College and the Public Library.

The Beechtree Tax Increment Financing (TIF) accumulates the incremental property tax revenues related to the Beechtree Estates Project (Project) created in 2011 and also any special tax imposed on the 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, construction or acquisition of capital assets and related debt service cost of the public water and sewer facilities.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Pension, Other Employee Benefit Trust Funds, and Length of Service Award Program:

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 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:

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 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 must follow subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

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. 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. 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 POSITION 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, Grant, Agricultural Land Preservation, Capital Projects, Beechtree TIF, Parks & Recreation, Water and Sewer Enterprise, Self-Insurance, two Private Purpose Trust Funds, Sheriff's Office Pension Fund, Length of Service Award Program (LOSAP), Other Post Employment Benefits Trust (OPEB), and Agency Fund. 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Article 95, Section 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 Sections 6-222 and 6-223 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 like a 2a-7 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 Group; One East Pratt Street; Baltimore, Maryland, 21202; 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.

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, home-owner occupied 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 real 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, 2013, 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

All inventories are valued at the lower of cost or market using the First-In/First-Out (FIFO) method. Non-spendable fund balance for the Highway Fund inventories has been reported in the governmental fund statements to reflect the non-availability of those amounts for appropriation or expenditure. Inventories in the Highways special revenue fund are accounted for by the purchase method.

d. RESTRICTED ASSETS

Certain assets of the Governmental Activities and Business-type Activities are classified as restricted assets on the Statement of Net Position. These assets include unspent bond proceeds limited by applicable bond covenants to specific capital projects and investments in strip treasuries held to maturity for the final payment on the purchase of County agricultural easements.

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. Interest expense is not capitalized in the current or amortized year due to immateriality. The government defines capital assets as assets that have an estimated useful life in excess of one year, and have an individual cost that meets or exceeds the minimal capitalization thresholds it has established for that asset class. There is no minimum dollar requirement established for Land, Easements and Development Rights. Capital assets used in operations are depreciated or amortized using the straight-line method over their estimated useful lives. Interest expense is not capitalized in the current year due to immateriality.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets, being depreciated or amortized:

	<u>Initial Cost in Excess of</u>
Buildings	\$50,000
Improvements other than Buildings	\$50,000
Machinery and Equipment	\$15,000
Vehicles	\$15,000
Intangibles	\$15,000
Infrastructure	\$100,000

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Improvements other than Buildings	5-15
Machinery and Equipment	5-10
Vehicles	7
Intangibles:	
Software	5-10
Infrastructure:	
Bridges	35-45
Roads	15
Water and Sewer Lines and Improvements	10-75

The cost of normal maintenance and repair 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.

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 position. 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 losses.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 POSITION/FUND BALANCES

The government-wide financial statements utilize a net position presentation. The statement of net position should report assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components: net investment in capital assets, restricted and unrestricted. The net investment in capital component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding debt directly attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consist of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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. The highest level of decision-making action is legislation which is enacted by the Harford County Council (the highest level of decision-making authority). 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 it employed previously to commit those amounts.

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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2013. 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 has adopted the provision of Governmental Accounting Standard Board (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, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, entitled *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

As of the year ended June 30, 2013, GASB issued Statement No. 65, entitled *Items Previously Reported as Assets and Liabilities*; Statement No. 66, entitled *Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62*; Statement No. 69, entitled *Government Combinations and Disposals of Government Operations* and Statement No. 70, entitled *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. These Statements will not have a material effect on the County's financial statements upon implementation.

GASB also issued Statement No. 67, entitled *Financial Reporting for Pension Plans* and Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. These Statements will have a material effect on the County's financial statements once implemented.

The County is analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 POSITION

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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	\$	9,875,553
Agricultural Preservation Installments		61,104,712
Bonds Payable		462,229,857
Capital Lease Obligations		1,294,584
Notes Payable		3,070,721
Landfill Closure Liability		40,334,763
Compensated Absences		27,857,660
		27,857,660
	\$	605,767,850

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 position 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	\$	30,214,888
Depreciation		(23,450,780)
		(23,450,780)
	\$	6,764,108

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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	\$	7,356,866
Trade in Value of Assets		278,075
Loss on Disposal of Assets		(102,387)
Increase in Property Tax Deferred Revenue		69,428
Decrease in Income Tax Deferred Revenue		(13,613,929)
Increase in Deferred Loans Receivable		47,166
Increase in Deferred Special Assessments		8,656
Decrease in Restitution Deferred Revenue		(2,085)
Increase in Deferred Revenues from First Vehicle Service		334,656
Decrease in Deferred Enterprise Zone Credit		(1,031,869)
	\$	<u>(6,655,423)</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 position. 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	\$	(173,084)
Amortization of Bond Premium		6,345,976
Increase and Amortization of Costs of Issuance		90,320
Amortization of Deferred Loss		(584,678)
Issuance of Bonds Payable		(30,000,000)
Issuance of Installment Purchase Loans		(2,013,095)
Issuance of Refunding Bonds Payable		(59,750,398)
Bond Premium		(13,638,004)
Principal Payments on Refunded Bonds		70,065,844
Principal Payments on General Obligation Debt		33,879,261
	\$	<u>4,222,142</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:

Increase in Compensated Absences Liability	\$	(2,450,541)
Fixed Assets Donated		(117,309)
Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method used in the Fund Statements		(102,904)
Increase in Deferred Health Care Consortium Receivable		(913,155)
Increase in Landfill Closure Expenses		(343,319)
	\$	<u>(3,927,228)</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 15, 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, Harford County Public Schools 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, 2013, supplemental appropriations adopted in the General Fund were \$83,480,035; \$2,130,440 in the Highways Fund; \$3,006,744 in the Agricultural Land Preservation Fund; \$37,179 in the Parks and Recreation Fund; and \$1,829,778 in the Water and 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 Fund, Other Post Employment Benefit Trust Fund, 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 Fund, Other Post Employment Benefit Trust Fund 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. For the year-ended June 30, 2013, supplemental appropriations adopted in the Capital Project Fund were \$363,770.

A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual is prepared for the General Fund and each major Special Revenue Fund with an annual budget. These are the General, Highways and Agricultural Land Preservation.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 an assigned fund balance. The other fund statements are reconciled below.

As of June 30, 2013, the changes in fund balances are reconciled as follows:

	General Fund	Highway Fund	Agricultural Land Preservation	Parks & Recreation
Basis of Budgeting - Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ 86,434
Basis Adjustments:				
Revenue for Budgetary, not GAAP Purposes	(9,096,088)	(7,990,886)	-	-
Encumbrances Adjustment	(471,243)	70,940	-	54,038
Expenditures for Budgetary, not GAAP Purposes	9,096,088	7,990,886	-	-
Expenditures for GAAP, not for Budgetary Purposes	(23,233)	(25,974)	(28)	8,225
Fund Balance Appropriated for Budget not GAAP	<u>(8,899,297)</u>	<u>(7,730,771)</u>	<u>(2,184,840)</u>	<u>-</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ (9,393,773)</u>	<u>\$ (7,685,805)</u>	<u>\$ (2,184,868)</u>	<u>\$ 148,697</u>

As of June 30, 2013, the ending fund balances are reconciled as follows:

	General Fund	Highway Fund	Agricultural Land Preservation	Parks & Recreation
Basis of Budgeting - Fund Balances	\$ 88,350,563	\$ 13,606,971	\$ 51,614,716	\$ 468,296
Basis Adjustments:				
Encumbrances	3,060,595	904,682	-	56,099
Expenditures for GAAP, not for Budgetary Purposes	<u>(2,095,862)</u>	<u>(309,375)</u>	<u>(1,113)</u>	<u>(6,566)</u>
GAAP Basis - Fund Balances	<u>\$ 89,315,296</u>	<u>\$ 14,202,278</u>	<u>\$ 51,613,603</u>	<u>\$ 517,829</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 carrying amount of combined deposits was (\$1,563,702) and the collected bank balance was \$1,179,365. The uninsured balances were fully collateralized by securities placed with the respective bank escrow agents and held in the County's name at the Federal Reserve. At June 30, 2013, 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 position and the statement of fiduciary net position.

Reconciliation:

Total Primary Government - Exhibit 1	
Equity in Pooled Cash and Investments	\$ 238,921,359
Cash and Investments	43,400
Restricted Assets - Cash and Investments	83,683,055
Pension Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	673,161
Total Investments	60,458,787
Other Post Employment Benefit Trust Fund - Exhibit 10	
Equity in Pooled Cash and Investments	4,120,919
Total Investments	57,401,705
Private Purpose Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	1,460,599
Total Investments	1,038,208
Agency Funds - Exhibit 10	
Total Investments	11,362,160
Total All Equity in Pooled Cash	459,163,353
Less: Investments - Primary Government, page 46	(460,727,055)
The Carrying Amount of Combined Deposits	\$ (1,563,702)

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$14,601,249. 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 position.

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

Harford County Public Schools	\$	25,000,650
Harford Center, Inc.		1,338,364
Harford Community College		27,354,896
Harford Community College--Restricted		7,023,887
Harford County Public Library		5,650,028
Total Component Unit Cash & Investments		<u>66,367,825</u>
Less: Investments--Component Units; page 48		(51,766,576)
Cash in the Bank	\$	<u><u>14,601,249</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2013, the County had the following investments and maturities.

Investment Type	Investment Maturities (Years)			
	Fair Value	Less than 1	1 - 5	5+
<u>Pooled Investments</u>				
¹ Federal Agencies	\$ 88,971,641	\$ 20,063,741	\$ 68,907,900	\$ -
MLGIP	92,814,109	92,814,109	-	-
Repurchase Agreements	60,012,350	60,012,350	-	-
Mutual Funds	4,985,041	4,985,041	-	-
Subtotal	<u>246,783,141</u>	<u>177,875,241</u>	<u>68,907,900</u>	<u>-</u>
<u>Non-Pooled Investments</u>				
MLGIP	34,809,778	34,809,778	-	-
² U.S. Stripped Treasuries	48,873,277	1,347,575	32,817,081	14,708,621
³ Trust Fund Annuity Contract	1,038,208	34,639	211,157	792,412
MLGIP - Fiduciary Funds	11,362,160	11,362,160	-	-
Benefits and Pension Funds:				
³ Short-Term Investments	3,037,009	3,037,009	-	-
³ Equities	81,694,393	81,694,393	-	-
³ Fixed Income Funds	5,950,111	5,950,111	-	-
US Government Agencies	644,571	99,061	543,153	2,357
Corporate Bonds	12,792,658	2,025,598	9,007,690	1,759,370
² US Treasury Obligations	13,741,749	468,358	8,397,034	4,876,357
Subtotal	<u>213,943,914</u>	<u>140,828,682</u>	<u>50,976,115</u>	<u>22,139,117</u>
Total	<u>\$ 460,727,055</u>	<u>\$ 318,703,923</u>	<u>\$ 119,884,015</u>	<u>\$ 22,139,117</u>

¹ These Agencies mature in Fiscal Years 2014 and 2015, 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 Pension, Length of Service Award Program 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, 2013, 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, 2013

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, 2013, 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. As of June 30, 2013, the County's investments were not exposed to custodial credit risk.

Other Post-Employment Benefits (OPEB), Length of Service Award Program (LOSAP) and Pension Investments:

Interest Rate Risk: The investment policies of the pension, LOSAP 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 LOSAP) of its market value.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 LOSAP		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, 2013, total investments of the component units, in the amount of \$51,766,576, was distributed by type as follows:

	<u>MLGIP</u>	<u>Other Investments</u>	<u>Total</u>
Harford County Public Schools	\$ 16,149,959	\$ -	\$ 16,149,959
Harford Center, Inc.	-	466,556	466,556
Harford Community College	23,765,447	6,391,667	30,157,114
Harford County Public Library	4,992,947	-	4,992,947
	<u>\$ 44,908,353</u>	<u>\$ 6,858,223</u>	<u>\$ 51,766,576</u>

Interest Rate Risk: The component units of the County generally limit the term of investment maturities, except for the fiduciary funds of the Harford County Public Schools, 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, 2013

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>Grants</u>
Property Taxes	\$ 2,777,712	\$ 351,661	\$ -
Interest Accrual	1,406	-	-
Service Billings	1,942,169	159,101	56,559
Restitution Receivable	-	-	129,335
First Vehicle Services	231,035	103,621	-
Miscellaneous	-	-	-
Gross Receivables	<u>4,952,322</u>	<u>614,383</u>	<u>185,894</u>
Less: Allowance for Uncollectible	<u>(2,096,032)</u>	<u>(256,615)</u>	<u>-</u>
	<u>\$ 2,856,290</u>	<u>\$ 357,768</u>	<u>\$ 185,894</u>

	<u>Non-Major Parks & Rec</u>	<u>Water and Sewer</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
Property Taxes	\$ -	\$ -	\$ -	\$ 3,129,373
Interest Accrual	-	2,101,942	-	2,103,348
Service Billings	2,573	5,084,964	-	7,245,366
Restitution Receivable	-	-	-	129,335
First Vehicle Services	-	26,133	-	360,789
Miscellaneous	-	4,382	8,658	13,040
Gross Receivables	<u>2,573</u>	<u>7,217,421</u>	<u>8,658</u>	<u>12,981,251</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>(79,638)</u>	<u>-</u>	<u>(2,432,285)</u>
	<u>\$ 2,573</u>	<u>\$ 7,137,783</u>	<u>\$ 8,658</u>	<u>\$ 10,548,966</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

b. DEFERRED REVENUE

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 Revenue:	Unavailable	Unearned	Total
Income Taxes	\$ 6,439,469	\$ -	\$ 6,439,469
Prepaid Property Taxes	-	165,128	165,128
Walk-in Assessment Escrow	-	7,162	7,162
Property Taxes Receivable	823,049	-	823,049
Solid Waste Prepaid Fees	-	918,407	918,407
Build America Bonds Subsidy	-	627,045	627,045
First Vehicle Services	231,035	-	231,035
Sub-total: General Fund	7,493,553	1,717,742	9,211,295
Property Taxes Receivable	105,121	-	105,121
First Vehicle Services	103,621	-	103,621
Sub-total: Highways Fund	208,742	-	208,742
Grant Drawdown in Excess of Expenditures	-	1,528,415	1,528,415
Grant Loans Receivable	3,194,855	-	3,194,855
Grant Restitution Receivable	129,150	-	129,150
Sub-total: Grant Fund	3,324,005	1,528,415	4,852,420
Special Assessments Escrowed	-	586,678	586,678
Special Assessments Receivable	683,825	-	683,825
Sub-total: Capital Project Fund	683,825	586,678	1,270,503
 Total Deferred Revenue for Governmental Funds	 \$ 11,710,125	 \$ 3,832,835	 \$ 15,542,960

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

c. LEASE RECEIVABLES

PRIMARY GOVERNMENT

The County is obligated as the lessor under a number of lease agreements. The lease agreements are primarily related to general fund activities. 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.

Governmental activities: In fiscal year 2013 rental income from all governmental activity leases was \$311,926. 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.

Year ending June 30	Amount
2014	\$ 346,188
2015	343,908
2016	339,848
2017	339,848
2018	339,821
Rental Income	\$ 1,709,613

Business-type activities: In fiscal year 2013 rental income from all business-type leases was \$141,573. 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.

Year ending June 30	Amount
2014	\$ 131,098
2015	131,098
2016	116,398
2017	72,298
2018	72,298
Rental Income	\$ 523,190

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2013, is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 242,329,051	\$ 5,467,622	\$ (117,309)	\$ 247,679,364
Development Rights	117,834,362	2,259,688	-	120,094,050
Construction in Process	<u>22,605,294</u>	<u>13,288,951</u>	<u>(8,675,272)</u>	<u>27,218,973</u>
Total Capital Assets, not being depreciated or amortized	<u>382,768,707</u>	<u>21,016,261</u>	<u>(8,792,581)</u>	<u>394,992,387</u>
Capital Assets, being depreciated or amortized:				
Buildings	162,861,302	794,379	-	163,655,681
Improvements other than buildings	84,438,500	284,745	(125,448)	84,597,797
Machinery and Equipment	49,088,690	1,265,481	(1,119,989)	49,234,182
Vehicles	36,967,489	8,754,928	(2,582,433)	43,139,984
Intangibles	273,516	253,245	-	526,761
Infrastructure	<u>180,253,673</u>	<u>14,156,062</u>	<u>(250,450)</u>	<u>194,159,285</u>
Total Capital Assets, being depreciated or amortized	<u>513,883,170</u>	<u>25,508,840</u>	<u>(4,078,320)</u>	<u>535,313,690</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(46,400,352)	(3,969,261)	-	(50,369,613)
Improvements other than buildings	(58,423,950)	(4,485,779)	125,448	(62,784,281)
Machinery and Equipment	(43,971,456)	(1,735,155)	1,112,560	(44,594,051)
Vehicles	(25,517,228)	(4,381,103)	2,487,474	(27,410,857)
Intangibles	(35,818)	(45,103)	-	(80,921)
Infrastructure	<u>(73,937,507)</u>	<u>(8,834,379)</u>	<u>250,450</u>	<u>(82,521,436)</u>
Total Accumulated Depreciation or Amortization	<u>(248,286,311)</u>	<u>(23,450,780)</u>	<u>3,975,932</u>	<u>(267,761,159)</u>
Total Capital Assets, being depreciated or amortized, net	<u>265,596,859</u>	<u>2,058,060</u>	<u>(102,388)</u>	<u>267,552,531</u>
Governmental Activities Capital Assets, net	<u>\$ 648,365,566</u>	<u>\$ 23,074,321</u>	<u>\$ (8,894,969)</u>	<u>\$ 662,544,918</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, not being depreciated or amortized:				
Land	\$ 1,991,400	\$ 35,985	\$ -	\$ 2,027,385
Construction in Process	45,615,727	33,073,733	(13,371,533)	65,317,927
Total Capital Assets, not being depreciated or amortized	<u>47,607,127</u>	<u>33,109,718</u>	<u>(13,371,533)</u>	<u>67,345,312</u>
Capital Assets, being depreciated or amortized:				
Buildings	227,560,493	5,435,814	-	232,996,307
Improvements other than buildings	284,680,823	9,067,258	(40,774)	293,707,307
Machinery and Equipment	7,399,021	47,636	(84,726)	7,361,931
Vehicles	3,997,141	517,045	(147,070)	4,367,116
Intangibles	115,726	96,762	-	212,488
Total Capital Assets, being depreciated or amortized	<u>523,753,204</u>	<u>15,164,515</u>	<u>(272,570)</u>	<u>538,645,149</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(80,706,754)	(5,408,659)	-	(86,115,413)
Improvements other than buildings	(73,959,738)	(4,810,405)	40,774	(78,729,369)
Machinery and Equipment	(4,545,059)	(222,856)	78,129	(4,689,786)
Vehicles	(2,927,595)	(363,488)	145,902	(3,145,181)
Intangibles	(15,155)	(18,836)	-	(33,991)
Total Accumulated Depreciation or Amortization	<u>(162,154,301)</u>	<u>(10,824,244)</u>	<u>264,805</u>	<u>(172,713,740)</u>
Total Capital Assets, being depreciated or amortized, net	<u>361,598,903</u>	<u>4,340,271</u>	<u>(7,765)</u>	<u>365,931,409</u>
Business-type Activities Capital Assets, net	<u>\$ 409,206,030</u>	<u>\$ 37,449,989</u>	<u>\$ (13,379,298)</u>	<u>\$ 433,276,721</u>

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

Governmental Activities:

County Council	\$ 11,598
General Government	1,401,808
Judicial	4,915
Libraries	911,273
Parks & Recreation	2,544,317
Public Safety	3,003,908
Public Works	14,635,706
Social Services & Health	937,255
Total Depreciation or Amortization Expense - Governmental Activities	<u>\$ 23,450,780</u>

Business-type Activities

Water and Sewer	<u>\$ 10,824,244</u>
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

COMPONENT UNITS

Harford County Public Schools: Capital Asset Activity for the year ended June 30, 2013, 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	119,955,865	18,354,623	(121,783,981)	16,526,507
Total Capital Assets, not being depreciated	<u>129,628,807</u>	<u>18,354,623</u>	<u>(121,783,981)</u>	<u>26,199,449</u>
Capital Assets, being depreciated				
Land Improvements	14,486,634	556,170	139,121	15,181,925
Buildings and Improvements	548,865,727	989,284	121,644,860	671,499,871
Furniture and Equipment	35,080,258	2,897,502	(213,568)	37,764,192
Total Capital Assets, being depreciated	<u>598,432,619</u>	<u>4,442,956</u>	<u>121,570,413</u>	<u>724,445,988</u>
Accumulated Depreciation				
Land Improvements	(4,161,066)	(672,958)	-	(4,834,024)
Buildings and Improvements	(124,341,812)	(10,310,841)	-	(134,652,653)
Furniture and Equipment	(20,671,447)	(2,935,620)	213,568	(23,393,499)
Total Accumulated Depreciation	<u>(149,174,325)</u>	<u>(13,919,419)</u>	<u>213,568</u>	<u>(162,880,176)</u>
Total Capital Assets, being depreciated, net	<u>449,258,294</u>	<u>(9,476,463)</u>	<u>121,783,981</u>	<u>561,565,812</u>
Total Capital Assets, net	<u>\$ 578,887,101</u>	<u>\$ 8,878,160</u>	<u>\$ -</u>	<u>\$ 587,765,261</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2013, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Equipment - Other	\$ 270,533	\$ 7,761	\$ -	\$ 278,294
Equipment - Transportation	736,092	109,060	-	845,152
Leasehold Improvements	461,375	4,461	(7,876)	457,960
Total Capital Assets, being depreciated	<u>1,468,000</u>	<u>121,282</u>	<u>(7,876)</u>	<u>1,581,406</u>
Accumulated Depreciation:				
Capital Assets	(948,820)	(111,907)	4,857	(1,055,870)
Total Accumulated Depreciation	<u>(948,820)</u>	<u>(111,907)</u>	<u>4,857</u>	<u>(1,055,870)</u>
Total Capital Assets, net	<u>\$ 519,180</u>	<u>\$ 9,375</u>	<u>\$ (3,019)</u>	<u>\$ 525,536</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

Harford Community College: Capital Asset Activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,564,162	\$ -	\$ -	\$ 3,564,162
Construction in Process	22,404,420	978,339	(22,226,367)	1,156,392
Total Capital Assets, not being depreciated	<u>25,968,582</u>	<u>978,339</u>	<u>(22,226,367)</u>	<u>4,720,554</u>
Capital Assets, being depreciated				
Buildings and Improvements	77,971,825	36,207,238	(520,682)	113,658,381
Furniture and Equipment	9,635,396	1,291,301	(1,346,341)	9,580,356
Vehicles	595,380	126,935	(51,100)	671,215
Library Books	1,640,994	120,470	(264,283)	1,497,181
Total Capital Assets, being depreciated	<u>89,843,595</u>	<u>37,745,944</u>	<u>(2,182,406)</u>	<u>125,407,133</u>
Accumulated Depreciation:				
Buildings and Improvements	(23,774,766)	(2,914,635)	241,147	(26,448,254)
Furniture and Equipment	(7,354,988)	(630,436)	1,260,241	(6,725,183)
Vehicles	(367,820)	(62,307)	51,100	(379,027)
Library Books	(1,334,412)	(44,936)	264,283	(1,115,065)
Total Accumulated Depreciation	<u>(32,831,986)</u>	<u>(3,652,314)</u>	<u>1,816,771</u>	<u>(34,667,529)</u>
Total Capital Assets, being depreciated, net	<u>57,011,609</u>	<u>34,093,630</u>	<u>(365,635)</u>	<u>90,739,604</u>
Total Capital Assets, net	<u>\$ 82,980,191</u>	<u>\$ 35,071,969</u>	<u>\$ (22,592,002)</u>	<u>\$ 95,460,158</u>

Harford County Public Library: Capital Asset Activity for the year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Improvements to Buildings	\$ 1,109,547	\$ 168,481	\$ -	\$ 1,278,028
Circulating Materials	6,829,015	2,080,966	(2,181,817)	6,728,164
Furniture and Equipment	2,206,358	64,510	(11,594)	2,259,274
Computer Equipment	1,716,440	124,472	(3,004)	1,837,908
Vehicles	313,022	46,553	-	359,575
Copier Equipment	147,483	-	-	147,483
Total Capital Assets, being depreciated	<u>12,321,865</u>	<u>2,484,982</u>	<u>(2,196,415)</u>	<u>12,610,432</u>
Accumulated Depreciation:				
Improvements to Buildings	(476,771)	(77,897)	-	(554,668)
Circulating Materials	(3,404,667)	(2,259,530)	2,181,817	(3,482,380)
Furniture and Equipment	(1,759,179)	(125,398)	11,594	(1,872,983)
Computer Equipment	(1,107,095)	(262,573)	2,376	(1,367,292)
Vehicles	(250,135)	(24,663)	-	(274,798)
Copier Equipment	(49,478)	(32,071)	-	(81,549)
Total Accumulated Depreciation	<u>(7,047,325)</u>	<u>(2,782,132)</u>	<u>2,195,787</u>	<u>(7,633,670)</u>
Total Capital Assets, net	<u>\$ 5,274,540</u>	<u>\$ (297,150)</u>	<u>\$ (628)</u>	<u>\$ 4,976,762</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 2013, rental expenditures approximated \$3,003,923. 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, 2013:

Year ending June 30	Amount
2014	\$ 3,155,602
2015	2,831,750
2016	2,143,154
2017	1,547,391
2018	940,864
2019-2021	237,423
Total Minimum Payments Required	\$ 10,856,184

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, 2013, these interfund balances are:

	Due From	Due To
Primary Government:		
Capital Projects Fund	\$ -	\$ 1,923,020
Component Units:		
Harford County Public Schools	1,923,020	-
	\$ 1,923,020	\$ 1,923,020

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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, and (4) move interest revenue earned in the capital project fund to the operating funds per management policy. The interfund transfers for the current fiscal year are:

	Transfers In				Total
	General Fund	Highways Fund	Grant Fund	Capital Project Fund	
Transfers Out					
General Fund	\$ -	\$ -	\$ 2,963,443	\$ 18,065,995	\$ 21,029,438
Highways Fund	-	-	-	15,280,135	15,280,135
Grant Fund	449,507	-	-	-	449,507
Capital Projects Fund	18,723,433	37,065	-	-	18,760,498
Total Transfers In	\$ 19,172,940	\$ 37,065	\$ 2,963,443	\$ 33,346,130	\$ 55,519,578

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2012	Additions	Principal Repayments & Reductions	Balance June 30, 2013	Due Within One Year
Governmental activities:					
Agricultural Land Preservation Bonds Payable	\$ 62,058,577	\$ 2,013,095	\$ (2,966,960)	\$ 61,104,712	\$ 2,075,443
General Obligation Bonds	448,132,841	103,388,402	(103,291,386) ²	448,229,857	28,762,156
Special Obligation Bonds	14,000,000	-	-	14,000,000	-
Capital Lease Obligations	2,941,940	-	(1,647,356)	1,294,584	1,294,584
Notes Payable	4,871,422	-	(1,800,701)	3,070,721	1,756,701
Landfill Closure Liability	39,991,444	2,321,449 ³	(1,978,130)	40,334,763	4,305,419
Compensated Absences	25,407,119	3,710,670	(1,260,129)	27,857,660	9,193,496
Est. Liab. For Claims in Process	5,307,699	1,476,219	(1,082,598)	5,701,320	870,667
Governmental activities - Long-term Liabilities	<u>\$ 602,711,042</u>	<u>\$ 112,909,835</u>	<u>\$ (114,027,260)</u>	<u>\$ 601,593,617</u>	<u>\$ 48,258,466</u>
Business-type activities:					
Capital Lease Obligations	\$ 380,989	\$ -	\$ (187,545)	\$ 193,444	\$ 193,444
Bonds Payable	131,235,774	26,705,287 ¹	(25,664,836) ²	132,276,225	7,288,490
Compensated Absences	3,025,681	262,972	(62,944)	3,225,709	1,179,446
Business-type activities - Long-term Liabilities	<u>\$ 134,642,444</u>	<u>\$ 26,968,259</u>	<u>\$ (25,915,325)</u>	<u>\$ 135,695,378</u>	<u>\$ 8,661,380</u>

¹ Business-type activities include deferred loss on 2013 refunding of \$1,865,283 and 2013 premium of \$3,660,968 resulting in a net amount of \$1,795,685.

² Includes amortization of deferred loss on refunding of \$584,678 and amortization of premium of \$6,345,976 resulting in a net amount of \$5,761,298 for Governmental activities. Business-type activities include amortization of deferred loss of \$223,673, deferred gain of \$5,461 and premium of \$1,723,813 resulting in a net amount of \$1,505,601.

³ 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, 2013, was \$1,714,305,453 and the legal debt margin was \$1,261,710,291.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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:

	Beginning Balance	Changes	Ending Balance	Due Within One Year
<u>Harford County Public Schools</u>				
Capital Leases	\$ 10,016,647	\$ -	\$ 10,016,647	\$ -
Compensated Absences	28,095,723	(469,667)	27,626,056	4,421,320
OPEB	127,410,929	35,372,000	162,782,929	-
	<u>\$ 165,523,299</u>	<u>\$ 34,902,333</u>	<u>\$ 200,425,632</u>	<u>\$ 4,421,320</u>
<u>Harford Community College</u>				
Compensated Absences	\$ 1,169,386	\$ (7,644)	\$ 1,161,742	\$ 84,988
OPEB	120,221	13,000	133,221	-
	<u>\$ 1,289,607</u>	<u>\$ 5,356</u>	<u>\$ 1,294,963</u>	<u>\$ 84,988</u>
<u>Harford County Public Library</u>				
Capital Lease	\$ 100,714	\$ (27,793)	\$ 72,921	\$ 30,745
Installment Note	66,198	(66,198)	-	-
Compensated Absences	377,799	19,375	397,174	2,967
OPEB	6,864,762	1,478,696	8,343,458	-
	<u>\$ 7,409,473</u>	<u>\$ 1,404,080</u>	<u>\$ 8,813,553</u>	<u>\$ 33,712</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, range from 2.68 percent to 8.45 percent. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2013, are as follows:

AGRICULTURAL LAND PRESERVATION INSTALLMENTS

Year Ending June 30	Principal	Interest	Total Requirement
2014	\$ 2,075,443	\$ 3,149,941	\$ 5,225,384
2015	2,767,557	3,037,241	5,804,798
2016	7,044,823	2,852,384	9,897,207
2017	7,439,417	2,402,529	9,841,946
2018	18,250,162	1,930,011	20,180,173
2019	4,709,028	1,011,555	5,720,583
2020	1,164,272	770,321	1,934,593
2021	660,227	701,566	1,361,793
2022	213,237	667,076	880,313
2023	2,025,890	658,490	2,684,380
2024	1,290,054	559,418	1,849,472
2025	446,033	489,486	935,519
2026	761,526	469,799	1,231,325
2027	476,318	435,009	911,327
2028	672,699	413,348	1,086,047
2029	3,641,701	382,635	4,024,336
2030	91,896	218,667	310,563
2031	91,896	215,975	307,871
2032	5,655,803	213,278	5,869,081
2033	1,626,730	49,821	1,676,551
	<u>\$ 61,104,712</u>	<u>\$ 20,628,550</u>	<u>\$ 81,733,262</u>

For the year ended June 30, 2013, total principal and interest incurred related to agricultural land preservation installment was \$2,966,960 and \$3,221,629.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 2004, 2005, 2007, 2009, 2010, 2012, and 2013 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, 2013, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding at June 30, 2013</u>
Water Quality Loan of 1999 - 2.52% - due serially to 2018	\$ 4,585,000	\$ 876,169
Public Improvement Bond of 2004 - 2.0% - 4.375% - due serially to 2024	23,870,000	1,750,000
Public Improvement Bond of 2005 - 3.0% - 5.0% - due serially to 2024	35,905,000	5,587,012
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	95,900,000	33,500,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	21,738,036	9,376,044
Public Improvement Bond of 2009 - 4.0% - 5.0% - 2.25% due serially to 2029	96,100,000	88,091,667
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	20,841,258
Public Improvement Bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	55,620,000
Public Improvement Bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030	76,069,620	76,069,620
Public Improvement Bond of 2012 - 2.0% - 5.0% due serially to 2032	40,000,000	38,181,750
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	6,931,393	6,881,190
Public Improvement Bond of 2013 - 3.0% - 5.0% due serially to 2033	30,000,000	30,000,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	<u>59,750,398</u>	<u>59,750,398</u>
Total Bonds Outstanding	583,497,784	426,525,108
Premium	48,919,243	34,540,751
Deferred Loss on Refunding	<u>(13,914,740)</u>	<u>(12,836,002)</u>
Total	<u>\$ 618,502,287</u>	<u>\$ 448,229,857</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2013, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2014	\$ 28,762,156	\$ 18,195,160	\$ 46,957,316
2015	28,461,141	17,228,154	45,689,295
2016	29,294,825	15,918,341	45,213,166
2017	28,573,026	14,653,860	43,226,886
2018	27,298,235	13,413,556	40,711,791
2019-2023	129,386,863	49,000,476	178,387,339
2024-2028	103,487,910	23,305,782	126,793,692
2029-2033	51,260,952	3,996,144	55,257,096
Premium	34,540,751	-	34,540,751
Deferred Loss	(12,836,002)	-	(12,836,002)
	<u>\$ 448,229,857</u>	<u>\$ 155,711,473</u>	<u>\$ 603,941,330</u>

For the year ended June 30, 2013, total principal and interest incurred related to general obligation bonds was \$97,530,088 and \$17,946,320.

Business-Type Activities:

	<u>Originally Issued</u>	<u>Outstanding at June 30, 2013</u>
State of MD Water Quality Loan dated February 1999 - 2.39% - due serially to 2019	\$ 1,200,000	\$ 438,143
State of MD Water Quality Loan dated September 1999 - 2.52% - due serially to 2018	11,585,000	2,213,831
USDA Rural Development Bond of 2001 - 4.5% - due serially to 2031	1,080,000	808,951
Public Improvement Bond of 2004 - 2.0% - 4.375% - due serially to 2024	4,060,000	200,000
USDA Rural Development Bond of 2004 - 4.375% - due serially to 2034	210,000	172,548
Public Improvement Bond of 2005 - 3% - 5.0% - due serially to 2024	6,510,000	1,012,988
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	24,695,000	8,500,000
USDA Rural Development Bond of 2008 - 4.5% - due serially to 2038	345,500	318,257
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	4,251,964	1,833,956
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	21,908,333
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	503,742
Public Improvement bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	19,380,000
Public Improvement bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030	26,505,380	26,505,380
Public Improvement Bond of 2012 - 2.0% - 5.0% - due serially to 2032	15,000,000	14,318,250
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	2,043,607	2,028,810
Public Improvement Bond of 2013 - 3.0% - 5.0% - due serially to 2033	10,000,000	10,000,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	14,909,602	14,909,602
Total Bonds Outstanding	170,417,716	125,052,791
Premium	11,460,188	9,127,658
Deferred Gain on Refunding	60,652	41,373
Deferred Loss on Refunding	(3,700,750)	(1,945,597)
Total	<u>\$ 178,237,806</u>	<u>\$ 132,276,225</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2013, are as follows:

Year Ending June 30	Principal	Interest	Total Requirement
2014	\$ 7,288,490	\$ 5,298,178	\$ 12,586,668
2015	8,078,058	5,053,141	13,131,199
2016	7,992,945	4,684,008	12,676,953
2017	7,768,658	4,360,298	12,128,956
2018	7,842,396	4,032,489	11,874,885
2019-2023	36,027,005	15,201,026	51,228,031
2024-2028	32,000,115	7,681,586	39,681,701
2029-2033	17,940,952	1,486,802	19,427,754
2034-2038	103,823	13,880	117,703
2039-2040	10,349	175	10,524
Premium	9,127,658	-	9,127,658
Deferred (Loss)/Gain on Refunding	(1,904,224)	-	(1,904,224)
	<u>\$ 132,276,225</u>	<u>\$ 47,811,583</u>	<u>\$ 180,087,808</u>

For the year ended June 30, 2013, total principal and interest incurred related to business-type activities was \$24,159,235 and \$4,407,906.

2. Special Obligations Bonds

PRIMARY GOVERNMENT

As of June 30, 2013, 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 Position. 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 as of June 30, 2013. These bonds do not have Harford County, Maryland's full faith and credit pledged.

Governmental activities:	Originally Issued	Outstanding as of June 30, 2013
Special Obligation Bond of 2011		
7.5% - due serially to 2041	<u>\$ 14,000,000</u>	<u>\$ 14,000,000</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES– CONTINUED

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2013 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2014	\$ -	\$ 1,050,000	\$ 1,050,000
2015	-	1,050,000	1,050,000
2016	-	1,050,000	1,050,000
2017	-	1,050,000	1,050,000
2018	30,000	1,048,875	1,078,875
2019-2023	520,000	5,162,625	5,682,625
2024-2028	1,430,000	4,809,375	6,239,375
2029-2033	2,820,000	4,029,000	6,849,000
2034-2038	4,885,000	2,608,688	7,493,688
2039-2041	4,315,000	505,687	4,820,687
	<u>\$ 14,000,000</u>	<u>\$ 22,364,250</u>	<u>\$ 36,364,250</u>

For the year ended June 30, 2013, no principal was incurred related to Special Obligation Bonds. Total interest incurred related to Special Obligation Bonds was \$1,050,000.

d. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities: The balance as of June 30, 2013 of \$1,294,584 consists of a lease purchase agreement entered into with PNC Bank in April 2009 for vehicles.

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

<u>Year Ending June 30</u>	
2014	\$ 1,324,965
Less: deferred interest	(30,381)
Present value minimum lease payments	<u>\$ 1,294,584</u>

For the year ended June 30, 2013, total principal and interest incurred related to capital leases was \$1,647,356 and \$122,779. The interest rate applicable to the 2009 capital lease is 3.12 percent.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Business-Type Activities: The balance at June 30, 2013 of \$193,444 consists of a lease purchase agreement entered into with PNC Bank in April 2009 for vehicles.

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

Year Ending June 30	
2014	\$ 197,984
Less: deferred interest	(4,540)
Present value minimum lease payments	\$ 193,444

For the year ended June 30, 2013, total principal and interest incurred related to capital leases was \$187,545 and \$9,271. The interest rate applicable to the lease payment is 3.12 percent.

COMPONENT UNITS

Harford County Public Schools: The Public Schools has entered into lease agreements as lessee to construct the administration building in the amount of \$11,400,233, which was completed in January 2007. The lease agreement is for a period of twenty-five years. The debt was refinanced in June of 2012 at a rate of 3.25%. The term of the debt was not extended. The assets acquired and capitalized under the capital lease are as follows:

Building Cost	\$ 10,852,395
Less accumulated depreciation	(1,627,859)
Net Book Value	\$ 9,224,536

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	
2014	\$ 327,544
2015	698,803
2016	823,822
2017	823,822
2018	823,822
2019-2030	9,885,864
Total minimum lease payments	13,383,677
Less: Amount representing interest	(3,367,030)
Present value minimum lease payments	\$ 10,016,647

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford County Public Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2017. 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 \$147,483 as of June 30, 2013. Depreciation of assets under capital leases is included in depreciation expense. The depreciation relating to the leases was \$32,071 for the year ended June 30, 2013. Future minimum lease payments under capital leases are as follows:

Year Ending June 30		
2014	\$	36,831
2015		34,051
2016		10,932
2017		576
Total minimum lease payments		82,390
Less: Amount representing interest		(9,469)
Present value minimum lease payments	\$	72,921

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Government activities:

	Principal Balance June 30, 2013	Annual Rate/ Payment Frequency	Payment Began	Date Matures
Paca Ltd., Inc.	\$ 1,300,000	5.75%/Annually	09/2008	09/2018
Preston	286,000	3.50%/Annually	10/2009	10/2013
Stuart Terrace	14,721	0.00%/Annually	07/2009	07/2033
WTE Retrofit	1,470,000	4.79%/Semi	03/2005	03/2014
	\$ 3,070,721			

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

Year Ending June 30	Principal	Interest	Total Requirement
2014	\$ 1,756,701	\$ 161,935	\$ 1,918,636
2015	701	74,750	75,451
2016	701	74,750	75,451
2017	701	74,750	75,451
2018	701	74,750	75,451
2019-2022	1,303,505	74,750	1,378,255
2023-2027	3,505	-	3,505
2028-2032	3,505	-	3,505
2033-2034	701	-	701
	\$ 3,070,721	\$ 535,685	\$ 3,606,406

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

For the year ended June 30, 2013, total principal and interest incurred related to notes payable was \$1,800,701 and \$249,435.

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 (HWDC) 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, 2013, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Position:

	Beginning Balance	Current Year Additions (Deductions)	Ending Balance
Cumulative Liability for Open Landfills	\$ 16,121,522	\$ 2,321,449	\$ 18,442,971
Estimated Liability for Closed Landfills	13,767,258	(106,018)	13,661,240
Waste Exchange Landfill Liability	10,102,664	(1,872,112)	8,230,552
	\$ 39,991,444	\$ 343,319	\$ 40,334,763

The Cumulative Liability for the Open Landfill represents the cost, based on use of 89.0 percent of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$2,278,290 as the remaining estimated capacity is used. As of June 30, 2013, it is estimated that the landfill has approximately 18 months before permitted space is filled.

The Cumulative Liability for Open Landfills as of June 30, 2013, is \$18,442,971. Harford County has been assigning fund balance to cover the cost of this liability. We have appropriated fund balance of \$7,050,000 for landfill closure costs in fiscal year 2013 and beyond, and have assigned fund balance of \$11,392,971 to begin the closure of cell A through J.

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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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.

Harford County executed a consent agreement with the Maryland Department of the Environment to provide for closure of the former Spencer Rubble Landfill East Side. We have appropriated fund balance of \$6,700,000 for closure costs. Post-closure care costs are estimated at \$78,000 annually and expected to extend for 30 years. Current year reductions in the liability are \$67,507. We have assigned fund balance of \$2,340,000 to cover the post closure costs of the Spencer Rubble Landfill.

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. Harford County opened its new cell in September 2011 and began accepting waste from Baltimore County. The chart below outlines the current tonnages under the Municipal Solid Waste Disposal Agreement:

	<u>As of June 30, 2013</u>
Municipal Solid Waste delivered to Baltimore County	166,585
Tonnage converted to 130% of waste received by Baltimore County (166,585 x 30%)	<u>49,976</u>
Tonnage to be delivered to Harford County by Baltimore County	216,561
Actual tonnage delivered by June 30, 2013	<u>(71,893)</u>
Tonnage to be delivered in the future	<u><u>144,668</u></u>

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 total remaining service life of the permitted landfill is estimated to be 20 or more years, depending upon future waste management practices.

g. ADVANCED REFUNDING OF DEBT

On February 19, 2013, Harford County issued \$74,660,000 of Maryland Consolidated Public Improvement Refunding Bonds, Series 2013 with an effective interest rate of 1.968 percent, to provide resources to refund certain maturities of the 2005 and 2007 bonds. These resources were placed in an irrevocable trust to provide for all future debt service payments of \$73,960,000 of general obligation bonds. Of this amount, \$59,750,398 had been recorded in the Statement of Net Position, Exhibit 1, Governmental Activities column and \$14,909,602 in the Statement of Net Position, Exhibit 1, Business-Type Activities column. As of June 30, 2013, the refunded bonds are considered defeased and have been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by a net of \$12,741,584. Of this amount, a loss of \$10,876,301 has been recorded in the governmental activities and a loss of \$1,865,283 in the business-type activities. This amount is being netted against the new debt and amortized on a straight-line basis over the remaining life of the new debt. This advanced refunding was undertaken to reduce total debt service payments over the next 16 years by \$5,652,365 and resulted in an economic gain of \$11,296,160.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

h. 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. As of June 30, 2013, \$9.13 million of bonds outstanding are considered defeased.

G. FUND BALANCE – GOVERNMENTAL ACTIVITIES

	General	Highways	Grants	Agricultural Land Preservation	Capital Projects	Beechtree TIF	Non-Major Parks and Recreation	Total
Nonspendable:								
Inventory	\$ -	\$ 1,922,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,922,189
Prepaid	445,005	131,282	-	-	-	-	-	576,287
Long Term Rec.	398,743	-	-	-	-	-	-	398,743
Sub-total	843,748	2,053,471	-	-	-	-	-	2,897,219
Restricted for:								
Harf. Co. Public Schools	-	-	-	-	2,660,492	-	-	2,660,492
Bond Proceeds	2,687,977	320,055	-	-	20,801,783	-	-	23,809,815
Beechtree Debt Service	-	-	-	-	-	1,994,150	-	1,994,150
Gen. Fund Det. Ctr.	899,169	-	-	-	-	-	-	899,169
Highways	-	39,518	-	-	-	-	-	39,518
Parks and Rec	-	-	-	-	457,135	-	-	457,135
Grants	-	-	7,718,401	-	-	-	-	7,718,401
Sub-total	3,587,146	359,573	7,718,401	-	23,919,410	1,994,150	-	37,578,680
Committed to:								
Development Rights	-	-	-	48,873,277	-	-	-	48,873,277
Sub-total	-	-	-	48,873,277	-	-	-	48,873,277
Assigned to:								
Approp. of Fund Bal.	20,558,008	4,722,411	-	-	2,549,726	-	33,233	27,863,378
Fiscal Stabilization Fund	25,586,194	2,470,125	-	-	-	-	-	28,056,319
Encumbrances	3,060,595	904,682	-	-	43,330,985	-	56,099	47,352,361
Other Post Emp. Benef.	6,727,005	899,675	-	-	-	-	16,823	7,643,503
Landfill Closure Costs	13,732,971	-	-	-	-	-	-	13,732,971
WTE Plant Closure	4,000,000	-	-	-	-	-	-	4,000,000
Income Tax	2,439,735	-	-	-	-	-	-	2,439,735
Healthcare Consortium	1,846,776	258,970	-	-	-	-	6,562	2,112,308
Highways	-	2,533,371	-	-	-	-	-	2,533,371
Ag. Preservation	-	-	-	2,740,326	-	-	-	2,740,326
Non-Major P&R Fund	-	-	-	-	-	-	405,112	405,112
Sub-total	77,951,284	11,789,234	-	2,740,326	45,880,711	-	517,829	138,879,384
Unassigned:								
	6,933,118	-	-	-	-	-	-	6,933,118
Total Fund Balances	\$ 89,315,296	\$ 14,202,278	\$ 7,718,401	\$ 51,613,603	\$ 69,800,121	\$ 1,994,150	\$ 517,829	\$ 235,161,678

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 a \$10,000 deductible 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 a \$350,000 retention for General and Automobile liability claims and a \$2,500,000 retention for Workers' Compensation claims.

The pending claims liability of \$5,701,320 reported in the fund at June 30, 2013, 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, 2013. 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. 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>Claims and Changes in Estimates</u>	<u>Payments</u>	<u>End of Year</u>
2011	\$ 5,097,869	\$ 575,087	\$ (1,183,612)	\$ 4,489,344
2012	4,489,344	2,003,818	(1,185,463)	5,307,699
2013	5,307,699	1,476,219	(1,082,598)	5,701,320

COMPONENT UNITS

Harford County Public Schools: The Harford County Public Schools are 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 Public Schools 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 Public Schools 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, 2013

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; employee health and accident; and natural disasters. The College purchases commercial insurance to protect its interests in its property and equipment, insurance against employee dishonesty and liability protection.

Harford County Public 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, 2013, the County estimates that no material liabilities will result from such audits.

The County had \$161,930,435 authorized but unobligated capital project appropriations as of June 30, 2013, in the governmental capital fund and \$90,528,904 in the water and sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit D-1 and E-1.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

Harford County Public Schools: The Public Schools has been named as defendant in several lawsuits, the outcome of which is uncertain. It is anticipated by the Public Schools 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 2005, 2007, 2009, 2010, 2012 and 2013. 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, 2013.

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, 2013, there were 11 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding, for the 9 bonds issued after July 1, 1996, is \$90.9 million as of June 30, 2013. 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, 2013

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 cost-sharing multiple employer defined benefit system which provides pension benefits, 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 7 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>2013</u>	<u>2012</u>	<u>2011</u>
Primary Government	\$ 10,626,050	\$ 12,627,664	\$ 12,810,657
Component Units:			
Harford County Public Schools	7,967,776	2,946,759	2,838,311
Harford Community College	67,473	82,281	78,539
Harford County Public Library	144,609	186,779	173,786

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

b. LENGTH OF SERVICE AWARD PROGRAM – 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 reaching the age of 55 and 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 September 30, was as follows:

Retirees and beneficiaries currently receiving benefits	389
Terminated plan members entitled to, but not yet receiving benefits	274
Active plan members	<u>1,123</u>
Total	<u><u>1,786</u></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 LOSAP 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, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

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

Annual Required Contribution	\$ 1,970,503
Contributions made	<u>(1,970,503)</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, 2012, 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, 2012 plus adjustments to September 30, 2012.

Three years of trend information is as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
06/30/11	\$ 1,670,207	100%	NONE
06/30/12	2,026,627	100%	NONE
06/30/13	1,970,503	100%	NONE

Funded Status and Funding Progress: The following is the funded status information for the plan as of September 30, 2012, the most recent actuarial valuation date and the two preceding years.

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u>	<u>Percentage</u> <u>Funded</u> <u>(1)/(2)</u>	<u>Unfunded</u> <u>AAL (UAAL)</u> <u>(2)-(1)</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((2-1)/5)</u>
09/30/10	\$ 15,106,341	\$ 26,762,302	56.4%	\$ 11,655,961	N/A	N/A
09/30/11	18,430,763	28,509,932	64.6%	10,079,169	N/A	N/A
09/30/12	19,403,069	29,236,000	66.4%	9,832,931	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, 2013

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 July 1 was as follows:

Retirees and beneficiaries currently receiving benefits	65
Terminated plan members entitled to, but not yet receiving benefits	6
Active plan members	<u>129</u>
Total	<u><u>200</u></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, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

Contributions and Funding Policy: Plan members are required to contribute 7.0 percent of their annual covered salary. The County is required to contribute at an actuarially determined rate, currently 32.0 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	\$ 2,287,714
Contributions made	<u>(2,287,714)</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, 2012, 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 10 years, closed; various adjustments are being amortized over 10 to 29 years, closed. Payments toward the unfunded liability increase by 3.0 percent per year. The actuarial assumptions included (a) a 7.5 percent investment rate of return compounded annually and (b) salary increases of 9.5 percent for each of the first four years of service, 6.5 percent for the fifth year, 5.5 percent for each of the next five years, 5.0 percent for each of the next 15 years, and 3.5 percent annually thereafter.

Three years of trend information is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
06/30/11	\$ 2,140,299	100%	NONE
06/30/12	2,258,322	100%	NONE
06/30/13	2,287,714	100%	NONE

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

Funded Status and Funding Progress: The following is the funded status information for the plan as of July 1, 2012 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)
7/1/2010	\$ 32,478,788	\$ 47,756,509	68.0%	\$ 15,277,721	\$ 6,728,974	227.0%
7/1/2011	34,629,058	50,273,394	68.9%	15,644,336	6,942,604	225.3%
7/1/2012	36,602,822	55,693,186	65.7%	19,090,364	6,595,866	289.4%

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 zero for the year ended June 30, 2013.

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 health insurance. Any employee (except Sheriff personnel) hired after July 1, 2010 automatically go into the new Post Employment Health Plan (PEHP) as described below.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 December 20, 2011:

Plan Participants	
Retirees (Pre-Medicare)	259 *
Retirees (Medicare Age)	317 *
Active Employees	<u>1,323</u>
Total	<u><u>1,899</u></u>

*includes 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 were 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 has negotiated with the Union representatives that 10% of eligible employees' average salaries will be placed in the PEHP until otherwise specified.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 the 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 \$13,757,000 ARC during fiscal year 2013; the retirees paid \$677,409 toward the cost of their benefits. The Trust reimbursed the County for the County’s share of retiree’s premiums of \$4,078,444. In addition the hidden subsidy, actuarially estimated at \$1,025,000 for fiscal year 2013, transferred from the Trust to the County, leaving the Trust Net Position of \$61,506,497.

Trust Net Position as of June 30 is derived as follows:

Trust Net Position as of July 1, 2012	\$	47,159,834
County Contribution		13,757,000
Net Appreciation in Fair Value of Investments		4,931,651
Interest and Dividends		1,016,189
Retirees Contributions		677,409
Payment for County’s Share of Premiums		(4,078,444)
Payment for Retirees’ Share of Premiums		(677,409)
Payment for Administrative and Investment Expenses		(254,733)
Estimated Hidden Subsidy Transfer		(1,025,000)
Trust Net Position as of June 30, 2013	\$	<u><u>61,506,497</u></u>

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. There was a total of \$1,440,190 contributed to this plan and a total of 313 employees are currently enrolled as of June 30, 2013.

Employees may also elect to have the dollar value of their use or lose annual leave placed into a PEHP account. The total funds contributed under this method are \$276,820 for 123 employees. The Post Employee Health Plan will be administered by a third party in individual accounts which will grow tax-free for health care expenses after an employee leaves the County.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, were as follows:

Annual Required Contribution	\$	13,757,000
Contributions made		<u>(13,757,000)</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, 2013, 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>
6/30/2011	\$ 12,623,000	100%	NONE
6/30/2012	13,132,000	100%	NONE
6/30/2013	13,757,000	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, 2013. 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, 2013

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 Payroll
7/1/2010	\$ 30,551,000	\$ 143,675,000	21.3%	\$ 113,124,000	\$ 92,424,818	122.4%
7/1/2011	41,278,000	163,606,000	25.2%	122,328,000	90,197,076	135.6%
7/1/2012	51,226,000	175,328,000	29.2%	124,102,000	89,914,394	138.0%

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 December 20, 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 7.5 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 2013, the inflation rate is 2.9 percent. The annual healthcare costs trend rate is 8.5 percent initially, reduced by decrements to an ultimate rate of 4.6 percent.

COMPONENT UNITS

The Harford County Public Schools provide medical, dental and life insurance benefits to eligible employees who retire from employment with the Harford County Public Schools. 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 either 85% or 90% of these medical insurance premiums, based on the plan chosen by the retiree. The school system pays 90% of the insurance premiums for Medicare supplemental insurance for retirees age 65 and older. The medical benefits paid by the Harford County Public Schools for the year ended June 30, 2013 was \$18,843,261. As of June 30, 2013, 2,169 of approximately 2,365 eligible retirees were receiving benefits.

Dental Benefits – The Harford County Public Schools pays 90% of dental insurance premiums for retirees with at least 10 years service. The dental benefits paid by the Harford County Public Schools for the year ended June 30, 2013, was \$925,331. As of June 30, 2013, 2,205 of approximately 2,365 eligible retirees were receiving benefits.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

Life Insurance Benefits – The Harford County Public Schools pays 90% of the life insurance premiums for retirees with at least 10 years of service. The amount of insurance coverage is reduced to \$20,000 upon retirement to \$10,000 five years after retirement. The life insurance benefits paid by the Harford County Public Schools for the year ended June 30, 2013, was \$49,601. As of June 30, 2013, 2,055 of approximately 2,365 eligible retirees were receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

The Harford County Public Schools’ annual other post employment 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 Harford County Public Schools’ annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan, and changes in the Harford County Public Schools’ net OPEB obligation:

Annual required contribution	\$ 56,481,000
Interest on net OPEB obligation	5,415,000
Amortization of net OPEB obligation	<u>(5,916,000)</u>
Annual OPEB cost (expense)	55,980,000
Contributions made	<u>(20,608,000)</u>
Increase in net OPEB obligation	35,372,000
Net OPEB obligation - beginning of year	<u>127,410,929</u>
Net OPEB obligation - end of year	<u>\$ 162,782,929</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 widow benefit program. As of June 30, 2013, there were seven eligible and participating retirees receiving an annual subsidy. As of June 30, 2013, there were 51 participants out of 336 total participants receiving benefits.

The College funds its post-employment benefits on a pay-as-you-go basis.

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, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

As of June 30, 2013, the College’s annual required contribution; contributions made and net OPEB obligation were:

Annual required contribution	\$	95,000
Interest on net OPEB obligation		5,000
Adjustment to annual required contribution		<u>(6,000)</u>
Annual OPEB cost (expense)		94,000
Contributions made		<u>(81,000)</u>
Increase in net OPEB obligation		13,000
Net OPEB obligation - beginning of year		120,221
Net OPEB obligation - end of year	\$	<u><u>133,221</u></u>

The Harford County Public 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, 58 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	\$	1,721,000
Interest on net OPEB obligation		240,267
Adjustment to annual required contribution		<u>(290,000)</u>
Annual OPEB cost (expense)		1,671,267
Contributions made		<u>(192,571)</u>
Increase in net OPEB obligation		1,478,696
Net OPEB obligation - beginning of year		6,864,762
Net OPEB obligation - end of year	\$	<u><u>8,343,458</u></u>

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)
7/1/2010	\$ 32,478,788	\$ 47,756,509	68.0%	\$ 15,277,721	\$ 6,728,974	227.0%
7/1/2011	34,629,058	50,273,394	68.9%	15,644,336	6,942,604	225.3%
7/1/2012	36,602,822	55,693,186	65.7%	19,090,364	6,595,866	289.4%

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)
9/30/2010	\$ 15,106,341	\$ 26,762,302	56.4%	\$ 11,655,961	N/A	N/A
9/30/2011	18,430,763	28,509,932	64.6%	10,079,169	N/A	N/A
9/30/2012	19,403,069	29,236,000	66.4%	9,832,931	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)
7/1/2010	\$ 30,551,000	\$ 143,675,000	21.3%	\$ 113,124,000	\$ 92,424,818	122.4%
7/1/2011	41,278,000	163,606,000	25.2%	122,328,000	90,197,076	135.6%
7/1/2012	51,226,000	175,328,000	29.2%	124,102,000	89,914,394	138.0%

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
2011	12,623,000	100%
2012	13,132,000	100%
2013	13,757,000	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	12/20/11
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	7.5%
Projected salary increases	3.5%

Supplementary Information

Schedules and Combining Statements

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

Governmental Funds

General Fund

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.

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.

Debt Service Fund

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.

Capital Projects Fund

General County Capital Projects 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 as well as the Harford County Public Schools, Harford Community College and Harford County Public Library.

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
<u>TAXES</u>				
911 Program Fee	\$ 1,685,000	\$ 1,685,000	\$ 1,582,307	\$ (102,693)
Admissions and Amusement Tax	600,000	600,000	533,606	(66,394)
Corporate Property/Current Year	10,000,000	10,000,000	12,217,955	2,217,955
Corporate Property/Prior Years	(100,000)	(100,000)	(473,267)	(373,267)
Business Personal Property/Current Year	200,000	200,000	298,641	98,641
Business Personal Property/Prior Years	(5,000)	(5,000)	36,588	41,588
County Service Charges	-	-	(116)	(116)
Delinquent Tax Costs	80,000	80,000	107,646	27,646
Heavy Equipment Receipts Tax - Corporate	-	-	175,528	175,528
Impact Fees	1,750,000	1,750,000	2,027,400	277,400
Income Taxes/Current Year	171,805,372	171,805,372	178,810,169	7,004,797
Income Taxes/Prior Years	3,263,400	3,263,400	4,507,018	1,243,618
Interest on Delinquent Taxes	1,000,000	1,000,000	843,795	(156,205)
Mobile Home Excise Tax	220,000	220,000	210,540	(9,460)
Payment in Lieu of Taxes	250,000	250,000	436,333	186,333
Penalty	900,000	900,000	813,105	(86,895)
Railroad and Public Utilities	11,700,000	11,700,000	11,276,205	(423,795)
Real Property - Full Year Levy	232,456,807	232,456,807	230,071,618	(2,385,189)
Real Property - Half Year Levy	599,000	599,000	843,504	244,504
	<u>436,404,579</u>	<u>436,404,579</u>	<u>444,318,575</u>	<u>7,913,996</u>
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,400,000)	(1,400,000)	(1,354,894)	45,106
Enterprise Zone Tax Credit	(1,000,000)	(1,000,000)	116,647	1,116,647
Homeowner's Tax Credit - County	(323,100)	(323,100)	(391,096)	(67,996)
Community Association Credit	(7,400)	(7,400)	(7,362)	38
Conservation Land Tax Credit	(1,500)	(1,500)	(1,500)	-
Discounts Allowed on Taxes	(1,600,000)	(1,600,000)	(1,566,099)	33,901
Habitat For Humanity Tax Credit	-	-	(3,088)	(3,088)
Historical Tax Credit	-	-	(7,994)	(7,994)
Homestead Tax Credit - County	(393,805)	(393,805)	(419,366)	(25,561)
Landfill Proximity Credit	(30,000)	(30,000)	(70,676)	(40,676)
Natural Disaster Tax Credit	(2,900)	(2,900)	-	2,900
Solar/Geothermal Energy Tax Credit	(250,000)	(250,000)	(249,150)	850
Surviving Spouse - Fallen Hero Tax Credit	(12,000)	(12,000)	(1,960)	10,040
Uncollectible Property Taxes	(150,000)	(150,000)	(408,139)	(258,139)
	<u>(5,170,705)</u>	<u>(5,170,705)</u>	<u>(4,364,677)</u>	<u>806,028</u>
Total Taxes	431,233,874	431,233,874	439,953,898	8,720,024

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
REVENUES FROM OTHER AGENCIES				
Build America Bond Interest Credit	1,373,600	1,373,600	1,373,592	(8)
Jury Compensation	149,600	149,600	143,625	(5,975)
Fed Emerg Mgmt Agency	-	-	407,719	407,719
Medicare D Subsidy	149,300	149,300	239,369	90,069
Police Protection	1,265,300	1,265,300	1,265,323	23
Stormwater Management - Town	4,000	4,000	4,000	-
Total Revenues from Other Agencies	2,941,800	2,941,800	3,433,628	491,828
INVESTMENT INCOME	331,416	331,416	314,237	(17,179)
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	4,800	4,800	15,564	10,764
Auto Commute - County Employees	12,500	12,500	11,781	(719)
Bad Check Fee	3,300	3,300	2,770	(530)
Board of Prisoners	-	-	117,749	117,749
Building Plan Review	120	120	120	-
Building Reinspection Fee	7,700	7,700	1,760	(5,940)
Child Custody	11,700	11,700	12,077	377
Commissions	159,800	159,800	161,414	1,614
Community Work Service	19,000	19,000	17,952	(1,048)
Concept Plans	3,200	3,200	7,896	4,696
Design Review	1,700	1,700	1,333	(367)
Detention Center Commissary	271,000	271,000	283,694	12,694
Election Fees	1,500	1,500	873	(627)
Electrical Reinspection Fees	2,100	2,100	3,750	1,650
Extension Preliminary Plan Approval	400	400	290	(110)
False Alarm Service Charges	97,400	97,400	77,890	(19,510)
Final Plats	29,200	29,200	19,560	(9,640)
Flying Point and Mariner Park Revenue	20,300	20,300	12,755	(7,545)
Food Service Licenses	106,400	106,400	114,790	8,390
Forest Conservation Plan Review	14,300	14,300	9,356	(4,944)
Forest Hill/Hickory Activity Ctr	168,500	168,500	-	(168,500)
Forest Stand Delineation Review	3,500	3,500	5,960	2,460
Harford Cable Network	29,900	29,900	29,422	(478)
Hazardous Material Spill Cleanup	15,100	15,100	24,621	9,521
Household Waste - Private Vehicle Charge	464,000	464,000	428,650	(35,350)
Inmate Fees for Medical Services	4,700	4,700	4,337	(363)
GIS - Digital Data Products	-	-	17	17
GIS - Plotting Service	800	800	1,180	380
GIS - Screen Dump	100	100	75	(25)
GIS - Topographic Maps	100	100	20	(80)
Ground Floor Fees (OED)	-	-	430	430
Mechanical Reinspection Fee	100	100	650	550

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
Mechanical Violation Fee	-	-	500	500
Miscellaneous Revenue - Planning & Zoning	3,300	3,300	2,738	(562)
Miscellaneous Revenue - Sheriff's Office	67,800	67,800	65,845	(1,955)
Noxious Weed	2,800	2,800	438	(2,362)
Onsite Inspection Fees	1,800	1,800	613	(1,187)
Percolation Tests	17,200	17,200	23,400	6,200
Photographs	300	300	339	39
Plumbing Reinspection Fees	1,100	1,100	1,620	520
Police Reports	9,300	9,300	9,384	84
Public Swimming Pool & Spa Permit	19,000	19,000	19,200	200
Publications	100	100	14	(86)
Recycled Batteries	2,200	2,200	4,496	2,296
Recycled Scrap Metal	232,000	232,000	140,460	(91,540)
Recycling Revenue - Miscellaneous	-	-	2,189	2,189
Reproduction	7,500	7,500	4,182	(3,318)
Sanitation Construction Permit Fee	10,000	10,000	21,888	11,888
Sanitation Permits	7,300	7,300	7,802	502
Sale of Compost - Scarboro	24,900	24,900	26,963	2,063
Sale of Mulch - Scarboro	82,300	82,300	88,476	6,176
Sale of Plans and Specifications	3,200	3,200	425	(2,775)
Sale of Promotional Items	600	600	79	(521)
Sheriff's Fees	429,300	429,300	397,318	(31,982)
Sheriff's Licenses	11,200	11,200	10,875	(325)
Site Plans	11,500	11,500	23,205	11,705
Social Security Payments-Inmates	25,000	25,000	24,800	(200)
Subdivision Plans	63,400	63,400	34,889	(28,511)
Subdivision Plat Review	9,500	9,500	6,550	(2,950)
Tax Lien Certification	188,200	188,200	190,940	2,740
Tax Lien Filing Fees	-	-	645	645
Tax Sale Auctioneer Fees	-	-	3,660	3,660
Technical Review	100	100	38	(62)
Telephone Service	19,800	19,800	20,803	1,003
Tipping Fee Credit	(4,500)	(4,500)	(1,443)	3,057
Tipping Fee Solid Waste	2,030,000	2,030,000	2,551,258	521,258
Tire Disposal Fees	1,400	1,400	1,121	(279)
Weekend Prisoner Revenue	76,000	76,000	104,109	28,109
Well Sampling	26,600	26,600	22,430	(4,170)
Work Release Revenue	69,300	69,300	56,519	(12,781)
WTE - Credit	(291,200)	(291,200)	(212,851)	78,349
WTE - Permitted Materials	539,700	539,700	336,381	(203,319)
WTE - Recovered Materials	24,300	24,300	27,767	3,467
WTE - Steam Sales	3,500,000	3,500,000	3,657,063	157,063

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
WTE - Tipping Fees	5,481,000	5,481,000	5,277,296	(203,704)
WTE - Tire Disposal	480,000	480,000	323,809	(156,191)
Zoning Appeals	15,200	15,200	8,850	(6,350)
Zoning Reclass Fee	-	-	450	450
Total Charges for Current Services	14,651,720	14,651,720	14,656,269	4,549
MISCELLANEOUS				
Contributions & Donations	-	-	100	100
Edgewood Community Center	13,001	13,001	13,499	498
Grant Unemployment	44,900	44,900	47,215	2,315
Interest on Miscellaneous Invoices	26,100	26,100	31,256	5,156
Miscellaneous Revenue	165,000	165,000	381,591	216,591
Over and Short	2,300	2,300	12,990	10,690
Parole and Probation	2,300	2,300	-	(2,300)
Postage	213,300	213,300	242,444	29,144
Recovery from Capital Projects	17,900	17,900	23,625	5,725
Recovery from Litigation	800	800	-	(800)
Reimbursement from Highways	2,046,317	2,046,317	2,046,317	-
Reimbursement from Water and Sewer Fund	1,813,417	1,813,417	1,813,417	-
Rental Income	320,000	320,000	209,169	(110,831)
Sale of Usable Property	59,000	59,000	180,728	121,728
Traffic Safety Recovery	1,196,012	1,196,012	1,196,012	-
Transportation Recovery	2,000,000	2,000,000	2,000,000	-
Trust & Agency - Risk Management	1,727,057	1,727,057	1,727,057	-
Total Miscellaneous	9,647,404	9,647,404	9,925,420	278,016
LICENSES AND PERMITS				
Auctioneers Licenses	5,300	5,300	4,700	(600)
Beer, Wine and Liquor Licenses	60,300	60,300	10,170	(50,130)
Building Inspection Services	98,300	98,300	59,792	(38,508)
Building Penalty	5,500	5,500	7,888	2,388
Building Permits	452,100	452,100	400,568	(51,532)
Cable TV	1,468,400	1,468,400	1,889,792	421,392
Close Out Sales Licenses	100	100	-	(100)
Dog Licenses	73,300	73,300	79,351	6,051
Electrical Board of Examiners	86,200	86,200	88,240	2,040
Electrical Inspections	290,800	290,800	270,721	(20,079)
Electrical Postcard Permits	400	400	-	(400)
Electrical Penalty	4,900	4,900	4,800	(100)
Forest Harvest Permit	1,800	1,800	1,175	(625)
Kennel Licenses	1,700	1,700	-	(1,700)

(continued)

General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>LICENSES AND PERMITS (continued)</u>				
Marriage Licenses	13,300	13,300	9,905	(3,395)
Marriage Licenses/Spouse Abuse	35,200	35,200	35,615	415
Mechanical Licenses	6,400	6,400	6,865	465
Mechanical Permits	112,200	112,200	163,667	51,467
Mobile Home Park Licenses	10,800	10,800	10,825	25
Pawnbrokers Licenses	900	900	600	(300)
Pet Shop/Grooming Licenses	700	700	1,000	300
Plumbing Licenses	24,800	24,800	24,790	(10)
Plumbing Penalty	2,700	2,700	2,000	(700)
Plumbing Permits	242,800	242,800	249,517	6,717
Plumbing Postcard Permits	41,200	41,200	47,475	6,275
Refuse Licenses	7,400	7,400	6,600	(800)
Solicitors Licenses	800	800	793	(7)
Taxi Cab Licenses	2,600	2,600	3,065	465
Towing Licenses	4,400	4,400	6,025	1,625
Traders Licenses	247,300	247,300	251,279	3,979
Total Licenses and Permits	3,302,600	3,302,600	3,637,218	334,618
<u>FINES AND FORFEITURES</u>				
Adult Civil Violations	-	-	500	500
Court Fines	15,000	15,000	69,304	54,304
Dog License Fines	9,300	9,300	11,285	1,985
Parking Fines	49,000	49,000	36,002	(12,998)
Parking Fines - County Lots	31,800	31,800	10,180	(21,620)
Total Fines and Forfeitures	105,100	105,100	127,271	22,171
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	20,357,278	33,771,469	8,899,297	(24,872,172)
Operating Transfers In				
Capital Projects	18,658,301	18,658,301	18,658,301	-
Grants	821,800	821,800	449,507	(372,293)
Pooled Interest	31,600	31,600	65,132	33,532
Total Operating Transfers In	19,511,701	19,511,701	19,172,940	(338,761)
Issuance of Refunding Bonds	-	70,065,844	59,750,398	(10,315,446)
Premium on Issuance of Bonds	-	-	13,310,613	13,310,613
Total Other Financing Sources	39,868,979	123,349,014	101,133,248	(22,215,766)
Total General Fund Revenues and Other Financing Sources	\$ 502,082,893	\$ 585,562,928	\$ 573,181,189	\$ (12,381,739)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 80,710	\$ 66,710	\$ 37,862	\$ 28,848
County Council Office	1,362,239	1,479,213	1,349,148	130,065
Cultural Arts Board	101,989	111,156	99,905	11,251
Harford Cable Network	676,529	759,815	739,495	20,320
Office of County Auditor	244,802	254,405	236,206	18,199
People's Counsel	297,474	262,233	217,241	44,992
Total County Council	2,763,743	2,933,532	2,679,857	253,675
GENERAL GOVERNMENT				
Office of the County Executive				
Constituent Services	377,598	413,091	350,393	62,698
County Executive	892,098	925,243	780,504	144,739
Chief of Staff	427,231	454,023	404,146	49,877
Division of Agricultural	373,062	387,613	329,687	57,926
Director of Administration				
Administration	418,905	452,947	442,699	10,248
Budget & Management Research	669,378	744,877	693,206	51,671
Central Services	594,166	618,217	582,492	35,725
Facilities & Operations	3,760,510	3,985,104	3,394,557	590,547
Risk Management	1,479,112	1,625,995	1,576,999	48,996
Sustainability Office	257,708	278,314	254,483	23,831
Department of Procurement				
Procurement Operations	746,937	827,696	805,062	22,634
Property Management	3,224,331	3,264,122	3,079,636	184,486
Department of the Treasury				
Bureau of Accounting	2,026,073	2,229,273	2,180,335	48,938
Bureau of Revenue Collections	905,652	986,513	930,386	56,127
Office of the Treasurer	617,684	678,472	669,244	9,228
Solid Waste Accounting	99,015	111,309	109,834	1,475
Department of Law	1,958,165	2,181,361	2,105,104	76,257
Department of Planning & Zoning				
Comprehensive Planning and				
Special Projects	1,383,760	1,586,989	1,488,040	98,949
Current Planning	1,646,490	1,788,702	1,761,908	26,794
Office of the Director	471,066	531,007	506,313	24,694
Department of Personnel				
Human Resources	791,139	860,986	765,132	95,854
Personnel Matters	557,522	1,221,607	1,203,820	17,787
Office of Information and Communication Technology	4,122,488	4,390,964	4,203,834	187,130
Elections				
Election Expense	634,300	592,100	590,248	1,852
Supervisor of Elections	1,307,872	1,358,624	1,004,358	354,266

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>GENERAL GOVERNMENT (continued)</u>				
Economic Development				
Office of Economic Development	2,131,187	2,269,521	2,092,189	177,332
Tourism & Marketing	130,925	138,829	136,501	2,328
Benefits	4,718,725	4,718,725	3,212,727	1,505,998
Insurance	1,063,401	1,063,401	1,063,401	-
Miscellaneous				
Appropriations to Towns	3,360,383	3,360,383	3,360,383	-
Appropriations to State	1,640,000	1,640,000	1,563,637	76,363
Contingency Reserve	100,000	100,000	-	100,000
Maryland School for the Blind	80,000	80,000	53,288	26,712
Total General Government	42,966,883	45,866,008	41,694,546	4,171,462
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Harford County Public Schools	219,821,368	219,821,368	219,821,368	-
Harford Community College	14,961,612	14,961,612	14,961,612	-
Total Education-Primary thru Community College	234,782,980	234,782,980	234,782,980	-
<u>HARFORD CENTER</u>				
	553,036	553,036	553,036	-
<u>JUDICIAL</u>				
Circuit Court	1,345,760	1,521,050	1,485,378	35,672
Community Work Service	326,028	352,354	319,744	32,610
Family Court Services Division	559,696	585,110	551,665	33,445
Grand Jury	12,000	12,000	10,320	1,680
Jury Commissioner	178,759	190,710	184,490	6,220
Jury Services	184,350	178,575	169,113	9,462
Juvenile Master	174,636	196,332	192,767	3,565
Family Justice Center	257,892	281,879	268,848	13,031
State's Attorney	4,785,467	5,327,788	5,108,621	219,167
Total Judicial	7,824,588	8,645,798	8,290,946	354,852
<u>LIBRARIES</u>				
	15,634,624	16,054,666	16,054,666	-

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Director	812,933	928,909	919,601	9,308
Parks and Facilities	6,166,229	6,594,293	6,224,476	369,817
Recreational Services	2,698,247	2,994,856	2,792,991	201,865
Conservation of Natural Resources				
Soil Conservation	367,212	414,414	386,707	27,707
Extension Service	245,256	245,256	203,816	41,440
Total Parks, Recreation and Natural Resources	10,289,877	11,177,728	10,527,591	650,137
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Commissary Account	731,261	733,101	551,083	182,018
Correctional Services	20,860,300	21,463,093	20,500,218	962,875
Court Services	4,871,464	5,235,301	4,919,889	315,412
Administration	7,188,299	8,491,387	8,234,008	257,379
Patrol	24,530,934	26,825,504	26,246,455	579,049
Investigation	8,011,011	8,504,381	8,162,720	341,661
Department of Inspections, Licenses and Permits				
Animal Control	575,403	637,747	612,543	25,204
Humane Society	550,000	550,000	550,000	-
Building Services	995,139	1,094,145	1,011,151	82,994
Director of DILP	488,908	537,550	526,515	11,035
Electrical Services	565,008	634,087	617,571	16,516
Manufactured Homes/Abandoned Property	220,067	250,935	230,571	20,364
Plumbing Services	548,050	596,656	523,396	73,260
Emergency Operations				
911 Emergency Communications	5,628,475	6,179,732	5,702,290	477,442
Administration	3,797,446	3,811,263	3,578,747	232,516
Natural Disasters	-	750,000	418,681	331,319
Special Operations & Technical Services	3,066,284	3,156,690	3,089,105	67,585
Volunteer Fire Companies	6,809,642	6,870,486	6,870,486	-
HAZMAT Response Team	301,341	313,152	306,374	6,778
Total Public Safety	89,739,032	96,635,210	92,651,803	3,983,407

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2013
(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	4,318,091	4,663,123	4,309,273	353,850
Closed Landfills - Post Closure Costs	134,750	134,750	120,043	14,707
Environmental Affairs	25,000	25,000	7,500	17,500
Recycling	1,462,278	1,591,182	1,507,247	83,935
Scarboro Remediation	53,700	53,700	32,670	21,030
Waste Energy	8,907,146	8,907,146	8,351,113	556,033
Total Public Works	<u>14,900,965</u>	<u>15,374,901</u>	<u>14,327,846</u>	<u>1,047,055</u>
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director	589,373	616,478	610,865	5,613
Office of Drug Control	846,342	950,468	930,682	19,786
Emergency Assistance	158,791	167,805	166,870	935
Community Development	1,302,469	1,357,251	1,319,773	37,478
Office on Aging	1,233,818	1,407,408	1,401,168	6,240
Transportation	1,144,561	1,251,485	805,614	445,871
NMARC Activity	1,745,694	1,745,694	1,745,694	-
Housing Agency				
Housing Services	433,935	490,684	455,151	35,533
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	3,375,898	-
Total Social Services	<u>11,483,301</u>	<u>12,015,591</u>	<u>11,464,135</u>	<u>551,456</u>
<u>DEBT SERVICE</u>				
Debt Service - Principal	30,316,361	30,316,361	30,294,241	22,120
Debt Service - Interest	19,291,835	19,291,835	18,259,079	1,032,756
Debt Service - Administration Costs	770,000	770,000	505,181	264,819
Total Debt Service	<u>50,378,196</u>	<u>50,378,196</u>	<u>49,058,501</u>	<u>1,319,695</u>
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Capital Projects	17,802,225	18,115,995	18,065,995	50,000
Grants	2,963,443	2,963,443	2,963,443	-
Total Other Financing Uses	<u>20,765,668</u>	<u>21,079,438</u>	<u>21,029,438</u>	<u>50,000</u>
Payments to Escrow Agent for Refunding	-	70,065,844	70,065,844	-
Total Expenditures and Other Financing Uses	<u>\$ 502,082,893</u>	<u>\$ 585,562,928</u>	<u>\$ 573,181,189</u>	<u>\$ 12,381,739</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, 2013

Exhibit B-1

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 500	\$ 500	\$ 733	\$ 233
Charges for Current Services	850,500	850,500	928,278	77,778
Miscellaneous	-	-	556	556
Total Revenues	<u>851,000</u>	<u>851,000</u>	<u>929,567</u>	<u>78,567</u>
EXPENDITURES				
Parks, Recreation and Natural Resources	889,467	926,646	843,133	83,513
Total Expenditures	<u>889,467</u>	<u>926,646</u>	<u>843,133</u>	<u>83,513</u>
Excess of Revenues Over Expenditures	<u>(38,467)</u>	<u>(75,646)</u>	86,434	162,080
OTHER FINANCING SOURCES				
Appropriated Fund Balance	38,467	75,646	-	(75,646)
Total Other Financing Sources	<u>38,467</u>	<u>75,646</u>	<u>-</u>	<u>(75,646)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	86,434	<u>\$ 86,434</u>
Fund Balance - Beginning			380,001	
Prior Year Encumbrances Cancelled			<u>1,861</u>	
Fund Balance - Ending			<u>\$ 468,296</u>	

Debt Service Fund

HARFORD COUNTY, MARYLAND
Schedule Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Debt Service Fund
For The Year Ended June 30, 2013

Exhibit C-1

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 1,000	\$ 1,000	\$ 1,912	\$ 912
Charges for Current Services	1,099,000	1,099,000	978,167	(120,833)
Total Revenues	<u>1,100,000</u>	<u>1,100,000</u>	<u>980,079</u>	<u>(119,921)</u>
EXPENDITURES				
Debt Service	1,100,000	1,100,000	1,075,361	24,639
Total Expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,075,361</u>	<u>24,639</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(95,282)</u>	<u>(95,282)</u>
OTHER FINANCING SOURCES				
Appropriated Fund Balance	-	-	95,282	95,282
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>95,282</u>	<u>95,282</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Less: Appropriated Fund Balance			(95,282)	
Fund Balance - Beginning			<u>2,089,432</u>	
Fund Balance - Ending			<u>\$ 1,994,150</u>	

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, 2013

Exhibit D-1

GENERAL COUNTY	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Reforestation Proceeds	\$ 680,000	\$ 348,630	\$ 331,370
Facilities Repair Program	7,812,852	7,337,410	475,442
Treasury Computer Enhancements	175,000	156,321	18,679
Emergency Needs 2006	1,245,776	-	1,245,776
Watershed Restoration/Improvements 2006	1,728,228	820,103	908,125
County Facility System Security Access/Fuel Dispensing	855,000	729,307	125,693
Site Acquisition	20,757,761	13,746,187	7,011,574
Bynum Ridge Stream Stabilization	355,000	259,946	95,054
Stormwater Enhancement	825,000	463,223	361,777
* Government Services Building/New Administration Building	19,885,000	559,647	19,325,353
Woodbridge Retrofit & Stream Restoration	1,110,000	511,920	598,080
Grande View Farms Lake Repairs	300,000	300,000	-
Harford County Southern Resource Annex (Southern Precinct)	15,874,200	11,149,507	4,724,693
Sunnyview Stream Restoration	1,560,000	226,156	1,333,844
Courthouse Building Repairs	234,900	172,549	62,351
Enterprise Resources System	25,000	-	25,000
Reforestation Proceeds-Critical Area	100,000	47,695	52,305
Watershed Stream Assessment Studies	875,000	621,693	253,307
Woodland Run Stream Restoration	700,000	1,706	698,294
Gordon Street/Bel Air Academy	420,000	207,947	212,053
Wheel Creek Watershed Restoration	3,179,607	2,094,823	1,084,784
Edgewood Plaza Retrofit & Stream Restoration	450,000	188	449,812
Citizens Care Center	1,500,000	170,183	1,329,817
Humane Society	6,400,000	301,933	6,098,067
One Maryland Broadband	5,250,000	193,000	5,057,000
Safeguarding Business Operations	7,150,400	3,363,393	3,787,007
Bynum Run at St Andrews Way Stream Restoration	797,026	154,590	642,436
Deer Creek Watershed Restoration	400,000	399,821	179
* Board of Education-Debt Service	12,829,734	11,381,984	1,447,750
Fleet Replacement	2,640,000	2,585,690	54,310
Refresh Program	1,785,000	1,106,325	678,675
Joppatowne Area Watershed Restoration	400,000	99,438	300,562

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY (continued)			
Plumtree Run Watershed Restoration	443,452	-	443,452
Sams Branch Watershed Restoration	752,922	16,855	736,067
Stormwater Pollution Prevention	461,395	283,984	177,411
HMAN (Harford County Metro Area Network)	10,000,000	5,368,707	4,631,293
Bel Air Parking Garage	645,000	59,067	585,933
Board of Education-Debt Service	18,258,301	18,258,301	-
Countywide Facilities Master Plan Study	1,250,000	-	1,250,000
Efficiency Capital Investment Projects	75,000	44,778	30,222
GIS	250,000	250,000	-
Lily Run Watershed Restoration	725,000	-	725,000
Repairs to 45 South Main Street Building	100,000	12,100	87,900
* Computer Equipment/Network	6,763,821	6,763,819	2
Maintenance/Repair of Dams	940,000	672,204	267,796
* Beechtree TIF Improvements	11,100,000	9,939,887	1,160,113
Total General County	170,065,375	101,181,017	68,884,358
EDUCATION			
Fire Alarm/Emergency Communications	825,000	607,275	217,725
Furniture & Equipment	955,000	718,653	236,347
Joppatowne Elementary Modernization	13,550,811	11,786,940	1,763,871
Deerfield Elementary Modernization/Replacement	22,484,525	21,746,665	737,860
School Buses Fiscal Year 2002	7,517,197	7,340,994	176,203
Athletic Fields Repair/Renovations	207,000	207,000	-
New High School/Middle School	60,322,094	56,760,031	3,562,063
North Harford Middle School Water System	261,114	255,014	6,100
Aberdeen High School North/Center For Career Opportunity	665,000	567,053	97,947
Backflow Prevention	450,000	339,509	110,491
Security Cameras	1,125,000	609,276	515,724
Integrated Business Systems	403,000	250,866	152,134
New Elementary Capital/Vale Rd/Red Pump Elementary	30,325,819	28,002,404	2,323,415
Textbook Refresh (Math)	6,210,000	2,335,990	3,874,010
ADA Improvements	400,000	164,692	235,308
HVAC Major Repairs	5,866,679	2,821,278	3,045,401
Edgewood High School Replacement	83,581,790	81,689,774	1,892,016

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
EDUCATION (continued)			
* Harford Technical High School Field Improvements	4,878,825	4,878,825	-
* John Archer at Bel Air Middle School	83,045	83,045	-
Roofing Replacement	1,236,530	938,560	297,970
Youth's Benefit Elementary School	1,700,600	1,659,792	40,808
* Prospect Mill Elementary School	1,986,241	1,986,241	-
North Harford Middle School Repairs	50,000	32,200	17,800
Homestead Wakefield Elementary School Modernization	133,454	32,454	101,000
Campus Hills Elementary School	900,000	839,860	60,140
Havre de Grace High School HVAC	5,339,397	5,334,787	4,610
Septic Pre-Treatment for Code Upgrade	2,167,926	842,513	1,325,413
Forest Hill Annex Electrical Upgrades	400,000	344,527	55,473
William Paca Elementary School Air Conditioning	5,800,000	3,851,541	1,948,459
Youth's Benefit Elementary School Primary Building Air Conditioning	4,800,000	2,487,734	2,312,266
Jarrettsville Elementary School Air Conditioning	2,941,500	2,675,987	265,513
Magnolia Middle School HVAC	1,262,554	688,442	574,112
Havre de Grace High School Field Facilities	313,770	267,823	45,947
* Replace Riverside Heating/Cooling	11,748,347	11,339,347	409,000
Environment Compliance Project	1,247,619	1,050,395	197,224
North Harford High School Modernization	31,873,132	31,560,459	312,673
Technology	4,751,467	4,169,419	582,048
Bel Air High School Modernization/Replacement	78,185,348	78,040,193	145,155
Total Education	396,949,784	369,307,558	27,642,226
FIRE/SAFETY			
Fire, EMS & Law Enforcement CAD	2,450,000	2,450,000	-
UHF Radio System Replacement	23,601,693	23,599,257	2,436
Work Release/Study/Detention Center Expansion	32,018,131	32,017,493	638
Computer Equipment/Networks	2,116,742	1,729,185	387,557
New Emergency Operations Center Complex	26,339,525	25,525,136	814,389
Volunteer Fire Company Facility Repairs	2,750,000	2,740,599	9,401
Susquehanna Hose Company House #3 Expansion	560,000	560,000	-
911 State Fee Fund	500,000	201,850	298,150
700 Mhz Wireless Radio System Equipment	4,693,992	4,285,171	408,821
Bel Air Substation at Patterson Mill	2,868,400	2,821,029	47,371

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
FIRE/SAFETY (continued)			
* 911 State Fee Fund	2,000,000	1,799,573	200,427
* Radio System for the Detention Center	219,623	219,623	-
Narrowbanding Public Safety Commission	1,266,350	879,032	387,318
Norrisville Station	750,000	-	750,000
Public Safety Communication in School Buildings	100,000	86,865	13,135
Total Fire/Safety	102,234,456	98,914,813	3,319,643
COMMUNITY COLLEGE			
* Susquehanna Center Renovation/Expansion	11,815,600	11,815,600	-
* Water and Wastewater	1,724,907	1,724,907	-
New Allied Health and Nursing Building	3,375,000	485,000	2,890,000
Total Community College	16,915,507	14,025,507	2,890,000
LIBRARY			
Jarrettsville Library	5,884,000	5,834,560	49,440
Facility Maintenance & Repairs	252,647	102,279	150,368
* Churchville Library	5,734,500	188,375	5,546,125
Whiteford Library Expansion	4,238,200	4,161,709	76,491
Facility Renovations	150,000	15,181	134,819
* Edgewood Library-HVAC Replacement	452,950	348,254	104,696
* Fallston Library-HVAC Chiller Replacement	350,350	245,637	104,713
* Joppa Library-HVAC and Roof Replacement	488,391	488,361	30
Aberdeen Library Feasibility Study	56,000	-	56,000
Darlington Feasibility Study	56,000	-	56,000
Havre de Grace Library Expansion	535,000	-	535,000
Technology	309,100	124,256	184,844
Total Library	18,507,138	11,508,612	6,998,526
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	134,877	549,802

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
LANDFILL (continued)			
Tollgate Yard Trim Recycling Center	450,000	74,233	375,767
Harford County Waste Disposal Center Compost Area Facilities	90,000	28,133	61,867
Harford Waste Disposal Center Landfill Capping	7,050,000	673,689	6,376,311
* Waste to Energy Replacement Facility	400,000	-	400,000
Former Spencers Landfill Closure	400,000	391,275	8,725
Solid Waste Transfer Station	3,700,000	2,915,618	784,382
Environmental Studies	1,320,900	1,028,319	292,581
Future Expansion	20,570,353	13,361,765	7,208,588
Total Landfill	49,115,932	31,153,112	17,962,820
PARKS & RECREATION			
Smith Property/Edgeley Grove	4,325,000	3,184,480	1,140,520
Bush River Dredging & Disposal Material Placement Site	3,030,000	2,139,894	890,106
Prospect Mill Park	1,430,000	1,221,584	208,416
Churchville Complex Development	8,556,830	3,015,241	5,541,589
Facility Renovations 2005	1,110,000	667,279	442,721
Friends Pond Rehabilitation	500,000	424,986	75,014
Heavenly Waters Park	1,820,000	926,681	893,319
* Park Improvements	550,000	364,125	185,875
Shucks Road Regional Sports Complex	8,110,415	4,680,481	3,429,934
Edgewood Recreation Park	1,155,000	910,187	244,813
Fallston Youth/Senior Center	10,325,000	7,447,102	2,877,898
Magnolia Complex Development	2,055,000	1,585,766	469,234
Tennis/Multipurpose Courts	1,180,000	936,547	243,453
Havre de Grace Field Development	1,510,000	1,170,937	339,063
Athletic Field Improvements	7,950,000	6,573,993	1,376,007
Indoor Recreation Facility	300,000	119,404	180,596
Joppatowne Area Dredging	965,000	421,875	543,125
Tudor Hall Rehabilitation	400,000	105,985	294,015
Vale Road Elementary School Facility	1,600,000	916,263	683,737
Bleacher Renovations	250,000	102,937	147,063
Darlington Park Development	1,575,000	97,379	1,477,621
Mariner Point Park Renovations	162,000	4,230	157,770
Nuttal Avenue Park Development	500,000	45,020	454,980

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS & RECREATION (continued)			
Swan Harbor Farm Improvements	183,000	26,748	156,252
Belcamp Park Improvements	325,000	279,456	45,544
Broad Creek Boat Launch Ramp	649,000	51,730	597,270
Cedar Lane Sports Complex Improvements	1,661,000	101,256	1,559,744
Churchville Center Renovations	400,000	117,537	282,463
Eden Mill Park Rehabilitation	675,000	327,189	347,811
Facility Renovations	240,000	54,383	185,617
Natural Turf Improvements	600,000	204,851	395,149
Park Improvements	340,000	64,932	275,068
Park Land Acquisition	1,876,000	1,090,943	785,057
Playground Equipment	825,000	324,000	501,000
Anita C. Leight Center Improvements	200,000	52,208	147,792
Emmorton Rec and Tennis Center Improvements	160,000	33,105	126,895
Havre de Grace Yacht Basin Dredging	525,000	342,814	182,186
Tennis/Multipurpose Courts	290,000	231,920	58,080
Equestrian Center Improvements	325,000	92,803	232,197
Backstop Renovations	95,000	-	95,000
Emily Bayliss Graham Park	450,000	2,250	447,750
Gunpowder River Dredging	512,000	49,232	462,768
Jarrettsville Complex Restrooms	350,000	31,005	318,995
Oakington Farms	1,800,000	50,421	1,749,579
Parking Lot Paving	69,000	-	69,000
Rockfield Park Improvements	100,000	2,570	97,430
Trails and Linear Parks	150,000	1,100	148,900
David Craig Park Development	75,000	-	75,000
Edgewood Rec and Community Center	100,000	33,331	66,669
Northern Regional Park	500,000	4,950	495,050
Water and Land Trails (North Park)	800,000	-	800,000
Debris-Derelict Boats	50,000	34,227	15,773
Total Parks and Recreation	73,684,245	40,667,337	33,016,908
HIGHWAYS-ROADS			
Cape Knoll Road Acceptance	150,000	108,273	41,727
Glen Elyn Culvert and Ponds Repair	392,500	392,500	-
New Roads and Storm Drains 2002	1,266,740	742,975	523,765
Tollgate Road/West Ring Factory-Plumtree	3,143,439	1,459,239	1,684,200

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
Facilities Repair Program	1,082,000	808,963	273,037
Primrose Place	146,000	132,605	13,395
Robinhood Road/US 40 to Titan Terrace	3,604,045	2,455,814	1,148,231
Hickory II Improvements	823,503	775,336	48,167
Culvert Rehabilitation	3,800,000	3,733,804	66,196
Intersection Improvements	2,027,444	1,542,776	484,668
Perryman Access-Mitchell Lane	1,850,000	684,631	1,165,369
Village of Scot's Fancy-Starmount Lane	750,000	715,128	34,872
Cedar Lane (MD 136-Cedarday)	2,250,000	1,671,622	578,378
Shucks Road Improvements	600,000	137,192	462,808
* Vale Road	1,800,000	735,950	1,064,050
Drainage Improvements	1,275,000	944,230	330,770
Fuel Dispensing System Upgrade	450,000	200,801	249,199
New Roads and Storm Drains	1,545,000	1,177,150	367,850
Stormdrain Rehabilitation	1,216,231	1,066,213	150,018
Traffic Signals	200,000	90,399	109,601
Singer Road Improvements	50,000	27,050	22,950
MD 152/Oakmont Road/Port Lane	550,000	60,845	489,155
Road Reconstruction and Rehabilitation	6,330,000	4,090,251	2,239,749
Thomas Run Road (MD Route 22-West Medical Hall Road)	550,000	540,654	9,346
* Wheel Road/Laurel Bush Intersection Improvements	1,468,000	845,542	622,458
Resurfacing Roadways Fiscal Year 2010	7,706,147	5,479,608	2,226,539
* Guardrails Fiscal Year 2010	300,000	299,931	69
Sidewalks and Handicapped Ramps	500,000	405,862	94,138
Traffic Calming and Road Safety Improvements	350,000	229,354	120,646
Macphail Road/Tollgate Road Roundabout	855,000	126,335	728,665
Road Reconstruction and Rehabilitation	1,600,000	1,590,770	9,230
* Trimble Road/Fort Hoyle Road Roundabout	410,000	410,000	-
* Resurfacing	3,885,000	3,885,000	-
Safeguarding Business Operations	1,831,200	1,095,718	735,482
Road Reconstruction and Rehabilitation	500,000	439,088	60,912
Schucks Road Culvert Replacement	700,000	22,413	677,587
Resurfacing Roadways	4,983,945	4,688,575	295,370
Fleet Replacement	2,027,000	2,027,000	-

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
MD Route 22 Corridor Study	300,000	300,000	-
Road Reconstruction	500,000	11,017	488,983
Resurfacing Roadways	5,640,000	5,634,126	5,874
700 MHZ Wireless Radio System Equipment	1,600,000	921,750	678,250
Efficiency Capital Investment Project	100,000	-	100,000
Guardrails Fiscal Year 2013	100,000	90,865	9,135
HMAN (Harford County Metro Area Network)	680,000	590,146	89,854
New Roads and Storm Drains	1,275,000	1,600	1,273,400
Refresh Program	153,000	152,959	41
Sidewalks	1,375,000	876,506	498,494
Moore's Mill Road	7,512,113	5,809,912	1,702,201
* Computer Equipment/Networks	1,399,022	1,397,852	1,170
Carrs Mill Road/Route 152-Grafton Shop	1,195,000	1,166,302	28,698
Wheel Road/Laurel Bush - Fairway Road	7,250,000	6,574,834	675,166
Total Roads	92,047,329	69,367,466	22,679,863
HIGHWAYS-BRIDGES			
* Ryan Road Bridge #61	1,330,000	1,326,485	3,515
Harford Creamery Road Bridge #104	1,230,000	436,019	793,981
North Avenue/Henderson Road Bridge	2,607,500	1,847,500	760,000
St Clair Road Bridge #99	1,935,000	1,722,422	212,578
Watervale Road Bridge #63	3,330,000	837,399	2,492,601
Bridge Inspection Program	1,990,000	1,333,184	656,816
Bridge Rehabilitation	2,750,000	2,749,416	584
Ruffs Mill Road Bridge #190	1,780,000	1,216,431	563,569
Road and Bridge Scour Repairs	900,000	459,731	440,269
Macton Road Bridge #145	825,000	270,782	554,218
Snake Lane Bridge #31	175,000	174,999	1
Carrs Mill Road Bridge	360,000	336,772	23,228
Glen Cove Road Bridge #156	150,000	149,999	1
Robinson Mill Road Bridge #154	220,000	207,424	12,576
Abingdon Road Bridge #169 Over CSX	420,000	119,744	300,256
* Bridge Painting	20,000	19,579	421
Jericho Road Bridge #3	850,000	53,530	796,470
Chestnut Hill Bridge #40	220,000	10,503	209,497

(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, 2013
(continued)

Exhibit D-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Phillips Mill Road Bridge #70	200,000	36,213	163,787
Hess Road Bridge #82	500,000	147,980	352,020
Prospect Road Bridge #217	175,000	3,060	171,940
Bridge Painting	225,000	-	225,000
Bridge Rehabilitation	250,000	132,539	117,461
Green Road Bridge #122	175,000	20,375	154,625
Structural Evaluation	420,000	313,556	106,444
Total Bridges	<u>23,037,500</u>	<u>13,925,642</u>	<u>9,111,858</u>
Total Highways	<u>115,084,829</u>	<u>83,293,108</u>	<u>31,791,721</u>
Total All Projects	942,557,266	750,051,064	192,506,202
*Less Closed Projects	<u>(103,623,356)</u>	<u>(73,047,589)</u>	<u>(30,575,767)</u>
Total Capital Project Funds	<u>\$ 838,933,910</u>	<u>\$ 677,003,475</u>	<u>\$ 161,930,435</u>

Enterprise Fund

The Water and Sewer Fund

This fund accounts for the operation, construction or acquisition of capital assets and related debt service cost of the public water and sewer facilities.

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2013

Exhibit E-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
SEWER PROJECTS			
Church Creek Pump Station Replacement	\$ 10,074,766	\$ 8,081,396	\$ 1,993,370
* Church Creek Pump Station Replacement	25,234	25,234	-
Harford Estates Pump Station Abandonment	5,532,100	3,600,533	1,931,567
Lower Bynum Run	9,599,388	7,677,259	1,922,129
* Lower Bynum Run	40,612	40,612	-
Plumtree Collector Parallel Phase II	100,000	55,964	44,036
Joppatowne Pump Station No.47	4,048,750	219,619	3,829,131
* Joppatowne Pump Station No.47	1,250	1,250	-
* Pump Station Improvements	125,000	125,000	-
Enhanced Nutrient Removal Refinement at Sod Run	57,500,000	28,717,355	28,782,645
Bush Creek Pump Station 4th Pump	27,381,877	7,095,377	20,286,500
* Bush Creek Pump Station 4th Pump	18,123	18,123	-
Utility Protection/Restoration	500,000	146,392	353,608
* Winters Run Pump Station Outfall	1,760,000	1,520,651	239,349
Infiltration & Inflow	3,400,000	1,288,786	2,111,214
* Bel Air Infiltration & Inflow	500,000	48,325	451,675
Bynum Run Parallel Phase 6 & 7	884,015	224,417	659,598
* Bynum Run Parallel Phase 6 & 7	35,985	35,985	-
Enhanced Nutrient Removal at Joppatowne Waste Treatment Plant	5,500,000	3,270,490	2,229,510
* Pump Station Improvements	100,000	10,778	89,222
Edgewood Interceptor Sewer Parallel	300,000	45,360	254,640
Green Ridge Pump Station Replacement	1,500,000	145,237	1,354,763
* Infiltration and Inflow	250,000	82,016	167,984
Bill Bass Outfall Sewer Replacement	800,000	77,331	722,669
Chlorine Replacement Program Water Waste Treatment Plant	660,000	-	660,000
Sod Run Facility Improvements	1,200,000	361,635	838,365
Sod Run Water Waste Treatment Plant - Sludge Pad Cover	750,763	706,640	44,123
Renewal and Replacement - Sewer	400,000	-	400,000
Bill Bass Pump Station Forcemain Replacement	700,384	-	700,384
Harford Waste Water Treatment Plant Facility Improvements	885,000	-	885,000
Oaklyn Manor/Joppa Area Sewer Relief	1,950,300	588,374	1,361,926
Total Sewer Projects	136,523,547	64,210,139	72,313,408
WATER PROJECTS			
* Inform Asset Management Study-Water	400,000	378,508	21,492
Abingdon Water Treatment Plant Expansion	6,432,237	908,698	5,523,539
* Abingdon Water Treatment Plant Expansion	64,516,949	64,516,949	-
* Abingdon Water Treatment Plant Expansion	150,000	150,000	-
* Abingdon Water Treatment Plant Expansion	5,435,814	5,435,814	-
Chlorine Replacement Program Water Treatment Plant	720,000	665,611	54,389

(continued)

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2013

(continued)

Exhibit E-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
WATER PROJECTS (continued)			
* Construction Unanticipated Water	200,000	199,995	5
Abingdon Road Water Main Parallel	8,298,251	269,752	8,028,499
* Abingdon Road Water Main Parallel	1,749	1,749	-
Route 24 Water Transmission	160,000	71,052	88,948
* Construction Unanticipated Water	100,000	100,000	-
Tollgate Road Water Main Parallel	1,300,000	7,003	1,292,997
* Tank Painting	365,000	277,139	87,861
* Havre de Grace Water Treatment Plant Upgrade	49	-	49
* Havre de Grace Water Treatment Plant Upgrade	199,951	199,951	-
Magnolia Booster Station	200,000	-	200,000
Swan Harbor Tank & Transmission	600,000	-	600,000
* Water Construction Unanticipated	300,000	88,377	211,623
Tank Painting	300,000	-	300,000
* City of Baltimore Deer Creek Pump Station	3,700,000	2,716,451	983,549
* City of Baltimore Raw Water Supply	3,300,000	1,125,293	2,174,707
Abingdon Maintenance Storage Protection	200,000	-	200,000
Regional Water Supply Research & Analysis	500,000	-	500,000
* Water Quality Improvements	600,000	206,124	393,876
Renewal and Replacement Water	200,000	-	200,000
* Water Meter Upgrade	540,000	529,713	10,287
Total Water Projects	98,720,000	77,848,179	20,871,821
OTHER PROJECTS			
Site Acquisition Water and Sewer Facilities	800,000	10,073	789,927
* Safeguarding Business Operations	1,918,400	786,841	1,131,559
Fleet Replacement	800,000	737,549	62,451
700 MHZ Wireless Radio System Equipment	649,000	110,800	538,200
HMAN	720,000	235,224	484,776
* Refresh Program	162,000	161,959	41
Water and Sewer Rate Study	300,000	-	300,000
* Computer Equipment/Network	972,278	972,278	-
* Computer Equipment/Network	60,695	60,695	-
* Milestone Project/Water and Sewer	500,000	495,328	4,672
Total Other Projects	6,882,373	3,570,747	3,311,626
Total Water, Sewer and Other Projects	242,125,920	145,629,065	96,496,855
*Less Closed and Capitalized Projects	(86,279,089)	(80,311,138)	(5,967,951)
Total Open Water, Sewer and Other Projects	\$ 155,846,831	\$ 65,317,927	\$ 90,528,904

Fiduciary Funds

Pension, Other Employee Benefit Trust Funds, and Length of Service Award Program

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.

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

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

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 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.

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2013

Exhibit F-1

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 439,124	\$ 234,037	\$ 673,161
Investments, at Fair Value			
Cash Equivalents	1,111,169	513,328	1,624,497
Fixed Income Fund	10,458,072	7,797,569	18,255,641
Equities & Equivalents	29,295,139	11,283,510	40,578,649
Total Investments	40,864,380	19,594,407	60,458,787
Total Assets	41,303,504	19,828,444	61,131,948
LIABILITIES			
Accounts Payable	24,664	13,395	38,059
Total Liabilities	24,664	13,395	38,059
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
(Schedules of funding progress and employer contributions are presented in the "Required Supplementary Information", (Schedule 1)			
	\$ 41,278,840	\$ 19,815,049	\$ 61,093,889

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2013

Exhibit F-2

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ADDITIONS			
Contributions			
Employee Contributions	\$ 450,816	\$ -	\$ 450,816
Employer Contributions	2,287,714	-	2,287,714
Plan Sponsor Contributions	-	1,970,503	1,970,503
Total Contributions	<u>2,738,530</u>	<u>1,970,503</u>	<u>4,709,033</u>
Investment Earnings			
Net Appreciation in Fair Value of Investments	3,848,761	1,423,686	5,272,447
Interest and Dividends	777,151	425,361	1,202,512
Total Investment Earnings	<u>4,625,912</u>	<u>1,849,047</u>	<u>6,474,959</u>
Less Investment Expense	<u>149,613</u>	<u>98,592</u>	<u>248,205</u>
Net Investment Income	<u>4,476,299</u>	<u>1,750,455</u>	<u>6,226,754</u>
Total Additions	<u>7,214,829</u>	<u>3,720,958</u>	<u>10,935,787</u>
DEDUCTIONS			
Administrative Expenses	93,508	9,834	103,342
Benefits	<u>2,384,552</u>	<u>1,433,814</u>	<u>3,818,366</u>
Total Deductions	<u>2,478,060</u>	<u>1,443,648</u>	<u>3,921,708</u>
Change in Net Position	4,736,769	2,277,310	7,014,079
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Net Position--Beginning of the Year	36,542,071	17,537,739	54,079,810
Net Position--End of the Year	<u>\$ 41,278,840</u>	<u>\$ 19,815,049</u>	<u>\$ 61,093,889</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2013

Exhibit F-3

	BVL Cooperating Parties Group	Bar Library	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 1,173,703	\$ 286,896	\$ 1,460,599
Accounts Receivable	-	20,258	20,258
Investments	1,038,208	-	1,038,208
	2,211,911	307,154	2,519,065
LIABILITIES			
Accounts Payable	7,088	18,504	25,592
Deferred Revenue	1,038,208	-	1,038,208
	1,045,296	18,504	1,063,800
NET POSITION			
Held in Trust	\$ 1,166,615	\$ 288,650	\$ 1,455,265
	1,166,615	288,650	1,455,265

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2013

Exhibit F-4

	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS			
Contributions and Donations	\$ 104,000	\$ 190,419	\$ 294,419
Interest and Dividends	6,216	430	6,646
Total Additions	<u>110,216</u>	<u>190,849</u>	<u>301,065</u>
DEDUCTIONS			
Contractual Services	<u>69,324</u>	<u>156,538</u>	<u>225,862</u>
Total Deductions	<u>69,324</u>	<u>156,538</u>	<u>225,862</u>
Change in Net Position	40,892	34,311	75,203
NET POSITION			
Net Position-Beginning of Year	<u>1,125,723</u>	<u>254,339</u>	<u>1,380,062</u>
Net Position-End of Year	<u>\$ 1,166,615</u>	<u>\$ 288,650</u>	<u>\$ 1,455,265</u>

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2013

Exhibit F-5

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
PASS-THROUGH GRANTS				
ASSETS				
Equity in Pooled Cash	\$ 2	\$ -	\$ 2	\$ -
Total Assets	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>
LIABILITIES				
Due to Beneficiary	\$ 2	\$ -	\$ 2	\$ -
Total Liabilities	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>
HEALTH CARE CONSORTIUM				
ASSETS				
Investments	\$ 11,135,579	\$ 4,121,598	\$ 3,895,017	\$ 11,362,160
Total Assets	<u>\$ 11,135,579</u>	<u>\$ 4,121,598</u>	<u>\$ 3,895,017</u>	<u>\$ 11,362,160</u>
LIABILITIES				
Due to Beneficiary	\$ 11,135,579	\$ 4,121,598	\$ 3,895,017	\$ 11,362,160
Total Liabilities	<u>\$ 11,135,579</u>	<u>\$ 4,121,598</u>	<u>\$ 3,895,017</u>	<u>\$ 11,362,160</u>
TOTAL ALL AGENCY FUNDS ASSETS				
Equity in Pooled Cash	\$ 2	\$ -	\$ 2	\$ -
Investments	11,135,579	4,121,598	3,895,017	11,362,160
Total Assets	<u>\$ 11,135,581</u>	<u>\$ 4,121,598</u>	<u>\$ 3,895,019</u>	<u>\$ 11,362,160</u>
LIABILITIES				
Due to Beneficiary	\$ 11,135,581	\$ 4,121,598	\$ 3,895,019	\$ 11,362,160
Total Liabilities	<u>\$ 11,135,581</u>	<u>\$ 4,121,598</u>	<u>\$ 3,895,019</u>	<u>\$ 11,362,160</u>



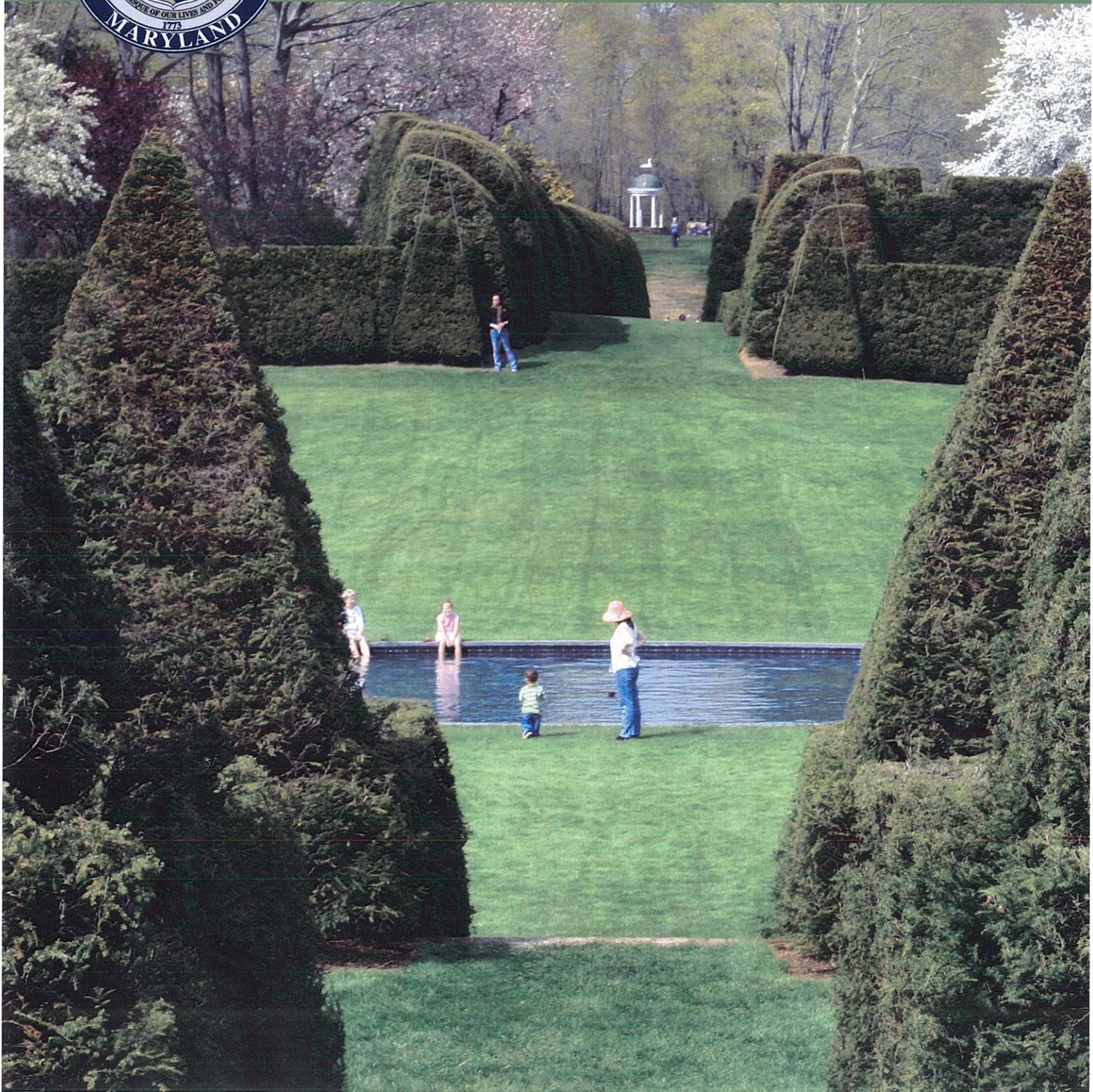
**The Promenade and the
Concord Point Lighthouse**

Havre de Grace





Statistical Section



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 Certified Public Accountants.

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

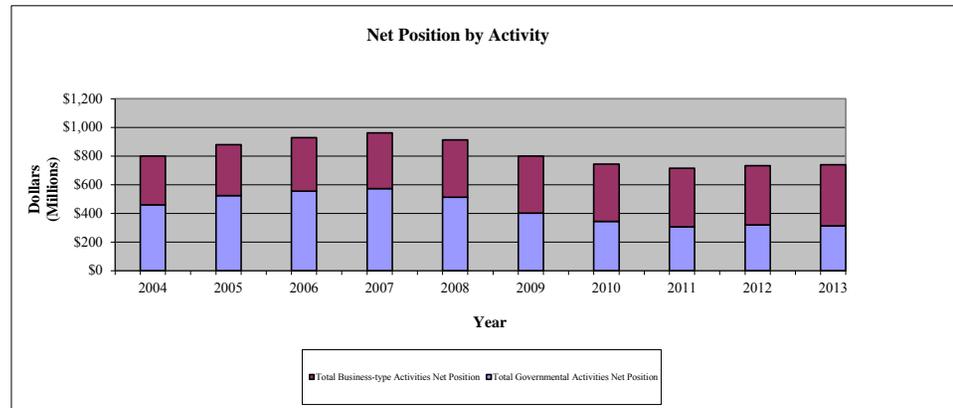
Tables 17 through 19 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Harford County, Maryland

Net Position by Component (accrual basis of accounting)

**Table 1
Last Ten Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 357,931,623	\$ 373,728,341	\$ 395,170,359	\$ 412,786,546	\$ 464,659,388	\$ 449,571,374	\$ 444,082,892	\$ 422,414,425	\$ 434,233,561	\$ 449,378,060
Restricted	58,792,889	60,274,990	63,909,160	76,961,572	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598	78,915,495
Unrestricted	41,887,313	91,040,906	96,748,018	83,544,901	(27,463,371)	(126,890,551)	(178,174,967)	(207,023,969)	(207,432,487)	(214,931,280)
Total Governmental Activities Net Position	\$ 458,611,825	\$ 525,044,237	\$ 555,827,537	\$ 573,293,019	\$ 513,403,768	\$ 401,523,335	\$ 343,796,741	\$ 307,257,563	\$ 320,549,672	\$ 313,362,275
Business-Type Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 219,478,767	\$ 229,285,930	\$ 241,947,408	\$ 256,147,742	\$ 264,079,863	\$ 277,437,097	\$ 285,389,182	\$ 290,793,475	\$ 303,842,266	\$ 322,126,658
Unrestricted	121,799,547	125,501,320	130,235,522	131,468,032	135,343,466	121,551,999	114,501,559	117,859,447	108,369,103	103,828,202
Total Business-type Activities Net Position	\$ 341,278,314	\$ 354,787,250	\$ 372,182,930	\$ 387,615,774	\$ 399,423,329	\$ 398,989,096	\$ 399,890,741	\$ 408,652,922	\$ 412,211,369	\$ 425,954,860
Primary Government										
Invested in Capital Assets,										
Net of Related Debt	\$ 577,410,390	\$ 603,014,271	\$ 637,117,767	\$ 668,934,288	\$ 728,739,251	\$ 727,008,471	\$ 729,472,074	\$ 713,207,900	\$ 738,075,827	\$ 771,504,718
Restricted	58,792,889	60,274,990	63,909,160	76,961,572	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598	78,915,495
Unrestricted	163,686,860	216,542,226	226,983,540	215,012,933	107,880,095	(5,338,552)	(63,673,408)	(89,164,522)	(99,063,384)	(111,103,078)
Total Primary Government Net Position	\$ 799,890,139	\$ 879,831,487	\$ 928,010,467	\$ 960,908,793	\$ 912,827,097	\$ 800,512,431	\$ 743,687,482	\$ 715,910,485	\$ 732,761,041	\$ 739,317,135



Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

Table 2
Last Ten Fiscal Years

Expenses (by function)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Government Activities</i>										
Agricultural Preservation	\$ 2,735,313	\$ 2,458,011	\$ 3,063,167	\$ 1,967,017	\$ 3,127,195	\$ 5,695,097	\$ 4,249,774	\$ 3,319,578	\$ 3,432,517	\$ 3,601,838
County Council	1,487,864	1,546,589	1,771,152	1,859,440	2,379,819	2,243,875	2,148,195	2,198,979	2,597,248	2,763,150
General Government	23,123,024	23,164,674	22,934,310	36,207,586	43,776,142	51,703,093	48,547,861	38,564,852	43,655,212	46,041,421
Education-Primary thru Com. College	181,753,439	197,639,393	237,071,869	241,576,927	297,182,465	319,330,062	291,542,340	257,424,328	256,361,884	248,045,564
Harford Center	367,731	382,143	432,143	482,143	532,142	582,143	553,036	553,036	553,036	553,036
Judicial	7,021,007	7,639,916	8,342,616	9,052,442	10,398,970	10,206,733	9,943,671	10,159,127	9,666,237	9,950,169
Libraries	10,783,353	13,838,222	17,313,195	12,894,760	16,406,652	16,809,566	16,446,279	21,721,995	17,359,356	17,314,092
Parks and Recreation	11,276,417	9,950,468	11,255,578	19,323,689	18,980,453	14,431,566	17,598,714	20,811,081	14,416,981	15,697,516
Public Safety	52,792,113	57,134,910	64,446,233	74,225,224	95,946,852	95,086,768	96,984,770	113,230,332	95,202,878	106,668,221
Public Works	42,579,379	43,118,390	66,827,829	56,214,545	73,819,429	60,809,936	74,378,929	63,368,723	61,916,296	60,279,965
Social Services & Health	20,164,881	20,683,885	22,780,840	25,119,209	26,492,857	28,677,264	29,228,702	29,806,456	28,365,201	28,769,204
Unallocated Debt Interest/Other Costs	7,619,473	7,852,493	8,498,206	8,202,236	9,995,430	10,563,561	13,071,359	19,962,786	18,871,700	14,273,378
Total Government Activities, as Restated	361,703,994	385,409,094	464,737,138	487,125,218	599,038,406	616,139,664	604,693,630	581,121,273	552,398,546	553,957,554
<i>Business-type Activities</i>										
Water and Sewer	33,605,134	34,271,051	35,899,779	36,525,841	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124
Total Business-type Activities	33,605,134	34,271,051	35,899,779	36,525,841	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124
Total Primary Government Expenses	\$ 395,309,128	\$ 419,680,145	\$ 500,636,917	\$ 523,651,059	\$ 639,115,430	\$ 657,002,312	\$ 646,208,405	\$ 622,980,781	\$ 595,352,013	\$ 604,058,678
Program Revenues										
<i>Government Activities</i>										
Charges for Services										
General Government	\$ 1,846,227	\$ 1,861,049	\$ 1,984,467	\$ 2,087,329	\$ 2,109,440	\$ 2,149,523	\$ 2,407,582	\$ 2,375,772	\$ 2,662,846	\$ 2,778,718
Public Safety	6,700,000	9,119,711	6,441,809	6,647,023	6,227,490	5,370,147	4,029,330	3,636,934	3,978,388	3,701,079
Public Works	13,123,511	13,706,892	14,678,365	14,754,084	16,734,280	11,573,060	13,345,821	12,048,111	14,151,371	13,570,360
Other Activities	1,161,341	1,257,179	1,302,711	1,300,942	1,340,804	1,170,172	2,194,432	1,373,949	1,511,258	1,553,179
Operating Grants and Contributions	28,017,918	27,829,602	32,667,246	33,674,068	34,867,362	36,473,746	33,788,214	28,476,585	25,216,324	30,926,766
Capital Grants and Contributions	10,601,993	19,323,654	23,626,095	17,680,246	17,557,762	9,210,506	17,130,252	21,112,129	10,270,108	11,878,363
Total Governmental Activities Program Revenue	61,450,990	73,098,087	80,700,693	76,143,692	78,837,138	65,947,154	72,895,631	69,023,480	57,790,295	64,408,465
<i>Business-type Activities</i>										
Charges for Services										
Operating Grants and Contributions	20,327,113	20,841,982	22,236,063	22,757,806	24,179,578	24,001,673	24,994,995	26,142,956	25,658,671	26,179,225
Capital Grants and Contributions	-	-	-	-	-	-	-	512,576	704,699	648,672
Total Business-type Activities Program Revenue	19,416,140	19,016,100	20,539,437	18,600,053	17,661,512	10,366,224	12,941,591	19,384,615	16,181,330	32,698,896
Total Primary Government Program Revenues	\$ 101,194,243	\$ 112,956,169	\$ 123,476,193	\$ 117,501,551	\$ 120,678,228	\$ 100,315,051	\$ 110,832,217	\$ 115,063,627	\$ 100,334,995	\$ 123,935,258
Net (Expense) Revenue										
<i>Government Activities, as Restated</i>										
	\$ (300,253,004)	\$ (312,311,007)	\$ (384,036,445)	\$ (410,981,526)	\$ (520,201,268)	\$ (550,192,510)	\$ (531,797,999)	\$ (512,097,793)	\$ (494,608,251)	\$ (489,549,089)
<i>Business-type Activities</i>										
	6,138,119	5,587,031	6,875,721	4,832,018	1,764,066	(6,494,751)	(3,578,189)	4,180,639	(408,767)	9,425,669
Total Primary Government Net Expense, as Restated	\$ (294,114,885)	\$ (306,723,976)	\$ (377,160,724)	\$ (406,149,508)	\$ (518,437,202)	\$ (556,687,261)	\$ (535,376,188)	\$ (507,917,154)	\$ (495,017,018)	\$ (480,123,420)

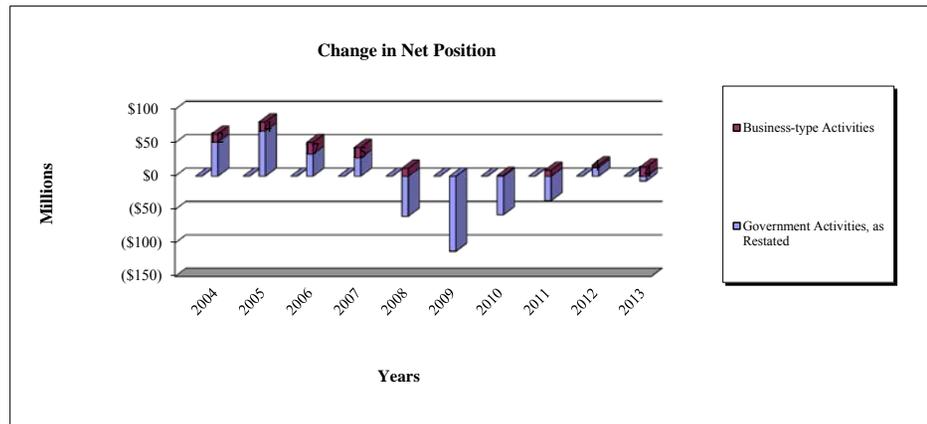
(continued)

Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

**Table 2 (continued)
Last Ten Fiscal Years**

General Revenues and Other Changes in Net Assets	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Government Activities</i>										
Taxes										
Property Taxes	\$ 169,062,889	\$ 180,609,309	\$ 195,158,988	\$ 218,160,400	\$ 243,355,073	\$ 269,385,374	\$ 286,733,047	\$ 290,004,412	\$ 295,910,417	\$ 286,926,355
Income Taxes	148,636,932	150,378,591	158,656,846	160,292,947	167,483,930	136,159,443	155,948,152	158,374,084	182,590,526	169,703,257
Other Taxes	30,167,280	38,728,179	48,152,486	41,225,896	31,524,076	21,920,852	25,609,883	23,980,727	22,791,891	24,124,916
Investment Earnings	1,244,606	7,754,509	9,566,164	14,410,465	15,068,189	7,883,023	5,094,195	2,113,223	5,607,895	(520,840)
Grants and Contributions	645,575	860,767	860,767	909,303	832,651	100,161	132,964	185,216	189,543	239,369
Miscellaneous	1,422,066	1,733,509	4,738,703	3,491,848	2,048,098	2,863,224	553,164	900,953	810,088	1,888,635
Total Governmental Activities	351,179,348	380,064,864	417,133,954	438,490,859	460,312,017	438,312,077	474,071,405	475,558,615	507,900,360	482,361,692
<i>Business-type Activities</i>										
Other Taxes	2,724,595	3,403,703	3,943,394	3,213,661	2,501,024	1,572,507	1,706,028	1,651,107	1,514,835	1,783,159
Investment Earnings	3,294,512	4,518,202	6,576,565	7,387,165	7,542,465	4,488,011	2,773,806	2,582,713	2,452,379	2,534,663
Miscellaneous	-	-	-	-	-	-	-	347,722	-	-
Total Business-type Activities	6,019,107	7,921,905	10,519,959	10,600,826	10,043,489	6,060,518	4,479,834	4,581,542	3,967,214	4,317,822
Total Primary Government	\$ 357,198,455	\$ 387,986,769	\$ 427,653,913	\$ 449,091,685	\$ 470,355,506	\$ 444,372,595	\$ 478,551,239	\$ 480,140,157	\$ 511,867,574	\$ 486,679,514
Change in Net Position										
<i>Government Activities, as Restated</i>	\$ 50,926,344	\$ 67,753,857	\$ 33,097,509	\$ 27,509,333	\$ (59,889,251)	\$ (111,880,433)	\$ (57,726,594)	\$ (36,539,178)	\$ 13,292,109	\$ (7,187,397)
<i>Business-type Activities</i>	12,157,226	13,508,936	17,395,680	15,432,844	11,807,555	(434,233)	901,645	8,762,181	3,558,447	13,743,491
Total Primary Government, as Restated	\$ 63,083,570	\$ 81,262,793	\$ 50,493,189	\$ 42,942,177	\$ (48,081,696)	\$ (112,314,666)	\$ (56,824,949)	\$ (27,776,997)	\$ 16,850,556	\$ 6,556,094



Harford County, Maryland

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nonspendable:										
Inventory	\$ 1,150,057	\$ 1,262,145	\$ 1,445,667	\$ 1,690,366	\$ 1,964,376	\$ 2,079,969	\$ 2,019,073	\$ 2,114,574	\$ 2,025,093	\$ 1,922,189
Prepaid	131,282	131,282	131,282	131,282	131,282	131,282	131,282	131,282	539,162	576,287
Long-term Receivable	2,815,638	1,759,653	803,569	750,852	695,894	907,399	1,449,301	538,285	471,561	398,743
	<u>4,096,977</u>	<u>3,153,080</u>	<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>	<u>3,035,816</u>	<u>2,897,219</u>
Restricted for:										
Health Department	21,887	4,440,320	-	-	-	-	-	-	-	-
Harford County Public Schools	6,150,508	37,855,522	2,260,747	11,911,872	13,698,754	17,044,211	6,279,957	13,711,336	8,358,301	2,660,492
Bond Proceeds	21,357,955	55,868	9,080,695	6,103,211	30,562,023	32,377,981	83,110,584	35,468,418	18,814,860	23,809,815
Beechtree Debt Service	-	-	-	-	-	-	-	-	2,089,432	1,994,150
General Fund Detention Center	11,536	-	177,409	386,861	554,510	765,303	952,289	1,010,310	1,010,012	899,169
Highways	-	-	-	-	-	-	-	-	-	39,518
Parks & Recreation	1,221,952	2,131,352	194,914	729,145	1,662	129,104	849,988	594,673	-	457,135
Grants	2,259,965	-	2,691,037	3,305,701	4,487,913	4,635,607	8,684,777	8,584,742	6,825,412	7,718,401
Lease Purchase Proceeds	-	5,028	-	8,155,360	1,224,637	-	1,191,984	-	-	-
	<u>31,023,803</u>	<u>44,488,090</u>	<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>	<u>37,098,017</u>	<u>37,578,680</u>
Committed to:										
Development Rights	17,933,640	21,181,535	19,920,299	22,756,704	32,953,506	37,983,430	42,038,898	43,308,194	51,212,976	48,873,277
	<u>17,933,640</u>	<u>21,181,535</u>	<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>	<u>51,212,976</u>	<u>48,873,277</u>
Assigned to:										
Appropriation of Fund Balance	21,657,928	49,156,651	36,573,989	43,543,890	30,124,908	9,754,106	12,031,257	50,646,722	32,774,997	27,863,378
Fiscal Stabilization Fund	19,182,771	22,603,453	24,535,175	26,529,534	27,296,784	25,738,539	25,745,240	27,028,071	27,792,167	28,056,319
Encumbrances	17,727,016	22,333,991	16,743,241	21,392,723	20,053,621	20,999,378	34,889,776	18,868,628	36,579,261	47,352,361
Other Post Employment Benefits	63,350	63,350	63,350	8,573,008	5,099,596	63,350	7,390,878	-	9,529,486	7,643,503
Landfill Closure Costs	9,718,184	10,296,512	11,122,509	11,501,927	12,663,965	15,301,157	15,500,786	9,020,231	17,961,438	13,732,971
WTE Plant Closure	-	-	-	-	-	-	-	-	-	4,000,000
Income Tax	-	-	-	-	-	-	-	-	-	2,439,735
Healthcare Consortium	-	-	-	-	-	-	-	-	-	2,112,308
Highways	7,639,383	5,112,485	4,292,902	856,893	9,079,727	14,217,744	14,380,858	11,661,675	6,158,931	2,533,371
Ag Preservation	9,014,130	15,569,317	22,320,467	16,416,611	11,708,279	1,220,005	3,467,777	5,146,399	2,575,330	2,740,326
Capital Projects	38,542,898	25,036,530	44,014,210	23,554,049	13,693,316	-	-	-	-	-
Non Major P&R Fund	76,013	-	25,630	35,737	24,480	76,424	114,506	225,413	334,332	405,112
	<u>123,621,673</u>	<u>150,172,289</u>	<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>	<u>133,705,942</u>	<u>138,879,384</u>
Unassigned:	22,003,739	31,738,528	30,801,310	22,826,647	7,275,141	12,953,584	8,126,063	7,310,375	17,942,179	6,933,118
Total Fund Balance	<u>\$ 198,679,832</u>	<u>\$ 250,733,522</u>	<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>	<u>\$ 242,994,930</u>	<u>\$ 235,161,678</u>

Harford County, Maryland

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

Table 4
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 336,284,877	\$ 364,815,190	\$ 397,052,086	\$ 422,717,106	\$ 438,882,450	\$ 452,667,810	\$ 466,531,995	\$ 480,666,752	\$ 496,535,537	\$ 495,330,898
Revenues from Other Agencies	32,157,865	34,682,711	38,652,065	42,139,431	47,211,851	39,468,501	46,537,712	43,118,868	29,749,668	33,686,277
Investment Income	1,131,601	7,554,516	9,233,932	13,985,693	14,564,031	7,658,217	5,043,402	2,079,353	5,581,671	(542,222)
Charges for Current Services	18,364,374	22,175,765	20,657,426	20,936,913	21,348,472	18,410,619	16,194,617	15,688,351	18,136,842	17,374,063
Miscellaneous	1,601,605	2,209,668	2,328,712	4,348,707	3,547,649	3,659,409	3,152,079	3,284,872	2,478,915	3,534,451
Licenses and Permits	3,405,141	3,391,013	3,429,632	3,412,684	3,108,872	2,746,769	3,152,131	3,302,291	3,602,640	3,637,218
Fines and Forfeitures	293,387	378,053	320,294	439,781	520,451	293,516	715,952	227,873	340,840	383,513
Total Revenues	<u>393,238,850</u>	<u>435,206,916</u>	<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>	<u>556,426,113</u>	<u>553,404,198</u>
EXPENDITURES										
Agricultural Preservation	5,411,510	4,503,005	3,390,559	6,740,532	23,120,378	14,419,355	1,069,805	188,385	7,417,674	2,486,811
County Council	1,483,520	1,560,253	1,753,619	1,894,779	2,499,875	2,181,966	2,077,277	2,191,906	2,495,986	2,750,755
General Government	23,037,144	22,637,479	24,667,799	28,921,206	36,931,065	43,946,514	39,126,361	33,984,438	39,610,270	37,250,164
Education-Primary thru Comm. College	159,838,878	166,326,151	189,193,543	204,193,543	215,393,543	222,918,540	226,354,606	225,580,152	232,933,767	234,782,980
Harford Center	367,731	382,143	432,143	482,143	532,143	582,143	553,036	553,036	553,036	553,036
Judicial	6,540,613	7,225,955	7,829,181	8,530,681	9,658,821	9,489,000	9,190,480	9,525,838	9,596,365	9,856,080
Libraries	10,361,806	11,646,499	13,105,781	14,361,956	15,705,461	16,135,917	15,312,147	15,112,147	15,692,144	16,054,666
Parks, Recreation and Natural Resources	6,964,965	7,815,100	8,379,757	9,616,126	11,356,395	11,140,363	10,436,404	10,864,188	10,853,176	11,626,440
Public Safety	50,229,709	56,318,711	63,317,434	69,010,378	88,947,220	86,708,998	89,322,138	94,157,346	91,778,607	98,418,762
Public Works	32,390,927	34,574,637	37,785,746	41,461,050	48,226,571	43,296,084	43,737,049	41,088,647	38,448,739	40,468,362
Social Services	20,525,377	20,177,851	22,063,636	24,183,444	26,433,379	29,229,188	28,775,089	27,393,475	27,337,422	31,740,859
Capital Outlay	50,991,391	73,025,553	92,586,151	86,959,198	139,888,861	146,470,982	118,270,600	89,082,362	61,703,327	53,425,443
Debt Service										
Principal	18,444,292	17,266,837	21,686,606	18,050,332	20,403,260	22,135,758	23,386,490	26,060,395	35,109,464	33,879,261
Interest	9,461,803	10,030,592	10,596,280	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163
Forgiveness of Long-term debt	-	850,000	-	-	-	-	-	-	-	-
Administrative Cost	255,893	302,312	159,045	470,370	567,990	685,625	1,210,978	1,197,249	642,797	586,418
Total Expenditures	<u>396,305,559</u>	<u>434,643,078</u>	<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>597,671,651</u>	<u>596,470,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,066,709)</u>	<u>563,838</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>	<u>(41,245,538)</u>	<u>(43,066,002)</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	27,214,887	31,312,152	53,649,718	47,973,433	48,620,080	43,873,509	30,132,690	34,565,953	36,423,583	55,519,578
Transfers (Out)	(27,214,887)	(31,312,152)	(53,649,718)	(47,973,433)	(48,620,080)	(43,873,509)	(30,132,690)	(33,068,114)	(36,423,583)	(55,519,578)
Issuances of Bonds	23,870,000	35,905,000	-	-	95,900,000	96,100,000	143,556,120	14,000,000	40,000,000	30,000,000
Issuances of Refunding Bonds	13,154,444	-	-	-	-	21,738,036	25,161,828	-	6,931,393	59,750,398
Premium on Issuance of Bonds	-	2,908,731	-	-	5,901,161	8,106,323	14,359,593	-	2,347,926	13,638,004
Issuance of Installment Purchase Agreements	2,638,004	929,032	1,554,491	2,669,752	12,537,691	7,065,889	-	-	6,995,127	2,013,095
Issuance of Notes and Leases	-	11,635,000	-	18,231,849	700,000	1,316,999	1,186,000	-	-	-
Payment to Escrow Agent for Refunding	(13,154,444)	-	-	-	-	(22,812,194)	(28,885,874)	-	(7,313,825)	(70,065,844)
Total Other Financing Sources(Uses)	<u>26,508,004</u>	<u>51,377,763</u>	<u>1,554,491</u>	<u>20,901,601</u>	<u>115,038,852</u>	<u>111,515,053</u>	<u>155,377,667</u>	<u>15,497,839</u>	<u>48,960,621</u>	<u>35,335,653</u>
Net Change in Fund Balances	<u>\$ 23,441,295</u>	<u>\$ 51,941,601</u>	<u>\$ (23,718,642)</u>	<u>\$ 3,709,272</u>	<u>\$ (8,132,010)</u>	<u>\$ (27,031,394)</u>	<u>\$ 72,037,588</u>	<u>\$ (33,081,447)</u>	<u>\$ 7,715,083</u>	<u>\$ (7,730,349)</u>

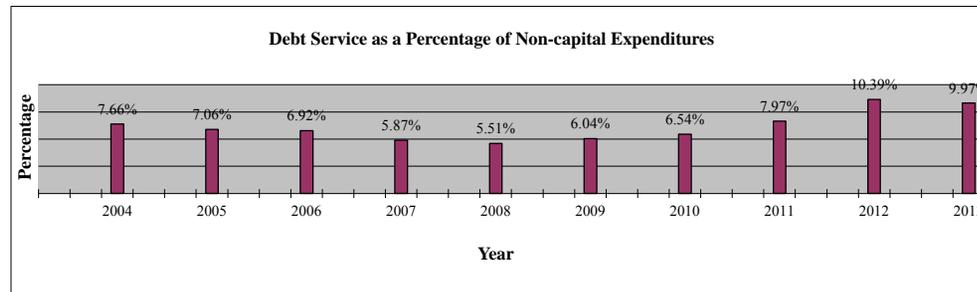
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures

Table 5
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Expenditures	\$ 396,305,559	\$ 434,643,078	\$ 496,947,280	\$ 525,172,644	\$ 652,354,638	\$ 663,451,288	\$ 624,667,967	\$ 596,947,646	\$ 597,671,651	\$ 596,470,200
(1) Less Capital Asset Expenditures	31,779,050	47,847,785	30,601,719	41,900,223	51,462,491	63,496,219	24,528,046	19,300,086	33,395,752	30,214,888
Non-capital Expenditures	\$ 364,526,509	\$ 386,795,293	\$ 466,345,561	\$ 483,272,421	\$ 600,892,147	\$ 599,955,069	\$ 600,139,921	\$ 577,647,560	\$ 564,275,899	\$ 566,255,312
Debt Service Expenditures										
Principal	\$ 18,444,292	\$ 17,266,837	\$ 21,686,606	\$ 18,050,332	\$ 20,403,260	\$ 22,135,758	\$ 23,386,490	\$ 26,060,395	\$ 35,109,464	\$ 33,879,261
Interest	9,461,803	10,030,592	10,596,280	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163
Forgiveness of Long-term debt	-	850,000	-	-	-	-	-	-	-	-
Administrative Cost	255,893	302,312	159,045	470,370	567,990	685,625	1,210,978	1,197,249	642,797	586,418
Total Debt Service Expenditures	\$ 28,161,988	\$ 28,449,741	\$ 32,441,931	\$ 28,817,608	\$ 33,660,926	\$ 36,932,238	\$ 40,442,975	\$ 47,225,726	\$ 59,251,138	\$ 57,055,842
Principal and Interest as a Percentage of Non-capital Expenditures	<u>7.66%</u>	<u>7.06%</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>	<u>10.39%</u>	<u>9.97%</u>

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

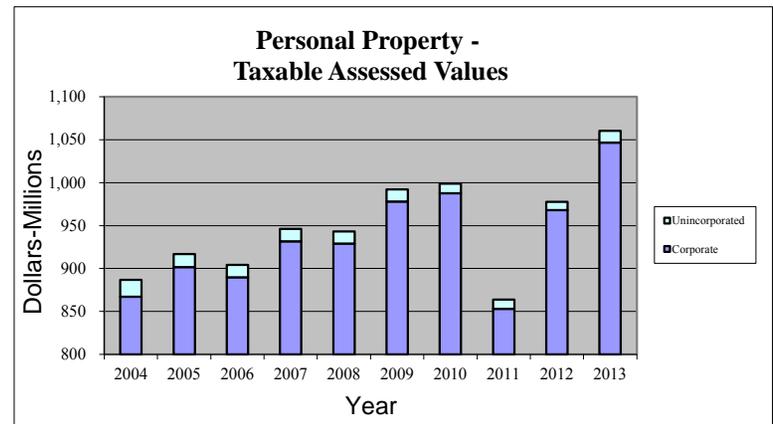
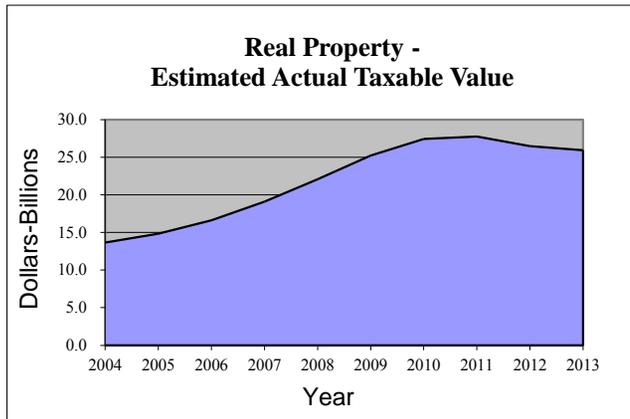


Harford County, Maryland

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				Personal Property		
	Assessed Value	Exempt Property	Taxable Assessed Value	Real Property Direct Tax Rate	Corporate Taxable Assessed Value	Unincorporated Taxable Assessed Value	Personal Property Direct Tax Rate
2004	\$ 15,527,295,683	\$ 1,871,639,589	\$ 13,655,656,094	1.092	\$ 866,976,420	\$ 19,634,220	2.730
2005	16,726,025,577	1,896,309,164	14,829,716,413	1.092	901,577,340	15,330,820	2.730
2006	18,548,656,553	1,940,013,808	16,608,642,745	1.082	889,899,840	14,181,420	2.705
2007	21,102,242,472	2,014,779,364	19,087,463,108	1.082	931,753,570	14,438,670	2.705
2008	24,150,504,718	2,085,913,339	22,064,591,379	1.082	929,164,770	14,066,570	2.705
2009	27,438,977,269	2,225,139,558	25,213,837,711	1.082	978,058,220	13,982,600	2.705
2010	29,765,437,549	2,346,618,410	27,418,819,139	1.064	987,547,770	11,403,430	2.660
2011	30,248,925,066	2,506,869,202	27,742,055,864	1.042	853,133,530	10,730,670	2.605
2012	28,999,153,255	2,535,432,934	26,463,720,321	1.042	967,854,980	9,828,620	2.605
2013	28,565,045,698	2,644,365,574	25,920,680,124	1.042	1,046,509,272	13,921,700	2.605



(1) Assessed values are established by the MD 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 Years 2008 and prior; 9% for Fiscal Years 2009 and 2010; and 5% for Fiscal Year 2011 forward. Personal Property tax rates are 2.5 times the real property tax rate.

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	Special	Total	Town	City	City of
	Fund (2)	Revenue Fund (3)	Direct Tax Rate	of Bel Air (4)	of Aberdeen (4)	Havre de Grace (4)
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	0.6875	0.600
2012	0.896	0.146	1.042	0.500	0.6800	0.590
2013	0.896	0.146	1.042	0.500	0.6800	0.580

Fiscal Year Ending June 30	County Direct Personal Property Tax Rate			Overlapping Personal Property Tax Rates		
	General	Special	Total	Town	City	City of
	Fund (2)	Revenue Fund (3)	Direct Tax Rate	of Bel Air (4)	of Aberdeen (4)	Havre de Grace (4)
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
2012	2.240	0.365	2.605	1.160	1.700	1.705
2013	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 municipality's 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

**Table 8
Current Fiscal Year and Ten Years Ago**

Fiscal Year	2013			
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 329,296,920	\$ 8,474,983	1.22%
Exelon Generation Company	Non-Utility Generator	81,179,955	2,114,738	0.30%
Verizon - Maryland	Public Utility	65,915,670	1,639,368	0.24%
PEPCO Energy Power Company	Non-Utility Generator	49,865,000	1,298,983	0.18%
Constellation Power Source Generation Inc.	Non-Utility Generator	48,735,580	1,269,561	0.18%
MCI Communication Services	Public Utility	42,183,220	1,098,741	0.16%
Harford Mall Business Trust	Shopping Center	29,738,125	666,134	0.11%
Comcast of Harford County LLC	Cable Provider	23,692,143	594,097	0.09%
Festival at Bel Air LLC	Shopping Center	23,675,714	616,752	0.09%
Wells Fargo Northwest	Office/Industrial Ctr.	16,960,625	441,824	0.06%
		<u>711,242,952</u>	<u>\$ 18,215,181</u>	<u>2.64%</u>
Total Assessed Valuation		\$ 26,981,111,096		

Fiscal Year	2004			
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 258,142,710	\$ 6,982,263	1.89%
Verizon - Maryland	Public Utility	91,697,790	2,398,446	0.67%
Susquehanna Power Company	Public Utility	79,414,435	1,976,519	0.58%
MCI WorldCom	Public Utility	57,400,000	1,565,872	0.42%
GPS Maryland, Inc.	Office/Industrial Ctr	18,021,760	491,994	0.13%
Wells Fargo Northwest	Office/Industrial Ctr	47,516,532	478,255	0.35%
Columbia Gas Transmission	Public Utility	16,164,270	441,248	0.12%
Harford Mall Business Trust	Shopping Center	45,634,400	416,374	0.33%
State of Wisconsin Investment Board	Office/Industrial Ctr	39,985,966	415,207	0.29%
Festival at Bel Air LLC	Shopping Center	41,329,500	403,668	0.30%
		<u>695,307,363</u>	<u>\$ 15,569,846</u>	<u>5.08%</u>
Total Assessed Valuation		\$ 13,655,656,094		

SOURCE: Harford County Department of the Treasury

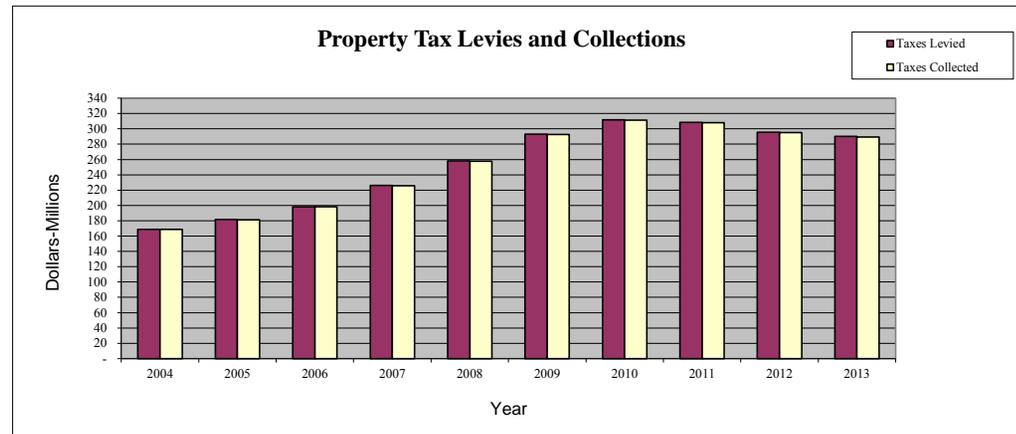
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

Harford County, Maryland

Property Tax Levies and Collections

Table 9
Last Ten Fiscal Years

Year Ending June 30	Taxes Levied for the Fiscal Year	Taxes Levied In Subsequent Years	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		
2004	\$ 168,578,920	\$ 117,730	\$ 168,696,650	\$ 167,999,826	99.59%	\$ 610,209	\$ 168,610,035	\$ 86,615	0.05%	
2005	181,818,028	(308,570)	181,509,458	181,184,501	99.82%	169,710	181,354,211	155,247	0.09%	
2006	198,425,279	(105,962)	198,319,317	197,681,023	99.68%	491,220	198,172,243	147,074	0.07%	
2007	225,865,922	94,784	225,960,706	225,203,456	99.66%	630,763	225,834,219	126,487	0.06%	
2008	256,925,595	1,117,325	258,042,920	255,936,685	99.18%	1,941,906	257,878,591	164,329	0.06%	
2009	292,351,782	617,081	292,968,863	290,917,209	99.30%	1,841,492	292,758,701	210,162	0.07%	
2010	310,635,791	1,181,190	311,816,981	309,581,012	99.28%	1,942,330	311,523,342	293,639	0.09%	
2011	304,126,005	4,396,769	308,522,774	303,254,570	98.29%	4,937,714	308,192,284	330,490	0.11%	
2012	295,797,824	(318,905)	295,478,919	293,408,627	99.30%	1,631,679	295,040,306	438,613	0.15%	
2013	290,142,026	-	290,142,026	289,161,782	99.66%	-	289,161,782	980,244	0.34%	



Harford County, Maryland

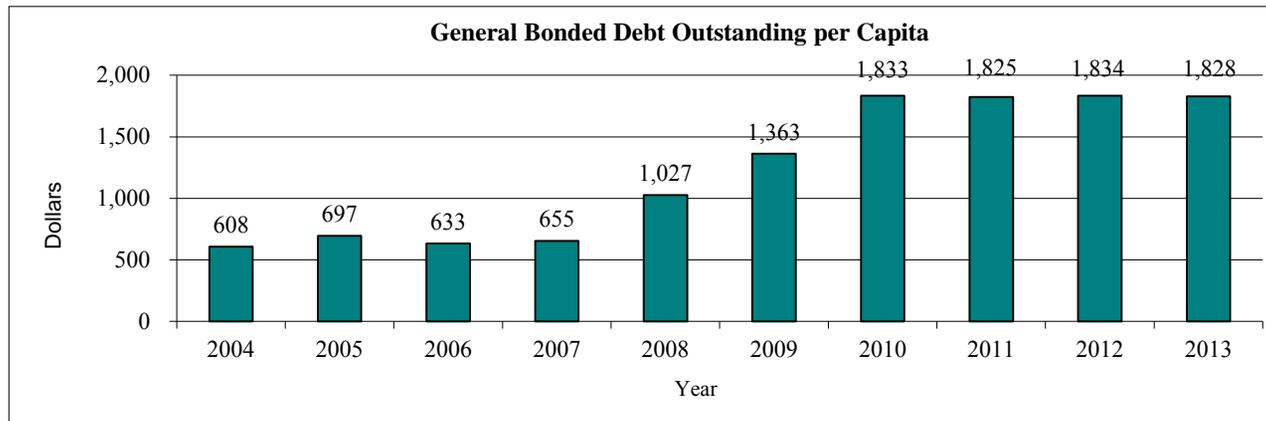
Ratios of General Bonded Debt Outstanding (1)

Table 10
Last Ten Fiscal Years

Year Ending June 30	Governmental General Obligation Debt (2)	Business-type General Obligation Debt	Less Amounts to be Paid with Restricted Resources (3)	Net General Bonded Debt	Percentage of Actual Assessed Value of Property (4)	Per Capita (4)
2004	\$ 180,976,494	\$ 85,059,837	\$ 123,297,887	\$ 142,738,444	0.98%	\$ 608
2005	204,436,901	82,783,768	121,158,041	166,062,628	1.05%	697
2006	191,290,866	68,994,713	107,627,411	152,658,168	0.87%	633
2007	198,511,893	60,545,635	100,736,470	158,321,058	0.79%	655
2008	301,845,832	74,514,748	126,944,354	249,416,226	1.08%	1,027
2009	390,165,496	88,379,669	146,485,275	332,059,890	1.27%	1,363
2010	506,690,179	128,412,388	185,512,510	449,590,057	1.58%	1,833
2011	506,315,389	125,771,843	181,951,421	450,135,811	1.57%	1,825
2012	518,004,780	131,616,764	193,675,340	455,946,204	1.66%	1,834 (5)
2013	513,699,874	132,469,669	193,574,381	452,595,162	1.68%	1,828 (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 2009 Lease Purchase are backed by the full faith and credit and unlimited taxing authority of the County.
- (3) Agricultural Land Preservation debt and Water and 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 and Water and Sewer debt is paid from the Water and Sewer Enterprise Fund.
- (4) Information from Tables 6 and 15.
- (5) Personal income and population information were estimated for fiscal years 2012 and 2013 because data was unavailable.

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



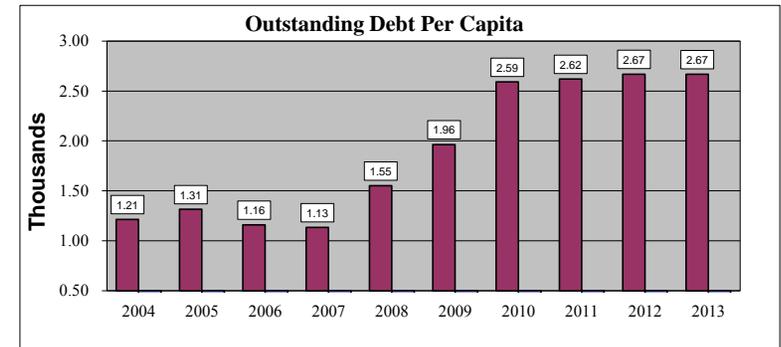
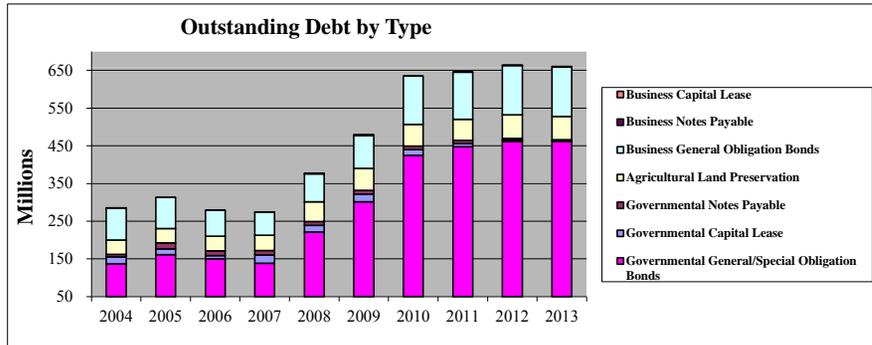
Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

Table 11
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities					Business-type Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General/Special Obligation Bonds	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities	General Obligation Bonds	Notes Payable	Capital Lease Obligation	Total Business-type Activities			
2004	\$ 136,566,067	\$ 18,896,526	\$ 6,397,725	\$ 38,012,702	\$ 199,873,020	\$ 85,059,837	\$ 225,348	\$ -	\$ 85,285,185	\$ 285,158,205	3.30%	1,214
2005	161,388,248	14,885,073	15,814,155	38,179,497	230,266,973	82,783,768	194,776	-	82,978,544	313,245,517	3.40%	1,314
2006	150,076,668	8,955,750	12,511,500	38,632,698	210,176,616	68,994,713	171,238	-	69,165,951	279,342,567	2.87%	1,158
2007	138,106,697	22,584,599	11,870,000	40,508,347	213,069,643	60,228,123	138,950	317,512	60,684,585	273,754,228	2.65%	1,133
2008	221,313,649	17,406,894	10,590,000	52,535,289	301,845,832	74,150,409	105,683	258,656	74,514,748	376,360,580	3.46%	1,550
2009	301,480,584	20,325,901	10,181,999	58,177,012	390,165,496	88,110,699	71,406	197,564	88,379,669	478,545,165	4.30%	1,964
2010	425,205,736	14,801,760	9,582,561	57,100,122	506,690,179	128,242,149	36,089	134,150	128,412,388	635,102,567	5.53%	2,590
2011	447,558,610	8,590,078	7,987,123	56,179,578	520,315,389	125,140,703	-	631,140	125,771,843	646,087,232	5.31%	2,619
2012	462,132,841	2,941,940	4,871,422	62,058,577	532,004,780	131,235,775	-	380,989	131,616,764	663,621,544	5.31%	(3) 2,669 (3)
2013	462,229,857	1,294,584	3,070,721	61,104,712	527,699,874	132,276,225	-	193,444	132,469,669	660,169,543	5.15%	(3) 2,667 (3)

- (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 for fiscal years 2012 and 2013 were estimated because data was unavailable.



Harford County, Maryland

Legal Debt Margin Information

Table 12
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to the Limit</u>	<u>Legal Debt Margin</u>	<u>Total Debt Applicable to the Limit as a % of Debt Limit</u>
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%
2012	1,734,475,759	455,946,203	1,278,529,556	26.29%
2013	1,714,305,453	452,595,162	1,261,710,291	26.40%

Legal Debt Margin Calculation for Fiscal Year 2013

(1) Net Assessed Value-Real Property	\$ 25,920,680,124	
(2) Debt Limit=6% of Net Assessed Value - Real Property		\$ 1,555,240,807
(1) Assessed Value--Personal Property	<u>1,060,430,972</u>	
(2) Debt Limit=15% of Net Assessed Value - Personal Property		<u>159,064,646</u>
Total Debt Limit		1,714,305,453
(3) Amount of Debt Applicable to Debt Limit	660,169,543	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(61,104,712)	
(3) Debt Payable from Debt Service Fund	(14,000,000)	
(3) Debt Payable from Enterprise Revenues	<u>(132,469,669)</u>	
Total debt applicable to Debt Limitation		<u>452,595,162</u>
Legal debt margin		<u>\$ 1,261,710,291</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</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	\$ 527,699,874 ⁽¹⁾	\$ 22,634,442,654	83.89%	\$ 473,182,469
Overlapping				
Aberdeen	5,004,101	1,408,402,065	5.22%	29,443,468
Bel Air	2,745,768	1,414,448,629	5.24%	29,556,278
Havre de Grace	28,601,359	1,523,817,748	5.65%	31,868,887
<i>Total Overlapping Debt</i>	36,351,228	4,346,668,442	16.11%	90,868,633
Total	\$ 564,051,102	\$ 26,981,111,096	100.00%	\$ 564,051,102

(1) Source: Total of government activities debt on Table 11.

(2) Table 6.

(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 business with the County.

Harford County, Maryland

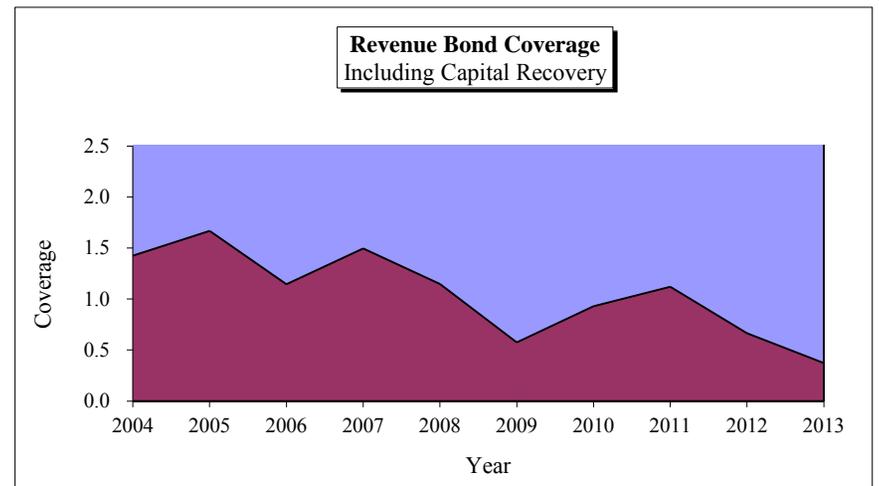
**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**Table 14
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Gross Revenues (2)	Area Connection Charges	Benefit Assessment	User Assessments and Surcharges	Total Gross Revenues	Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
								Principal	Interest	Total	
2004	\$ 26,346,220	\$ 1,530,350	\$ 1,581,711 ⁽⁵⁾	\$ 9,331,722	\$ 38,790,003	\$ 20,362,395	\$ 18,427,608	\$ 9,478,117	\$ 3,451,319	\$ 12,929,436	1.43
2005	28,763,887	1,629,350	980,754	10,246,968	41,620,959	20,860,714	20,760,245	9,091,960	3,354,360	12,446,320	1.67
2006	32,756,022	1,106,200	878,150	7,792,887	42,533,259	22,735,508	19,797,751	14,094,946	3,192,596	17,287,542	1.15
2007	33,358,632	861,100	632,759	6,968,474	41,820,965	24,600,291	17,220,674	8,918,773	2,593,948	11,512,721	1.50
2008	34,223,067	1,127,600	658,689	8,567,130	44,576,486	28,777,126	15,799,360	10,924,897	2,843,674	13,768,571	1.15
2009	30,062,191	553,400	691,019	5,620,994	36,927,604	29,354,696	7,572,908	10,368,564	2,797,801	13,166,365	0.58
2010	29,474,829	3,714,030	716,553	7,671,946	41,577,358	29,149,190	12,428,168	10,031,325	3,342,871	13,374,196	0.93
2011	31,237,074	4,814,179	746,977	7,985,323	44,783,553	27,598,274	17,185,279	10,346,027	4,993,322	15,339,349	1.12
2012	30,330,584	602,650	772,003	7,187,943	38,893,180	28,395,794	10,497,386	11,036,098	4,754,184	15,790,282	0.66
2013	31,145,719	808,550	860,161	7,205,139	40,019,569	34,875,138	5,144,431	9,388,778	4,407,906	13,796,684	0.37

- (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 net of refunded bonds.
- (5) 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.



Harford County, Maryland

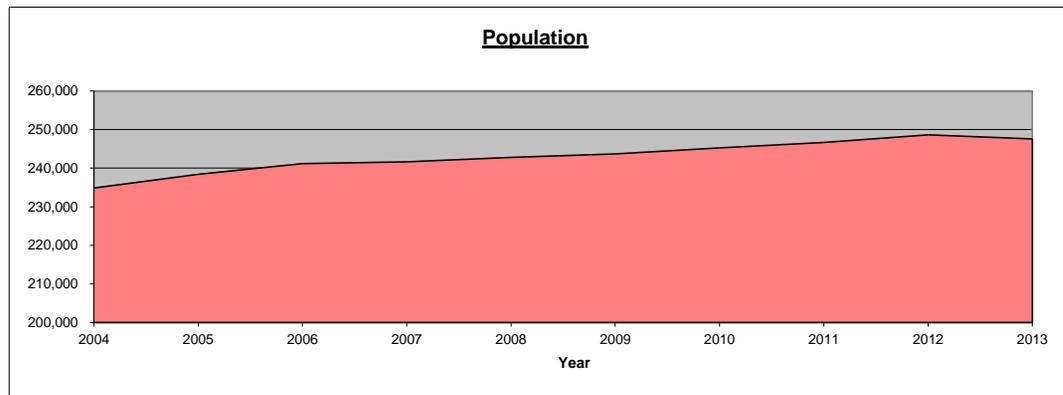
Demographic Statistics

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)
2004	234,849	\$ 36,664	\$ 8,618,412	4.0%	40,204	36.8	27.6%
2005	238,402	38,595	9,218,447	4.1%	40,313	37.2	27.7%
2006	241,163	40,609	9,728,548	3.7%	40,212	37.5	27.6%
2007	241,634	43,106	10,319,796	3.8%	39,582	37.7	27.7%
2008	242,779	45,091	10,884,557	4.1%	39,175	37.8	27.8%
2009	243,685	45,893	11,129,722	7.7%	38,610	38.1	27.6%
2010	245,243	46,871	11,492,284	7.3%	38,637	38.1	30.3%
2011	246,651	49,329	12,159,148	7.3%	38,394	38.3	30.5%
2012	248,622	Not Available	Not Available	7.4%	38,224	39.2	28.9%
2013	247,570	Not Available	Not Available	7.5%	37,868	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2013 provided population estimates for FY2004 thru FY2012. Harford County Department of Planning and Zoning provided population estimates for FY2013.
- (2) U.S. Bureau of Economic Analysis Table CA04, April, 2012
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, April 2013
- (4) Harford County Public Schools
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning and Zoning



Harford County, Maryland

Principal Employers

Table 16
Current Fiscal Year and Ten Years Ago

Fiscal Year	2013		
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	15,582	1	21.68%
Harford County Public Schools	5,369	2	7.47%
Upper Chesapeake Health	3,000	3	4.17%
Harford County Government	1,591	4	2.21%
Rite Aid Mid-Atlantic Customer Support Center	1,167	5	1.62%
Harford Community College	1,006	6	1.40%
Jacobs Technology	865	7	1.20%
Kleins Shoprite	800	8	1.11%
Sephora Central Distribution	700	9	0.98%
SAIC	664	10	0.93%
Total	30,744		42.77%
Total County Employment (2) (3)	71,886		100%

Fiscal Year	2004		
	Number of Employees (4)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	11,081	1	15.75%
Harford County Public Schools	4,581	2	6.51%
Upper Chesapeake Health System	2,100	3	2.99%
Harford County Government	1,387	4	1.97%
Harford Community College	976	5	1.39%
Rite Aid Mid-Atlantic Customer Support Ctr.	923	6	1.31%
Saks Fifth Avenue	500	7	0.71%
Frito Lay	475	8	0.68%
Custom Direct	458	9	0.65%
Total	22,481		31.96%
Total County Employment (2)	70,346		100%

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) U.S. Census Bureau, Center for Economic Studies, August 2013
- (3) Calendar Year 2012
- (4) Harford County Budget in Brief-Fiscal Year 2004; 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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agricultural Preservation										
Acres of Farm Land in Preservation Program	22,246	23,390	24,078	25,007	32,623	34,387	34,723	35,024	36,563	37,195
General Government										
Office Buildings	12	12	12	13	13	13	13	13	13	13
Garage	1	1	1	1	1	1	1	1	1	1
Vehicles	37	40	39	40	40	30	34	42	36	36
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	1	1
Community College	1	1	1	1	1	1	1	1	1	1
Elementary Schools	32	32	32	32	32	32	32	32	33	33
High Schools	8	8	8	8	9	9	9	9	9	9
Middle Schools	8	8	8	8	9	9	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	2	2	3	2	2	2	2	2	2	2
Libraries	10	10	11	11	11	11	11	11	11	11
Parks and Recreation										
Number of Parks	98	79	80	83	88	89	91	91	93	93
Acres of Land	3,850	4,001	4,068	4,150	4,588	4,612	4,640	4,640	4,594	4473
Vehicles	83	91	93	100	100	86	88	86	52	57
Public Safety										
Detention Center	1	1	1	1	1	1	1	1	1	1
Number of Stations	3	3	3	3	3	3	3	3	4	4
Number of Patrol Vehicles	171	171	178	194	197	210	196	191	191	193
Number of Other Vehicles	118	139	137	145	145	148	157	176	174	176
Firing Range	1	1	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	12	12	10	10	6	6	9	9	11
Hazmat Vehicles	4	6	8	12	12	10	11	10	10	11
DILP Vehicles	23	24	27	30	30	29	23	27	25	25
Animal Control Vehicles	12	15	15	16	16	13	10	7	7	6

(continued)

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>(continued)</i>										
Public Works										
Highways										
County Maintained Roads-Paved Miles	962	974	988	992	994	998	1,000	1,002	1,008	1011
County Maintained Roads-Unpaved Miles	52	50	50	49	48	47	46	46	47	46
Office Buildings	4	4	4	6	6	6	6	6	6	6
Equipment Sheds	3	3	4	4	4	4	4	4	4	4
Truck Bay	1	1	1	1	1	1	1	1	1	1
Salt Dome	1	1	1	2	2	2	2	2	2	2
Vehicles	312	314	314	313	332	371	314	332	296	291
Water & Sewer										
Miles of Water Mains and Laterals (2)	737	749	603	657	661	687	690	691	685	683
Water Treatment Plants	3	3	3	3	3	3	3	3	3	3
Booster Stations	13	12	12	12	12	12	12	12	12	12
Water Tanks	13	13	13	13	13	13	13	13	13	12
Miles of Wastewater Mains and Laterals (2)	898	914	670	746	754	762	765	766	770	776
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	54	52	52	52	53	54	55	55	55	56
Waste Disposal										
Waste to Energy Facility	1	1	1	1	1	1	1	1	1	1
Vehicles	10	17	17	21	19	19	19	20	12	11
Landfills										
Buildings	3	3	3	3	3	3	3	3	3	3
Vehicles	69	73	81	81	88	88	77	59	55	50
Social Services & Health										
Senior/Activity Centers	4	4	4	4	4	4	5	6	6	6
Buses	29	28	31	34	34	34	33	36	31	43
Office Buildings	5	5	5	5	5	5	5	5	5	5
Transportation Facility	1	1	1	1	1	1	1	1	1	1
Other Vehicles	9	6	5	7	11	11	6	13	12	12

(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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Agricultural Preservation</u>										
Number of Settlements	26	10	10	12	20	20	-	-	9	6
<u>County Council</u>										
Number of bills introduced	61	49	40	51	70	42	46	46	67	54
Number of bills passed	55	43	32	40	67	39	39	42	57	52
<u>General Government</u>										
<u>Land Use</u>										
Total Acres	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727
Percent Residential	15.00%	15.00%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	27.27%	27.27%
Percent Agricultural	39.40%	39.40%	36.70%	36.70%	36.70%	36.70%	36.70%	36.70%	29.25%	29.25%
Percent Commercial	1.90%	1.90%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.52%	2.52%
<u>Inspections & Permits</u>										
Permits issued	18,260	19,332	17,922	20,523	16,582	13,687	11,937	14,019	14,633	15,896
Com. Construction Permits	60	84	127	92	85	50	18	348	35	22
Res. Construction Permits	1,733	2,043	1,483	920	666	494	681	713	577	459
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed- Calendar Yr	1,856	1,948	2,324	2,368	2,331	2,184	2,162	2,067	2,066	2,188
<u>District Court</u>										
Number of cases filed-Calendar Yr	6,447	8,002	7,661	8,754	7,646	8,320	8,513	8,372	8,202	7,658
<u>Education</u>										
<u>Board of Education</u>										
Administrators	227	234	247	253	270	269	275	274	266	260
Support	1,650	1,684	1,835	1,853	1,919	1,976	1,983	2,105	2,073	2,064
Teachers/Counselors/Mentors	2,824	2,846	2,949	3,076	3,117	3,088	3,092	3,100	3,101	3,045
Number of Students	40,203	40,294	40,212	39,571	39,175	38,610	38,639	38,394	38,224	37,868
<u>Community College</u>										
Number of credit students	4,920	4,958	5,059	5,172	5,437	5,838	6,324	6,482	6,547	6,481
Faculty	475	476	481	481	473	473	497	480	474	471
Administrators	25	26	24	31	33	33	33	33	32	32
Staff	442	412	459	374	395	395	411	426	454	461
Visiting professors	34	31	33	35	38	38	41	37	39	42
<u>Libraries</u>										
Number of registered borrowers	199,240	211,585	225,802	240,112	185,728	201,032	214,116	163,129	175,887	182,000
Circulation (000)	2,809	3,228	3,567	3,990	4,466	4,851	4,699	4,815	4,500	4,111
Materials Collection (000)	1,008	1,021	1,016	1,050	1,051	1,003	1,032	1,025	994	941
Library personnel	225	214	245	247	252	242	236	239	241	241

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>(continued)</i>										
<u>Parks and Recreation</u>										
Volunteer recreation councils	20	20	20	20	20	20	21	22	22	23
Number of P&R Volunteers	22,352	23,279	22,942	23,078	23,747	29,574	42,731	32,840	25,115	17,659
Recreation Registrations-Calendar Yr	72,554	73,258	78,943	75,605	78,587	77,149	69,382	79,169	84,177	n/a
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	707	1,520	1,520	1,520	1,520	1,520	1,520	1,483	1,145	1,123
Fire & EMS responses	21,439	23,613	23,423	24,239	28,227	32,132	24,997	26,089	30,952	26,372
Police responses	152,096	159,160	150,656	161,532	160,494	143,618	145,072	145,509	150,711	135,990
911 calls	97,295	98,870	100,270	101,431	102,732	101,959	104,590	106,801	108,865	105,584
Hazardous material incidents	216	255	239	246	304	329	208	175	169	163
EOC activations/exercises	14	12	12	19	16	12	17	15	15	26
Community policing programs	676	156	308	340	376	311	349	314	298	298
Neighborhood watch programs	120	56	53	62	53	39	63	59	24	27
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials	140,618	164,654	180,959	176,865	176,654	187,249	193,487	190,715	165,475	146,800
Tons of solid waste processed	152,708	149,130	168,188	166,029	160,517	143,217	160,742	142,753	141,962	167,500
<u>Highways</u>										
Number of snow routes	70	71	72	73	75	75	75	75	75	75
<u>Social Services/Health</u>										
<u>Transportation</u>										
Annual Ridership	217,821	225,180	242,208	281,991	281,991	291,577	305,532	273,712	299,865	355,978
Vehicle Miles Traveled	709,445	740,250	709,074	737,252	737,252	684,957	772,523	526,957	595,480	709,276
<u>Water & Sewer Operations</u>										
Daily average water consumption in gal.(000)	11,000	10,900	11,176	11,870	10,500	10,500	11,500	12,100	11,300	12,500
Daily average effluent treatment in gal. (000)	12,500	15,000	12,110	14,000	12,300	12,000	13,000	13,300	11,700	12,500
Number of new accounts added	1,041	964	811	421	477	345	315	384	282	343

Harford County, Maryland

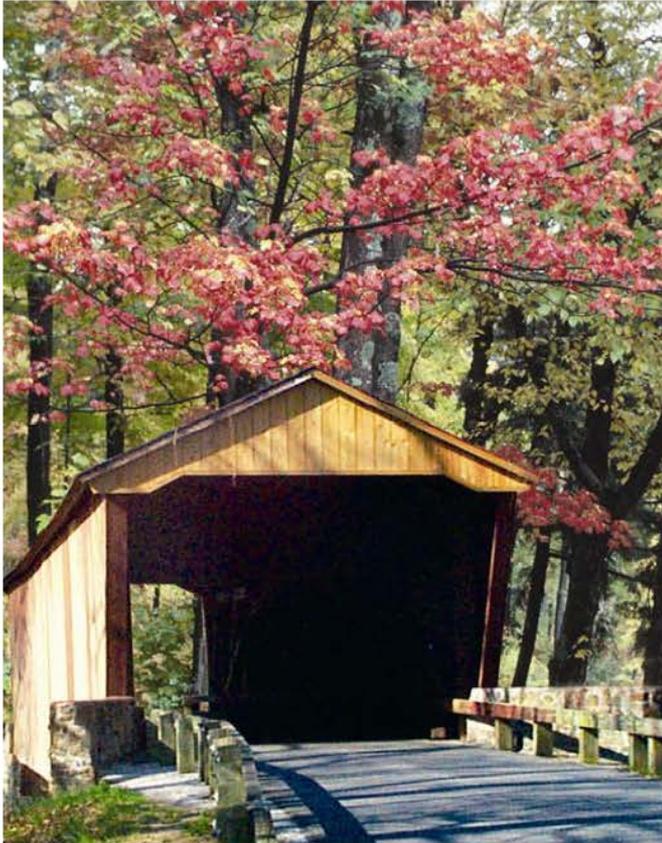
Full-time Equivalent Government Employees by Function (1)

Table 19
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County Council	19	19	19	19	20	22	22	22	24	22
General Government										
County Executive	4	4	4	7	7	8	8	12	11	11
Administration	87	87	92	93	100	96	106	92	63	64
Procurement	10	10	10	17	20	20	20	19	16	15
Treasury	49	49	51	51	51	51	52	49	47	48
Law	15	15	16	16	16	16	16	15	15	15
Planning & Zoning	40	39	39	40	40	44	44	43	42	42
Human Resources	9	9	9	10	10	11	10	8	8	9
Govt & Community Relations	6	4	4	5	5	5	5	-	-	-
Information & Communication Technology	-	-	-	-	-	-	-	-	26	27
Conservation of Natural Resources	-	-	-	-	-	-	-	-	4	4
Economic Development	10	10	11	14	13	13	12	12	16	17
	230	227	236	253	262	264	273	250	248	252
Judicial										
Judicial	23	25	26	26	28	28	28	29	29	29
State's Attorney	43	47	50	52	53	52	56	56	57	57
	66	72	76	78	81	80	84	85	86	86
Parks and Recreation	73	74	77	83	96	99	105	106	106	104
Public Safety										
Sheriff's Office	425	436	459	498	498	510	511	514	514	515
Emergency Services	75	81	87	91	92	92	92	91	90	92
Inspections, Licenses & Permits	39	40	42	45	45	45	43	40	40	40
	539	557	588	634	635	647	646	645	644	647
Public Works										
Public Works - Administration	20	21	24	26	30	31	32	24	24	24
Public Works - Solid Waste	28	29	30	32	33	33	33	33	33	34
Public Works - Highways	211	215	213	209	217	217	206	206	207	208
Public Works - Water & Sewer	165	168	169	168	169	170	170	170	170	170
	424	433	436	435	449	451	441	433	434	436
Social Services & Health										
Community Services	29	32	34	36	37	37	33	34	36	38
Housing Agency	7	6	5	7	8	8	8	8	6	6
	36	38	39	43	45	45	41	42	42	44
Grand Totals	1,387	1,420	1,471	1,545	1,588	1,608	1,612	1,583	1,584	1,591

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

History and Nature



Jerusalem Mill Covered Bridge
and Eden Mill Nature Center



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