

HARFORD COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



BARRY GLASSMAN, COUNTY EXECUTIVE

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2017



Prepared by:

*Department of the Treasury
Harford County, Maryland*

*Robert F. Sandlass, Jr.
Harford County Treasurer*

*Rick Pernas, CPA
Harford County Deputy Treasurer*



HARFORD
COUNTY

WELCOMES YOU!

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Introductory Section

BARRY GLASSMAN
HARFORD COUNTY EXECUTIVE

BILLY BONIFACE
DIRECTOR OF ADMINISTRATION



ROBERT F. SANDLASS, JR.
TREASURER

October 25, 2017

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, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 CliftonLarsonAllen, LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2017 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 unmodified opinion that the financial statements for the County for the fiscal year ended June 30, 2017, 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.

A1

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220 South Main Street, Bel Air, Maryland 21014

THIS DOCUMENT IS AVAILABLE IN ALTERNATIVE FORMAT UPON REQUEST

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, 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 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 252,615. The County provides a full range of municipal services, including Public Safety, Public Works, Social Services, Parks and Recreation, Judicial, Agricultural Preservation and general administrative services. The County also provides funds that support public schools, the community college and libraries through its component units. The component units of the County are Harford County Public Schools, Harford Center, Inc., Harford Community College and Harford County Public Library. 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. The County Council conducts budget hearings with departments, the Harford County Public Schools and other component units and conducts 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, highways and agricultural land preservation funds, and can be found in Exhibit 6 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: Harford County's convenient location on the I-95 corridor in northeastern Maryland offers easy access to prominent research institutions such as the U.S. Army Aberdeen Proving Ground, Johns Hopkins, and the University of Maryland. Desirable location combined with the County's highly skilled work force and progressive, business-friendly environment, serve to provide the draw for a wide variety of companies and industry sectors to Harford County.

The County's largest revenue source remains real property taxes. The fiscal year 2017 taxable assessable base resulted in an increase over the fiscal year 2016 assessable base of 2.4%. The estimated increase in property taxes from fiscal year 2017 to fiscal year 2018 is 3.61% or \$9,246,000. The increase is due to the properties being reassessed, known as "Group 2" having the largest increase in real property value since 2008 statewide. In Harford County, residential assessments increased by 5.4% and commercial assessments increased by 8.8% since their last assessment in December of 2013. This is the fifth year of positive assessment growth in Harford County.

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 2012 through 2017 using the modified accrual basis of accounting. The year over year increase for 2014 to 2015, 2015 to 2016 and 2016 to 2017 was 1.9%, 7.0%, and 2.6%. Income tax is budgeted at \$219 million for fiscal year 2018.

Long-term financial planning: The County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. The County received the highest rating from all three bond rating agencies for its general obligation bonds sold on February 14, 2017.

Fiscal year 2018 budget, including all funds, is \$818,487,100, an increase of 11.30% or \$83,093,625 from fiscal year 2017. The total 2018 General Fund Operating Budget is \$543,100,000 and the Capital Budget, excluding the Water and Sewer Capital Fund is \$114,919,487.

County Executive Glassman plans to reinvest in the workforce, maintain existing infrastructure, fund prior obligations and reduce debt levels without raising taxes.

Capital budget in fiscal year 2018 includes significant funding toward essential road, bridge, water and sewer infrastructure and stormwater repair projects.

In an effort to continue reinvesting in our workforce, County Executive Glassman proposed a merit-based annual salary increase of 4% per qualifying County employee. An increase in funding equivalent to 4% was also proposed for employees in the Harford County Public Library, State's Attorney Office, EMS Foundation, Sheriff's Office civilian personnel and Circuit court system. The County Executive will fully fund the first year phase-in of the Sheriff's Office Pay Plan for Law Enforcement and Corrections Personnel.

The fiscal year 2018 budget increased funding to Harford County Public Schools at a record level. The operating funding for Harford County Public Schools at \$238,715,645, is \$5,447,307 above the Maintenance of Effort requirement. The 2018 budget provides support for teachers with a \$5 million increase in funding for instructional salaries. Funding for construction of the Havre de Grace Middle/High School is also included in fiscal year 2018.

The fiscal year 2018 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highways 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.

The Aberdeen Proving Ground, Maryland's third largest employer by population, observed its centennial in 2017. Where once active soldiers comprised about 92% of APG's installation population, the transformation of APG to a scientific and technical research and development facility has resulted in a primarily civilian workforce with one of the highest concentrations of advanced degrees among military installations in the nation. The Aberdeen Proving Ground is Harford County's largest employer.

The County continues to invest 100 percent of cash held temporarily idle during the year using an equity in pooled cash system. In addition, Agricultural Land Preservation, Capital Project, Sheriff's Office Pension System (SOPS), Volunteer Fireman's Length of Service Award Program (LOSAP), and the Other Post-Employment Benefits (OPEB) trust fund, have cash that is invested separately. For fiscal year 2017, the weighted average yield on investments was 0.65 percent.

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, 2016. This was the thirty-second 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-ninth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2016. 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,



Robert F. Sandlass, Jr.
Treasurer



Government Finance Officers Association

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

Presented to

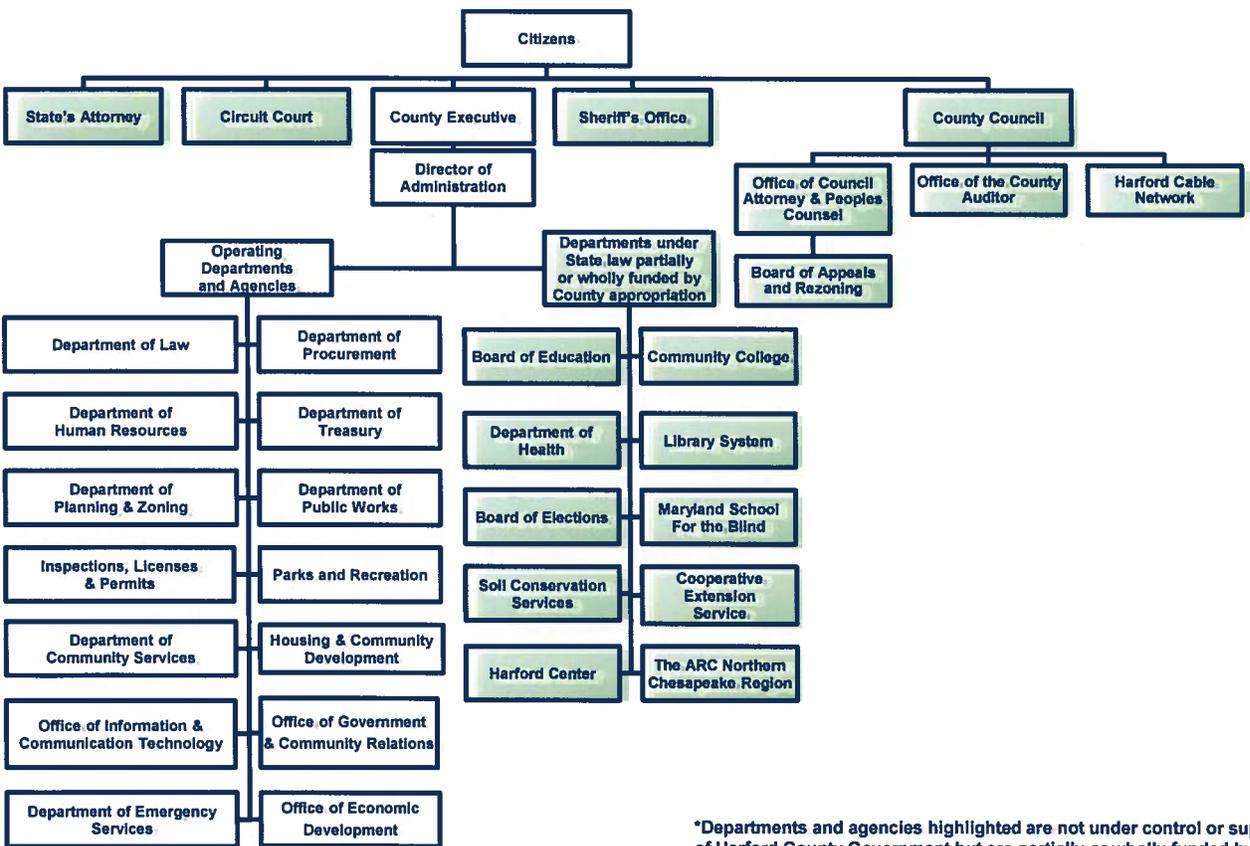
**Harford County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



*Departments and agencies highlighted are not under control or supervision of Harford County Government but are partially or wholly funded by County appropriations under State law.

**HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2017**

CERTAIN ELECTED OFFICIALS

County Executive

Barry Glassman

President of the County Council
County Council Members

Richard C. Slutzky
Mike Perrone, Jr.
Joseph M. Woods
James "Capt'n Jim" McMahan
Chad Shrodes
Patrick S. Vincenti
Curtis Beulah

CERTAIN APPOINTED OFFICIALS

Director of Administration
Treasurer
County Attorney
Deputy Treasurer
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

William "Billy" Boniface
Robert F. Sandlass, Jr.
Melissa Lambert
Rick Pernas
Amber Shrodes
Karen Holt
Edward Hopkins
James C. Richardson
W. Ted Pibil
Paul Lawder
Kathy Burley
Bradley Killian
Karen Myers
Joseph Siemek

Independent Public Accountants
CliftonLarsonAllen
Certified Public Accountants
Timonium, Maryland

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

Financial Advisor
Public Advisory Consultants
Owings Mills, Maryland



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of Harford County, Maryland (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Harford County Public Schools, Harford County Public Library, and the Harford Center, Inc., which represent 82 percent, 68 percent, 96 percent, respectively, of the assets, net position, and revenues of the aggregately discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregately discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Harford Center were not audited in accordance with *Government Auditing Standards*.

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

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

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 opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Highways and Agricultural Land Preservation Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-13, and the required supplementary information on 104-111 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying combining and individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
October 6, 2017

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, 2017. 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 and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$668.3 million. The unrestricted portion of this is a deficit of \$219.2 million and is composed of an unrestricted deficit in the governmental activities of \$261.3 million and a balance of \$42.1 million unrestricted in the business-type activities.
- Total net position of the County has increased by \$26.5 million over the prior fiscal year. In the governmental activities, total revenues decreased 0.9% while expenses decreased 1.4% from the prior fiscal year, resulting in a \$21.2 million increase in net position. In the business-type activities, total revenues exceeded total expenditures by \$5.3 million.

Fund Level:

- The General Fund had an increase in fund balance of \$19.2 million. The Highways Fund had an increase in fund balance of \$5.7 million.
- Approximately 87.4% of the total governmental fund balance, \$192.0 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 \$92.9 million or 18.6% of total General Fund expenditures. Restricted fund balance of the General Fund was \$7.1 million or 7.0% of total fund balance, leaving \$1.2 million or 1.2% of nonspendable fund balance in the General Fund.
- The business-type activities operating revenue fell short of operating expenses resulting in an operating loss of \$9.4 million in the Water and Sewer fund.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position 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 Center, Inc., Harford Community College and Harford County Public Library. 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 of Governmental Activities 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 eight individual governmental funds, the General, Highways, Grant, Agricultural Land Preservation, Capital Project, Parks & Recreation, Stormwater Management and Beechtree Tax Increment Financing Funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of Revenues, Expenditures, and Changes in Fund Balances for all eight 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 Statements. A budgetary comparison statement for the Parks &

Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund can be found on Exhibit D-3, D-4 and E-1, respectively.

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 an internal service fund to account for risk management. The basic proprietary fund financial statements can be found on Exhibits 7, 8, and 9 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 statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary 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 102 of this report.

Financial Analysis of the County as a Whole

The County's net position is divided into three categories; net investment in capital assets; restricted net position and unrestricted net position. The largest portion of the County's net position, \$803.5 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 \$84.0 million, are resources subject to external restrictions on how they may be used. Accounting principles generally accepted in the United States of America direct that the difference between total net 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 \$219.2 million; business-type activities have a balance of \$42.1 million unrestricted net position while the unrestricted net position for governmental activities is a negative \$261.3 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. In addition to the building of schools, the Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* which required governments to record pension liabilities. As of June 30, 2017, the net pension liability of the governmental activities and business-type activities totaled \$141.5 million and \$10.5 million respectively. The County's net position increased \$26.5 million during the current fiscal year.

The net position of governmental activities increased \$21.2 million during fiscal year 2017. Program expenses of the governmental activities decreased \$8.2 million from fiscal year 2016 while program revenues decreased \$12.8 million and general revenues increased \$7.4 million over fiscal year 2016. Governmental activities general revenues for 2017 showed an increase in property taxes of \$5.8 million, an increase in transfer tax of \$0.9 million, an increase of income taxes of \$3.8 million and a decrease in investment earnings of \$3.1 million.

The net position of business-type activities increased \$5.3 million during fiscal year 2017. Charges for services revenue increased \$7.5 million, 24.6%, from fiscal year 2016 to 2017, due to legislation detailing a five year rate adjustment plan that became effective January 1, 2016. Expenses for the business-type activities increased \$2.6 million, 5.3%, 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 - Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2017	2016	2017	2016	2017	2016
Current & Other Assets	\$ 278,329,979	\$ 243,496,116	\$ 133,030,951	\$ 132,396,725	\$ 411,360,930	\$ 375,892,841
Capital Assets	699,939,804	704,357,841	448,053,744	449,696,890	1,147,993,548	1,154,054,731
Total Assets	<u>978,269,783</u>	<u>947,853,957</u>	<u>581,084,695</u>	<u>582,093,615</u>	<u>1,559,354,478</u>	<u>1,529,947,572</u>
Deferred Outflows of						
Resources	<u>54,580,634</u>	<u>49,860,111</u>	<u>5,633,021</u>	<u>5,118,433</u>	<u>60,213,655</u>	<u>54,978,544</u>
Long-term Liabilities	753,797,157	732,560,576	138,073,820	145,238,024	891,870,977	877,798,600
Other Liabilities	<u>37,121,395</u>	<u>45,708,008</u>	<u>16,263,350</u>	<u>15,762,346</u>	<u>53,384,745</u>	<u>61,470,354</u>
Total Liabilities	<u>790,918,552</u>	<u>778,268,584</u>	<u>154,337,170</u>	<u>161,000,370</u>	<u>945,255,722</u>	<u>939,268,954</u>
Deferred Inflows of						
Resources	<u>4,891,147</u>	<u>3,615,833</u>	<u>1,085,932</u>	<u>223,868</u>	<u>5,977,079</u>	<u>3,839,701</u>
Net Investment in						
Capital Assets	475,161,617	476,366,433	328,352,334	323,409,167	803,513,951	799,775,600
Restricted	23,188,672	20,723,517	60,809,692	56,778,013	83,998,364	77,501,530
Unrestricted	<u>(261,309,571)</u>	<u>(281,260,299)</u>	<u>42,132,588</u>	<u>45,800,630</u>	<u>(219,176,983)</u>	<u>(235,459,669)</u>
Total Net Position	<u>\$ 237,040,718</u>	<u>\$ 215,829,651</u>	<u>\$ 431,294,614</u>	<u>\$ 425,987,810</u>	<u>\$ 668,335,332</u>	<u>\$ 641,817,461</u>

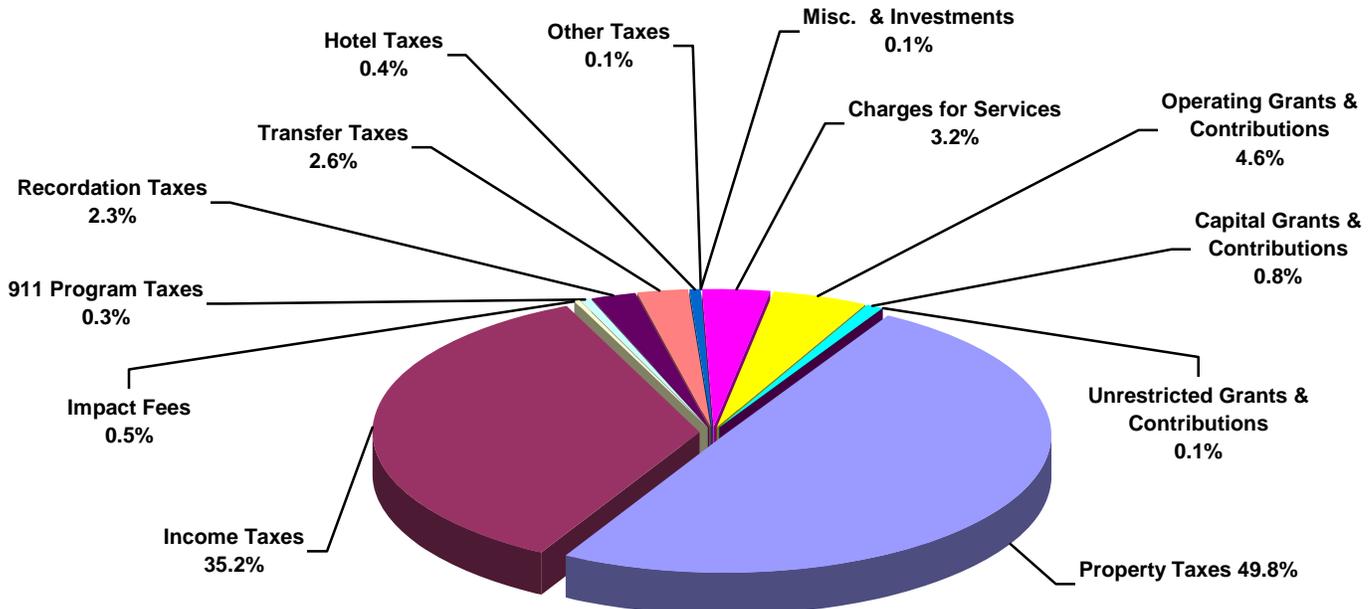
Harford County Government's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for Services	\$ 19,417,071	\$ 21,531,333	\$ 38,001,859	\$ 30,498,568	\$ 57,418,930	\$ 52,029,901
Operating Grants & Contributions	27,728,929	28,249,534	802,598	972,710	28,531,527	29,222,244
Capital Grants & Contributions	5,009,162	15,137,454	15,444,188	15,668,948	20,453,350	30,806,402
General revenues:						
Property Taxes	298,947,432	293,100,653	-	-	298,947,432	293,100,653
Income Taxes	211,253,182	207,466,492	-	-	211,253,182	207,466,492
Impact Fees	2,707,200	2,444,400	-	-	2,707,200	2,444,400
911 Program Taxes	1,734,276	1,734,155	-	-	1,734,276	1,734,155
Recordation Taxes	13,736,943	13,830,776	-	-	13,736,943	13,830,776
Transfer Taxes	15,762,184	14,827,512	-	-	15,762,184	14,827,512
Hotel Taxes	2,341,255	2,405,255	-	-	2,341,255	2,405,255
Other Taxes	764,580	742,835	-	-	764,580	742,835
Investment Earnings	206,364	3,261,278	2,252,552	2,134,911	2,458,916	5,396,189
Unrestricted Grants & Contributions	407,167	245,326	-	-	407,167	245,326
Miscellaneous	685,847	1,131,130	-	-	685,847	1,131,130
Total Revenues	600,701,592	606,108,133	56,501,197	49,275,137	657,202,789	655,383,270
Program Expenses:						
Agricultural Land Preservation	3,163,287	2,861,659	-	-	3,163,287	2,861,659
County Council	2,695,411	2,576,827	-	-	2,695,411	2,576,827
General Government	49,217,926	58,699,069	-	-	49,217,926	58,699,069
Education	268,713,217	269,123,661	-	-	268,713,217	269,123,661
Harford Center	553,036	693,036	-	-	553,036	693,036
Judicial	10,404,012	10,213,119	-	-	10,404,012	10,213,119
Libraries	18,289,122	18,122,008	-	-	18,289,122	18,122,008
Parks and Recreation	14,993,728	14,552,707	-	-	14,993,728	14,552,707
Public Safety	108,223,495	107,308,307	-	-	108,223,495	107,308,307
Public Works	58,629,180	60,737,012	-	-	58,629,180	60,737,012
Social Services	27,050,519	25,633,629	-	-	27,050,519	25,633,629
Unallocated Debt Interest / Other Costs	17,557,592	17,152,250	-	-	17,557,592	17,152,250
Water and Sewer	-	-	51,194,393	48,596,655	51,194,393	48,596,655
Total Expenses	579,490,525	587,673,284	51,194,393	48,596,655	630,684,918	636,269,939
Change in Net Position	21,211,067	18,434,849	5,306,804	678,482	26,517,871	19,113,331
Net Position-Beginning	215,829,651	197,394,802	425,987,810	425,309,328	641,817,461	622,704,130
Net Position-Ending	\$ 237,040,718	\$ 215,829,651	\$ 431,294,614	\$ 425,987,810	\$ 668,335,332	\$ 641,817,461

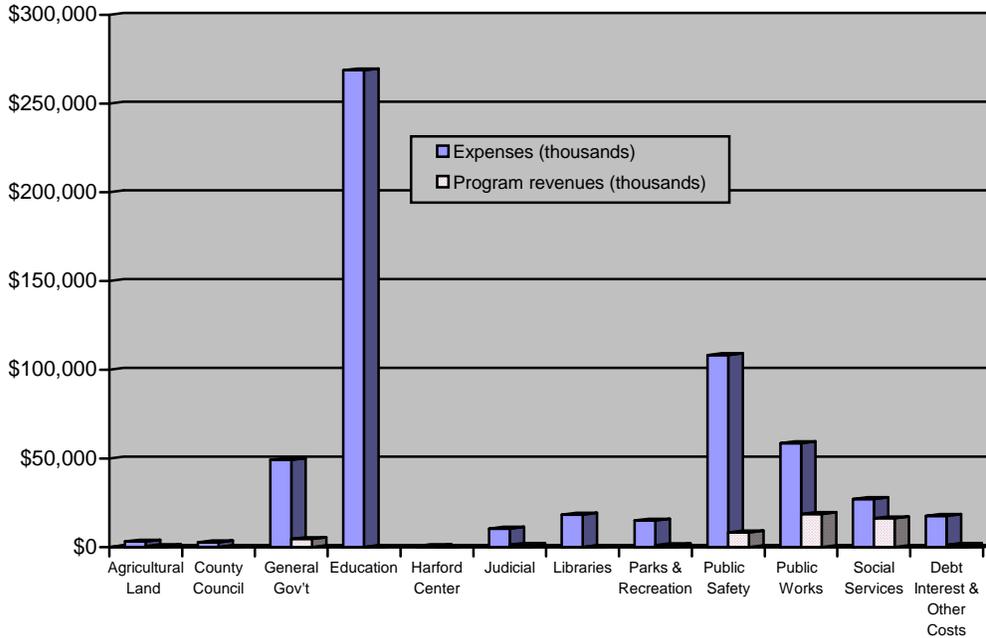
Governmental activities The net position of governmental activities increased \$21.2 million during fiscal year 2017. Key elements are as follows:

- The County recorded \$211.3 million in income tax revenue for fiscal year 2017. This is a \$3.8 million or 1.8% increase from fiscal year 2016 using full accrual accounting. The increase was attributed to an improvement in the economy which includes a decrease in the unemployment rate and an overall increase in wages.
- Recordation and Transfer Tax showed a \$0.8 million increase in revenues in fiscal year 2017 over fiscal year 2016. In fiscal year 2017 the number of homes sold increased, and the value of those homes also increased, resulting in increased recordation and transfer tax revenue.
- Charges for Services decreased \$2.1 million or 9.8%, from the prior fiscal year. The primary reason for the decrease was the elimination of steam sale revenue in fiscal year 2017 due to the closure Waste-to-Energy facility.
- Capital Grants and Contributions decreased \$10.1 million or 66.9% from prior fiscal year. The County received less contributed assets from Developers in fiscal year 2017 and a reduced amount of grant funding for capital projects, such as repairs for bridges and parks.
- General Government program expenses decreased \$8.2 million or 1.4% from fiscal year 2016. Overall, the decrease was due to less expenditures in the capital project fund. In the prior year a number of projects were completed including \$2.5 million in facilities repairs for the County’s administrative buildings and completion of the Humane Society building of \$4.3 million.

Revenues by Source-Governmental Activities



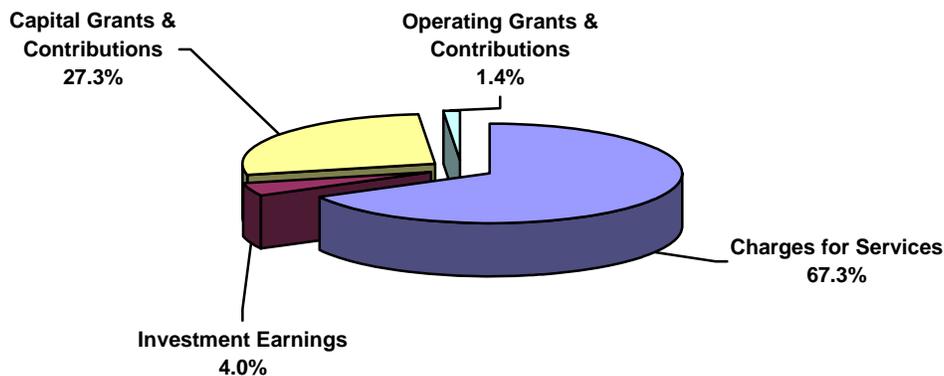
Expenses and Program Revenues-Governmental Activities



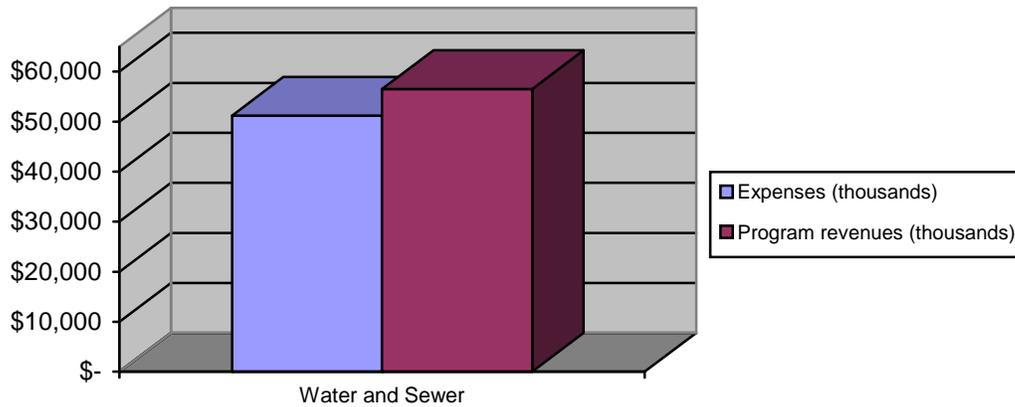
Business-type activities Business-type activities recorded an increase in net position of \$5.3 million during fiscal year 2017. Key elements are as follows:

- Capital grants and contributions totaled \$15.4 million, a decrease of 1.4% or \$0.2 million from fiscal year 2016.
- The increase in charges for services, \$7.5 million is attributed to an increase in the water and sewer rates.

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 \$219.6 million. Approximately 87.4% of this total amount, or \$192.0 million, constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$27.6 million, is *nonspendable or restricted* to indicate that it is not available for new spending because it has been dedicated. The nonspendable and restricted fund balance, at 12.6% 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 \$92.9 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 18.6% of total General Fund expenditures, while total fund balance represents 20.3% of that same amount.

The County's General Fund total fund balance has increased by \$19.2 million during the current fiscal year. The increase is mostly due to a saving of expenditures versus budget of \$14.7 million. The majority of the \$14.7 million savings or 62.4% come from the personnel service area of the budget while 18.8% come from contractual services section.

The Highways Fund has a total fund balance of \$18.9 million. The Highways Fund has 86.3%, \$16.4 million, of its total fund balance assigned to the purpose of the fund. Of this amount, 14.7% is assigned for fiscal stabilization purposes and 73.5% is assigned for the purpose of the fund. The Highways Fund balance of \$2.3 million classified as nonspendable represents inventory. The fund balance increase of \$5.7 million is mostly attributed to an increase in taxes of \$0.8 million and a decrease in payroll, supplies

such as gas and diesel, education transportation and public safety transportation expenditures of \$4.3 million.

The Grant Fund has a total fund balance of \$9.5 million. Of the total fund balance, \$8.5 million is classified as restricted due to the legally binding nature of the grant agreements. The fund balance increase is attributed to the timing of spending on multi-year grants.

The Agricultural Land Preservation Fund has a total fund balance of \$52.7 million. Of the total fund balance, \$37.1 million or 70.3% is committed for future payments of principal on development rights. The Agricultural Land Preservation Fund has \$15.6 million of its total fund balance assigned to the purpose of the fund.

The Capital Project Fund has a total fund balance of \$30.5 million. General obligation bonds of \$53.2 million were issued during fiscal year 2017 to help pay the cost of County capital projects. Of the total fund balance, \$1.0 million is restricted under bond proceeds, \$4.0 million is restricted for dedicated revenues for Harford County Public Schools and Parks and Recreation projects, \$21.9 million is assigned to liquidate contracts and purchase orders of the prior period and \$3.5 million is assigned to future general projects. The major reason for the increase in fund balance of \$22.6 million was due to the sale of bonds.

The Parks and Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund have been classified as non-major governmental funds. Total fund balance for the non-major governmental funds as of June 30, 2017 was \$6.8 million. Of the total fund balance, \$2.3 million is restricted for debt service and unspent bond proceeds and \$4.5 million is assigned to the purpose of the funds. The increase in fund balance of \$2.1 million is mostly attributed to the levy of recordation tax in the Stormwater Management Fund which is being deferred for future stormwater management projects required by the State.

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 \$42.6 million and unrestricted net position of the Internal Service Fund totaled \$5.6 million. Factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The final budget of the General Fund for fiscal year 2017 was increased by \$2.5 million over the original budget. The increase was allocated to appropriated funds to account for expenses attributable to other post-employment benefits plan benefits for County employees. Revenue variances increased from the final fiscal year 2017 budget by \$5.8 million mostly due to a bond premium that was not budgeted, and conservative fiscal management that saved the County from using \$5.5 million of appropriated fund balance. A cautious spending policy also led to the 2.8% decrease in actual General Fund expenditures compared to the final General Fund budget.

Capital Asset and Debt Administration

Capital assets The County's capital assets for its governmental and business-type activities as of June 30, 2017, 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 decrease in the County's investment in capital assets for the current fiscal year was less than 1.0%.

The County's Capital Assets

(Net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 257,483,352	\$ 257,840,623	\$ 1,534,207	\$ 1,534,207	\$ 259,017,559	\$ 259,374,830
Development Rights	130,779,949	126,578,286	-	-	130,779,949	126,578,286
Construction in Process	16,740,277	18,878,454	7,314,416	31,157,715	24,054,693	50,036,169
Buildings	141,757,434	141,908,027	165,194,325	169,724,593	306,951,759	311,632,620
Improvements	21,679,894	22,857,814	213,594,229	207,369,014	235,274,123	230,226,828
Machinery and Equipment	2,370,185	3,296,157	26,037,245	27,088,979	28,407,430	30,385,136
Vehicles	13,619,515	13,896,819	2,053,961	1,838,881	15,673,476	15,735,700
Intangibles	1,124,627	1,165,226	295,147	356,695	1,419,774	1,521,921
Infrastructure	114,384,571	117,936,435	32,030,214	10,626,806	146,414,785	128,563,241
Total	\$ 699,939,804	\$ 704,357,841	\$ 448,053,744	\$ 449,696,890	\$ 1,147,993,548	\$ 1,154,054,731

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

- The Churchville Recreation Center was completed in Fiscal Year 2017 and capitalized for \$5.6 million. The new facility opened in October 2016.
- The roundabout at Tollgate Road (W. Ring Factory Road and Plumtree Road) was completed in Fiscal Year 2017. It was capitalized for \$0.6 million and opened in October 2016.
- Bush Creek Pump Station was capitalized at a cost of \$24.7 million. The project included improvements to the pipelines and pump station.

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 39% of the fiscal year 2017 General County Capital Budget. Some of the major expenditures were:

- Riverside Elementary School is undergoing HVAC renovations to provide humidity control and greater energy efficiency. The project has a total budget of \$4.7 million. In fiscal year 2017, \$0.6 million was spent.
- The second phase of the new Youth's Benefit Elementary School is scheduled to be completed in December 2017. Project expenditures to date total \$29.4 million.
- Darlington Elementary School is receiving a new HVAC system with energy recovery and a modernized control system to reduce operating costs and have better temperature and humidity control. The projected cost to the County is estimated at \$1.9 million.

Long-term debt At the end of the current fiscal year, the County had Bonds and Notes Payable debt outstanding of \$678.9 million. Of this amount, \$124.3 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 \$46.6 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 and Notes Payable

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2017	2016	2017	2016	2017	2016
Ag Land						
Preservation	\$ 46,621,431	\$ 52,282,849	\$ -	\$ -	\$ 46,621,431	\$ 52,282,849
Bonds Payable	506,694,682	487,822,233	124,264,790	131,755,478	630,959,472	619,577,711
Notes Payable	1,311,917	1,312,618	-	-	1,311,917	1,312,618
	<u>\$ 554,628,030</u>	<u>\$ 541,417,700</u>	<u>\$ 124,264,790</u>	<u>\$ 131,755,478</u>	<u>\$ 678,892,820</u>	<u>\$ 673,173,178</u>

The total debt of the Primary Government has increased by \$5.7 million or 0.8%, during the current fiscal year. For governmental activities, debt increased \$13.2 million due to a general obligation bond sale of \$53.2 million, a premium of \$3.5 million and installment purchases of \$1.8 million, offset by principal payments and reductions of \$45.3 million. In business-type activities, debt decreased \$7.5 million, due to bond principal payments and reductions of \$9.4 million, offset by a bond sale of \$1.8 million and a premium of \$0.1 million.

During fiscal year 2017, the County earned the highest bond rating possible from all three major bond rating agencies. Moody's Investors Services, Standard and Poors Corp., and Fitch Ratings all reaffirmed their credit ratings of 'Aaa', 'AAA' and 'AAA', respectively. Each rating service said the County's future outlook is "stable".

State statutes limit the amount of general obligation debt a government entity may issue; up to 15% of its net assessed valuation of personal and corporate property plus 6% of the net assessed valuation of real property. The current debt limitation for the County is \$1.8 billion, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note 4G of this report.

Economic Factors and Next Year's Budgets and Rates

- The County Real Property Tax Rate for fiscal year 2018 remains unchanged at \$1.042 per \$100 of assessed valuation. Net property tax receipts recorded in the General Fund for fiscal year 2018 are expected to increase by 3.61% over those approved for fiscal year 2017. The increase is primarily due to a 3.39% increase in prior year reassessment values Countywide. Statewide, the assessment notices mailed to a third of property owners reflect an increase by an average of 8.2%, which represents an average increase of 6.4% for all residential property and 13.6% for all commercial property. In Harford County, the properties being reassessed experienced a 6.0% increase in value. The Homestead Tax Credit rate is 5.0% for Harford County for fiscal year 2018 and remains unchanged from the past fiscal year.
- In fiscal year 2018, the County has not changed the income tax rate, which is 3.06%. Fiscal year 2018 income tax revenue that is budgeted is projected to increase over fiscal year 2017 income tax budgeted revenue amount by 2.8%. The increase in income tax revenue is largely due, in part to an improving economy and lower unemployment. Income tax is budgeted at \$219.0 million for fiscal year 2018.

- The County levies and collects a transfer tax at a rate of 1.0% 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% to fund school construction debt and 50.0% to purchase agricultural land for preservation. For fiscal year 2018, the County anticipates recording \$16.0 million in transfer tax.
- The 2018 approved budget includes a merit-based annual salary increase of 4% per qualifying employee of the County Government. The County is also providing support for salary enhancements to the Sheriff's Office, Public Library, State's Attorney's Office, EMS Foundation and Circuit Court system with increased funding equivalent to 4% per employee. Additionally, \$2.2 million was budgeted to fully fund the first year phase-in of pay plan for law enforcement and corrections personnel.
- Governmental funds report the difference between their assets and deferred outflows of resources and liabilities and deferred inflows of resources as fund balance. Fund balance is reported in classifications that comprise a hierarchy outlining the order in which funds can be spent. For fiscal year 2017, the County originally appropriated \$3.0 million in General Fund Balance to balance the 2017 budget. In fiscal year 2018, the County appropriated \$4.6 million in General Fund Balance to balance the 2018 budget.
- For fiscal year 2018, Harford County Public Schools are being funded at \$238.7 million, which is \$5.4 million above the required Maintenance of Effort for fiscal year 2018. Included in the increase is \$5.0 million for instructional salaries to support the teachers.
- The County's support of Harford Community College fiscal year 2018 budget is \$16.4 million. The County has increased appropriation of \$0.9 million from the fiscal year 2017 operating budget.
- Harford County Public Schools fiscal year 2018 capital budget contains nine planned projects totaling \$49.2 million. Of the total General Fund debt service budget, 59.5% is allocated for school debt.

These and other economic factors were considered when preparing the fiscal year 2018 General Fund budget, which estimates total revenues at \$543.1 million; an increase of \$18.5 million or 3.5% over fiscal year 2017 original budgeted amounts. Mindful of the economic struggles the County has faced during 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. Many actions have already been taken in response to those fiscal pressures. The County has temporarily deferred large new capital projects in fiscal year 2018, streamlined County operations by outsourcing services, consolidated office space, and is using technology to improve services. The County also anticipates issuing bonds during fiscal year 2018.

The County approved Bill 15-022 on October 20, 2015, which established new Harford County Water and Sewer rates that will be phased in over 5 years. The increase was necessary to maintain service reliability and infrastructure integrity due to the county's aging Water and Sewer systems. The net change in the fiscal year 2018 approved budget from the 2017 fiscal year original approved budget for the Water and Sewer Operating Fund is an increase of \$2.8 million or 5.5%.

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, 2017

Exhibit 1

	Primary Government			Component Units			
	Governmental	Business-Type	Total Primary	Harford County	Harford	Harford Community	Harford County
	Activities	Activities	Government	Public Schools	Center, Inc.	College	Public Library
ASSETS							
Equity in Pooled Cash and Investments	\$ 176,191,815	\$ 90,534,816	\$ 266,726,631	\$ -	\$ -	\$ -	\$ -
Cash and Investments	164,968	1,700	166,668	33,971,588	1,255,793	27,320,298	7,123,450
Taxes and Accounts Receivable (Net)	5,600,097	9,149,559	14,749,656	10,022,637	7,152	4,746,564	101,341
Federal and State Receivable	45,738,114	125,817	45,863,931	2,681,400	88,509	581,575	-
Internal Balances	430,282	(430,282)	-	-	-	-	-
Due From Primary Government	-	-	-	6,071,552	-	4,164	-
Inventories	2,250,008	2,054,133	4,304,141	572,417	-	393,884	-
Loans Receivable	2,178,341	-	2,178,341	-	-	-	-
Other Assets	-	-	-	1,782	11,263	431,183	252,128
Deposit with Trustee	1,970,616	-	1,970,616	-	-	1,646,186	3,080,110
Benefit Assessments	526,958	29,487,669	30,014,627	-	-	-	-
Restricted Assets--Cash & Investments	43,278,780	2,107,539	45,386,319	-	-	12,726,625	-
Capital Assets:							
Land, Development Rights & CIP	405,003,578	8,848,623	413,852,201	64,419,820	-	3,741,760	-
Other Capital Assets, Net of Depreciation	294,936,226	439,205,121	734,141,347	563,994,016	503,450	105,633,815	4,725,738
Total Assets	978,269,783	581,084,695	1,559,354,478	681,735,212	1,866,167	157,226,054	15,282,767
DEFERRED OUTFLOWS OF RESOURCES							
Loss on Refunding	16,065,353	2,455,843	18,521,196	-	-	-	-
Pension Deferrals	38,515,281	3,177,178	41,692,459	7,847,210	-	460,497	550,969
Total Deferred Outflow of Resources	54,580,634	5,633,021	60,213,655	7,847,210	-	460,497	550,969
LIABILITIES							
Accounts Payable	9,012,989	2,185,275	11,198,264	9,006,479	25,293	1,383,855	34,760
Due to Component Units	6,075,716	-	6,075,716	-	-	-	-
Retainages Payable	632,678	395,158	1,027,836	-	-	209,627	-
Payable to State of Maryland	192,342	1,154,196	1,346,538	-	1,928	-	-
Accrued Expenses	14,358,499	2,611,509	16,970,008	686,865	152,552	829,020	500,769
Unearned Revenue	2,782,885	368,988	3,151,873	2,690,087	-	8,154,047	28,000
Performance Deposits	1,607,101	162,009	1,769,110	-	-	-	-
Escrow Accounts	1,218,514	9,364,992	10,583,506	-	-	-	-
Other Liabilities	1,240,671	21,223	1,261,894	-	46,464	134,991	-
Noncurrent Liabilities:							
Due within one year	65,737,566	9,798,666	75,536,232	5,518,760	-	117,982	44,727
Due in more than one year	546,528,062	117,825,386	664,353,448	339,718,296	-	1,247,623	13,720,539
Net Pension Liability	141,531,529	10,449,768	151,981,297	27,660,977	-	1,330,868	1,565,678
Total Liabilities	790,918,552	154,337,170	945,255,722	385,281,464	226,237	13,408,013	15,894,473
DEFERRED INFLOWS OF RESOURCES							
Gain on Refunding	-	19,528	19,528	-	-	-	-
Pension Deferrals	4,891,147	1,066,404	5,957,551	1,845,071	-	64,995	277,429
Total Deferred Inflow of Resources	4,891,147	1,085,932	5,977,079	1,845,071	-	64,995	277,429
NET POSITION							
Net Investment in Capital Assets	475,161,617	328,352,334	803,513,951	619,801,908	503,450	109,375,575	4,655,624
Restricted for:							
Highways Projects	337,156	-	337,156	-	-	-	-
Grant Programs	8,465,649	-	8,465,649	-	-	-	-
Capital Projects	5,022,415	-	5,022,415	-	-	-	-
Debt Service	2,160,752	-	2,160,752	-	-	-	-
Stormwater Management	107,864	-	107,864	-	-	-	-
Other Purposes	7,094,836	60,809,692	67,904,528	4,618,159	13,200	9,527,491	254,615
Unrestricted	(261,309,571)	42,132,588	(219,176,983)	(321,964,180)	1,123,280	25,310,477	(5,248,405)
Total Net Position	\$ 237,040,718	\$ 431,294,614	\$ 668,335,332	\$ 302,455,887	\$ 1,639,930	\$ 144,213,543	\$ (338,166)

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, 2017

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:											
Governmental Activities											
Agricultural Preservation	\$ 3,163,287	\$ -	\$ 559,788	\$ -	\$ (2,603,499)	\$ -	\$ (2,603,499)	\$ -	\$ -	\$ -	\$ -
County Council	2,695,411	-	-	-	(2,695,411)	-	(2,695,411)	-	-	-	-
General Government	49,217,926	3,271,301	1,143,736	183,520	(44,619,369)	-	(44,619,369)	-	-	-	-
Education-Primary thru Comm. College	268,713,217	-	-	-	(268,713,217)	-	(268,713,217)	-	-	-	-
Harford Center	553,036	-	-	-	(553,036)	-	(553,036)	-	-	-	-
Judicial	10,404,012	-	1,384,310	-	(9,019,702)	-	(9,019,702)	-	-	-	-
Libraries	18,289,122	-	-	-	(18,289,122)	-	(18,289,122)	-	-	-	-
Parks, Recreation and Natural Resources	14,993,728	824,666	115,516	194,804	(13,858,742)	-	(13,858,742)	-	-	-	-
Public Safety	108,223,495	4,043,488	4,122,522	76,053	(99,981,432)	-	(99,981,432)	-	-	-	-
Public Works	58,629,180	10,755,836	3,399,479	4,554,785	(39,919,080)	-	(39,919,080)	-	-	-	-
Social Services	27,050,519	521,780	15,724,077	-	(10,804,662)	-	(10,804,662)	-	-	-	-
Unallocated Debt Interest / Other Costs	17,557,592	-	1,279,501	-	(16,278,091)	-	(16,278,091)	-	-	-	-
Total Governmental Activities	<u>579,490,525</u>	<u>19,417,071</u>	<u>27,728,929</u>	<u>5,009,162</u>	<u>(527,335,363)</u>	<u>-</u>	<u>(527,335,363)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities											
Water and Sewer	51,194,393	38,001,859	802,598	15,444,188	-	3,054,252	3,054,252	-	-	-	-
Total Business-type Activities	<u>51,194,393</u>	<u>38,001,859</u>	<u>802,598</u>	<u>15,444,188</u>	<u>-</u>	<u>3,054,252</u>	<u>3,054,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 630,684,918</u>	<u>\$ 57,418,930</u>	<u>\$ 28,531,527</u>	<u>\$ 20,453,350</u>	<u>(527,335,363)</u>	<u>3,054,252</u>	<u>(524,281,111)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:											
Harford County Public Schools	\$ 567,696,844	\$ 9,340,685	\$ 126,497,759	\$ 23,167,814	-	-	-	(408,690,586)	-	-	-
Harford Center, Inc.	3,027,326	45,469	2,568,398	-	-	-	-	(413,459)	-	-	-
Harford Community College	65,050,916	22,280,884	22,541,635	4,447,240	-	-	-	-	-	(15,781,157)	-
Harford County Public Library	21,532,260	716,847	3,433,566	-	-	-	-	-	-	-	(17,381,847)
Total Component Units	<u>\$ 657,307,346</u>	<u>\$ 32,383,885</u>	<u>\$ 155,041,358</u>	<u>\$ 27,615,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(408,690,586)</u>	<u>(413,459)</u>	<u>(15,781,157)</u>	<u>(17,381,847)</u>
General Revenues:											
Taxes:											
Property Taxes					298,947,432	-	298,947,432	-	-	-	-
Income Taxes					211,253,182	-	211,253,182	-	-	-	-
Impact Fees					2,707,200	-	2,707,200	-	-	-	-
911 Program Taxes					1,734,276	-	1,734,276	-	-	-	-
Recordation Taxes					13,736,943	-	13,736,943	-	-	-	-
Transfer Taxes					15,762,184	-	15,762,184	-	-	-	-
Hotel Taxes					2,341,255	-	2,341,255	-	-	-	-
Other Taxes					764,580	-	764,580	-	-	-	-
Investment Earnings					206,364	2,252,552	2,458,916	182,387	47,306	1,075,302	38,007
Grants and Contributions not Restricted to Specific Purposes					407,167	-	407,167	371,688,768	488,366	16,350,767	16,644,574
Miscellaneous					685,847	-	685,847	4,370,910	112,638	-	-
Total General Revenues					<u>548,546,430</u>	<u>2,252,552</u>	<u>550,798,982</u>	<u>376,242,065</u>	<u>648,310</u>	<u>17,426,069</u>	<u>16,682,581</u>
Change in Net Position					21,211,067	5,306,804	26,517,871	(32,448,521)	234,851	1,644,912	(699,266)
Net Position--Beginning					215,829,651	425,987,810	641,817,461	334,904,408	1,405,079	142,568,631	361,100
Net Position--Ending					<u>\$ 237,040,718</u>	<u>\$ 431,294,614</u>	<u>\$ 668,335,332</u>	<u>\$ 302,455,887</u>	<u>\$ 1,639,930</u>	<u>\$ 144,213,543</u>	<u>\$ (338,166)</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, 2017

Exhibit 3

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	\$ 81,721,671	\$ 17,855,621	\$ 7,815,677	\$ 15,637,858	\$ 36,506,837	\$ 4,514,953	\$ 164,052,617
Cash and Investments	161,218	3,000	-	-	-	750	164,968
Taxes and Accounts Receivable (Net)	5,073,035	392,707	-	-	133,635	720	5,600,097
Federal and State Receivable	40,191,278	413,531	3,299,382	-	1,584,327	249,596	45,738,114
Inventories	-	2,250,008	-	-	-	-	2,250,008
Loans Receivable	1,170,244	-	1,008,097	-	-	-	2,178,341
Deposit with Trustee	-	-	-	-	-	1,970,616	1,970,616
Benefit Assessment	-	-	-	-	526,958	-	526,958
Restricted Assets - Investments	4,969,661	100,091	-	37,090,908	1,010,256	107,864	43,278,780
TOTAL ASSETS	\$ 133,287,107	\$ 21,014,958	\$ 12,123,156	\$ 52,728,766	\$ 39,762,013	\$ 6,844,499	\$ 265,760,499
LIABILITIES							
Accounts Payable	\$ 3,784,231	\$ 411,361	\$ 552,766	\$ 380	\$ 1,328,655	\$ 21,663	\$ 6,099,056
Due to Component Units	-	-	-	-	6,075,716	-	6,075,716
Retainages Payable	-	-	-	-	632,678	-	632,678
Payable to State of Maryland	192,342	-	-	-	-	-	192,342
Accrued Expenditures	4,077,039	541,992	249,942	-	-	11,129	4,880,102
Unearned Revenue	709,175	-	1,846,702	-	227,008	-	2,782,885
Performance Deposits	1,207,528	399,573	-	-	-	-	1,607,101
Escrow Accounts	293,542	419,079	-	-	496,671	9,222	1,218,514
Other Liabilities	1,239,545	1,126	-	-	-	-	1,240,671
Total Liabilities	11,503,402	1,773,131	2,649,410	380	8,760,728	42,014	24,729,065
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	20,641,439	292,691	-	-	526,958	-	21,461,088
FUND BALANCES							
Nonspendable	1,170,244	2,250,008	1,008,097	-	-	-	4,428,349
Restricted	7,094,836	337,156	8,465,649	-	5,022,415	2,268,616	23,188,672
Committed	-	-	-	37,090,908	-	-	37,090,908
Assigned	74,261,284	16,361,972	-	15,637,478	25,451,912	4,533,869	136,246,515
Unassigned	18,615,902	-	-	-	-	-	18,615,902
Total Fund Balances	101,142,266	18,949,136	9,473,746	52,728,386	30,474,327	6,802,485	219,570,346
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 133,287,107	\$ 21,014,958	\$ 12,123,156	\$ 52,728,766	\$ 39,762,013	\$ 6,844,499	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements. 430,282

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 699,939,804

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 unavailable revenues in the funds. 21,461,088

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net position. 5,605,677

Deferred outflow of resources, including loss on refunding and pension deferrals. 54,580,634

Deferred inflow of resources, including pension deferrals. (4,891,147)

Long-term liabilities, including bonds payable, compensated absences, notes payable, landfill closure, net pension liability and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds. (759,655,966)

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

Net Position of Governmental Activities **\$ 237,040,718**

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2017

Exhibit 4

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Governmental Funds
REVENUES							
Taxes	\$ 481,442,501	\$ 36,789,878	\$ -	\$ 7,881,092	\$ 19,328,773	\$ 3,335,051	\$ 548,777,295
Revenues from Other Agencies	3,466,234	1,826,589	21,964,014	559,788	2,427,261	4,000	30,247,886
Investment Income	668,640	97,964	2,714	(780,192)	117,553	27,323	134,002
Charges for Current Services	12,528,846	476,124	525,301	-	231,514	752,812	14,514,597
Miscellaneous	2,317,069	355,930	943,591	21,000	956,330	1,216	4,595,136
Licenses and Permits	4,567,960	-	-	-	-	-	4,567,960
Fines and Forfeitures	85,450	44,918	142,024	-	-	-	272,392
Total Revenues	<u>505,076,700</u>	<u>39,591,403</u>	<u>23,577,644</u>	<u>7,681,688</u>	<u>23,061,431</u>	<u>4,120,402</u>	<u>603,109,268</u>
EXPENDITURES							
Current:							
Agricultural Preservation	-	-	-	3,041,950	-	-	3,041,950
County Council	2,575,440	-	-	-	-	-	2,575,440
General Government	41,487,846	-	1,281,654	-	-	-	42,769,500
Education-Primary thru Comm. College	249,096,116	-	-	-	-	-	249,096,116
Harford Center	553,036	-	-	-	-	-	553,036
Judicial	8,309,670	-	1,656,038	-	-	-	9,965,708
Libraries	16,644,574	-	-	-	-	-	16,644,574
Parks, Recreation and Natural Resources	8,876,361	-	225,439	-	-	685,752	9,787,552
Public Safety	94,912,085	-	3,297,798	-	-	-	98,209,883
Public Works	14,613,734	24,773,528	2,230,843	-	-	-	41,618,105
Social Services	10,256,138	-	15,739,467	-	-	-	25,995,605
Capital Outlay	-	-	-	-	50,277,858	-	50,277,858
Debt Service:							
Principal	33,078,860	575,764	-	7,471,048	-	35,727	41,161,399
Interest	17,871,488	395,632	-	2,492,664	-	1,077,729	21,837,513
Administrative Costs	553,816	4,058	-	50,527	-	40,667	649,068
Total Expenditures	<u>498,829,164</u>	<u>25,748,982</u>	<u>24,431,239</u>	<u>13,056,189</u>	<u>50,277,858</u>	<u>1,839,875</u>	<u>614,183,307</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>6,247,536</u>	<u>13,842,421</u>	<u>(853,595)</u>	<u>(5,374,501)</u>	<u>(27,216,427)</u>	<u>2,280,527</u>	<u>(11,074,039)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	19,163,279	-	3,649,115	-	14,414,178	-	37,226,572
Transfers (Out)	(9,550,690)	(8,162,603)	(1,363,279)	-	(17,800,000)	(350,000)	(37,226,572)
Issuance of Bonds	-	-	-	-	53,177,000	-	53,177,000
Premium on Issuance of Bonds	3,360,648	25,550	-	-	-	119,734	3,505,932
Issuance of Installment Purchase Agreement	-	-	-	1,809,630	-	-	1,809,630
Total Other Financing Sources (Uses)	<u>12,973,237</u>	<u>(8,137,053)</u>	<u>2,285,836</u>	<u>1,809,630</u>	<u>49,791,178</u>	<u>(230,266)</u>	<u>58,492,562</u>
Net Change in Fund Balances	19,220,773	5,705,368	1,432,241	(3,564,871)	22,574,751	2,050,261	47,418,523
Fund Balances--Beginning	81,921,493	13,295,107	8,041,505	56,293,257	7,899,576	4,752,224	172,203,162
Increase (Decrease) in Inventory	-	(51,339)	-	-	-	-	(51,339)
Fund Balances--Ending	<u>\$ 101,142,266</u>	<u>\$ 18,949,136</u>	<u>\$ 9,473,746</u>	<u>\$ 52,728,386</u>	<u>\$ 30,474,327</u>	<u>\$ 6,802,485</u>	<u>\$ 219,570,346</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, 2017

Exhibit 5

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

Net change in fund balances--total governmental funds	\$	47,418,523
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 depreciation exceeded capital outlays in the current period.		(3,406,120)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,480,038)
The issuance of long-term debt (e.g. bonds, notes, 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 on net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		(14,666,243)
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.		(3,460,594)
Eliminating the effect of the internal service fund using the "look-back" method resulted in an increase in expenses in the governmental activities in the statement of activities.		307,095
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(2,501,556)
Change in net position of governmental activities	\$	21,211,067

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, 2017

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	\$ 475,865,500	\$ 475,865,500	\$ 481,442,501	\$ 5,577,001	\$ 35,961,000	\$ 35,961,000	\$ 36,789,878	\$ 828,878
Revenues from Other Agencies	3,672,700	3,672,700	3,466,234	(206,466)	1,520,000	1,520,000	1,826,589	306,589
Investment Income	375,000	375,000	668,640	293,640	41,000	41,000	97,964	56,964
Charges for Current Services	10,936,730	10,936,730	12,528,846	1,592,116	792,300	792,300	476,124	(316,176)
Miscellaneous	8,081,070	8,081,070	7,663,346	(417,724)	8,110,700	8,110,700	6,665,975	(1,444,725)
Licenses and Permits	4,650,500	4,650,500	4,567,960	(82,540)	-	-	-	-
Fines and Forfeitures	67,500	67,500	85,450	17,950	15,000	15,000	44,918	29,918
Total Revenues	<u>503,649,000</u>	<u>503,649,000</u>	<u>510,422,977</u>	<u>6,773,977</u>	<u>46,440,000</u>	<u>46,440,000</u>	<u>45,901,448</u>	<u>(538,552)</u>
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	-	-	-	-	-
County Council	2,881,204	2,894,410	2,563,792	330,618	-	-	-	-
General Government	51,426,809	51,821,780	46,637,294	5,184,486	-	-	-	-
Education-Primary thru Comm. College	249,096,116	249,096,116	249,096,116	-	1,000,000	1,000,000	-	1,000,000
Harford Center	553,036	553,036	553,036	-	-	-	-	-
Judicial	8,565,291	8,721,702	8,258,092	463,610	-	-	-	-
Libraries	16,644,574	16,644,574	16,644,574	-	-	-	-	-
Parks, Recreation and Natural Resources	9,943,115	10,107,613	8,826,921	1,280,692	-	-	-	-
Public Safety	97,525,793	99,232,783	93,788,009	5,444,774	1,000,000	1,000,000	-	1,000,000
Public Works	15,676,594	15,719,883	14,735,870	984,013	36,339,311	36,699,582	31,637,367	5,062,215
Social Services	10,777,398	10,834,416	10,246,607	587,809	-	-	-	-
Total Expenditures	<u>463,089,930</u>	<u>465,626,313</u>	<u>451,350,311</u>	<u>14,276,002</u>	<u>38,339,311</u>	<u>38,699,582</u>	<u>31,637,367</u>	<u>7,062,215</u>
Debt Service	51,879,380	51,879,380	51,504,164	375,216	1,008,086	1,008,086	975,454	32,632
Total Expenditures	<u>514,969,310</u>	<u>517,505,693</u>	<u>502,854,475</u>	<u>14,651,218</u>	<u>39,347,397</u>	<u>39,707,668</u>	<u>32,612,821</u>	<u>7,094,847</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(11,320,310)</u>	<u>(13,856,693)</u>	<u>7,568,502</u>	<u>21,425,195</u>	<u>7,092,603</u>	<u>6,732,332</u>	<u>13,288,627</u>	<u>6,556,295</u>
OTHER FINANCING SOURCES (USES)								
Appropriated Fund Balance	3,000,000	5,536,383	-	(5,536,383)	1,070,000	1,430,271	-	(1,430,271)
Transfers In	17,921,000	17,921,000	19,163,279	1,242,279	-	-	-	-
Transfers (Out)	(9,600,690)	(9,600,690)	(9,550,690)	50,000	(8,162,603)	(8,162,603)	(8,162,603)	-
Premium on Issuance of Bonds	-	-	3,360,648	3,360,648	-	-	25,550	25,550
Issuance of Installment Agreement	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>11,320,310</u>	<u>13,856,693</u>	<u>12,973,237</u>	<u>(883,456)</u>	<u>(7,092,603)</u>	<u>(6,732,332)</u>	<u>(8,137,053)</u>	<u>(1,404,721)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>20,541,739</u>	<u>\$ 20,541,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,151,574</u>	<u>\$ 5,151,574</u>
Fund Balance - Beginning			82,516,186				13,276,934	
Prior Year Encumbrances Cancelled			522,650				31,456	
Decrease in Inventory			-				(51,339)	
Fund Balance - Ending			<u>\$ 103,580,575</u>				<u>\$ 18,408,625</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, 2017

Exhibit 6

	Agricultural Land Preservation			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive(Negative)
REVENUES				
Taxes	\$ 7,500,000	\$ 7,500,000	\$ 7,881,092	\$ 381,092
Revenues from Other Agencies	150,000	150,000	559,788	409,788
Investment Income	4,800,500	4,800,500	(780,192)	(5,580,692)
Charges for Current Services	-	-	-	-
Miscellaneous	10,000	10,000	21,000	11,000
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Total Revenues	12,460,500	12,460,500	7,681,688	(4,778,812)
EXPENDITURES				
Current:				
Agricultural Preservation	3,452,700	3,452,700	3,041,950	410,750
County Council	-	-	-	-
General Government	-	-	-	-
Education-Primary thru Comm. College	-	-	-	-
Harford Center	-	-	-	-
Judicial	-	-	-	-
Libraries	-	-	-	-
Parks, Recreation and Natural Resources	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Social Services	-	-	-	-
Total Expenditures	3,452,700	3,452,700	3,041,950	410,750
Debt Service	10,369,800	10,369,800	10,014,239	355,561
Total Expenditures	13,822,500	13,822,500	13,056,189	766,311
Excess/(Deficiency) of Revenues				
Over Expenditures	(1,362,000)	(1,362,000)	(5,374,501)	(4,012,501)
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	1,362,000	1,362,000	-	(1,362,000)
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Premium on Issuance of Bonds	-	-	-	-
Issuance of Installment Agreement	-	-	1,809,630	1,809,630
Total Other Financing	1,362,000	1,362,000	1,809,630	447,630
Sources (Uses)				
Net Change in Fund Balances	\$ -	\$ -	(3,564,871)	\$ (3,564,871)
Fund Balance - Beginning			56,293,257	
Prior Year Encumbrances Cancelled			-	
Decrease in Inventory			-	
Fund Balance - Ending			\$ 52,728,386	

HARFORD COUNTY, MARYLAND
Statement of Net Position
Proprietary Funds
June 30, 2017

Exhibit 7

ASSETS	Business-Type Activities		Governmental Activities	
	Enterprise Fund, Water and Sewer		Internal Service Fund	
Current Assets:				
Equity in Pooled Cash and Investments	\$	90,534,816	\$	12,139,198
Cash and Investments		1,700		-
Restricted Assets - Investments		2,107,539		-
Accounts Receivable (Net)		9,149,559		-
Federal and State Receivable		125,817		-
Inventories		2,054,133		-
Benefit Assessments		3,087,175		-
Total Current Assets		107,060,739		12,139,198
Noncurrent Assets:				
Benefit Assessments		26,400,494		-
Capital Assets, Net of Depreciation				-
Land and Construction in Process		8,848,623		-
Property, Plant & Equipment		439,205,121		-
Total Capital Assets		448,053,744		-
Total Noncurrent Assets		474,454,238		-
Total Assets		581,514,977		12,139,198
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refunding		2,455,843		-
Contributions Subsequent to Measurement Date		866,451		-
Changes of Assumptions		438,307		-
Changes in Proportion and Difference Between County Contribution and Proportionate Share of Contributions		602,152		-
Net Difference Between Projected and Actual Investment Earnings		1,270,268		-
Total Deferred Outflow of Resources		5,633,021		-
LIABILITIES				
Current Liabilities:				
Accounts Payable		642,883		2,913,933
Accounts Payable from Restricted Assets		1,542,392		-
Retainage Payable from Restricted Assets		395,158		-
Payable to the State of Maryland		1,154,196		-
Accrued Expenses		2,611,509		-
Unearned Revenue		368,988		-
Performance Deposits		162,009		-
Escrow Accounts		9,364,992		-
Other Liabilities		21,223		-
Compensated Absences-Current		1,228,525		-
Bonds Payable-Current		8,570,141		-
Estimated Current Liability for Claims in Process		-		1,470,401
Total Current Liabilities		26,062,016		4,384,334
Noncurrent Liabilities:				
Compensated Absences		2,130,737		-
Bonds Payable		115,694,649		-
Net Pension Liability		10,449,768		-
Estimated Liability for Claims in Process		-		2,149,187
Total Noncurrent Liabilities		128,275,154		2,149,187
Total Liabilities		154,337,170		6,533,521
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding		19,528		-
Difference Between Expected and Actual Experience		271,018		-
Changes in Proportion and Difference Between County Contribution and Proportionate Share of Contributions		795,386		-
Total Deferred Inflow of Resources		1,085,932		-
NET POSITION				
Net Investment in Capital Assets		328,352,334		-
Restricted - Capital Projects/Debt Service		60,809,692		-
Unrestricted		42,562,870		5,605,677
Total Net Position		431,724,896	\$	5,605,677
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				
		(430,282)		
Net Position of Business-Type Activities	\$	431,294,614		

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, 2017

Exhibit 8

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Enterprise Fund, Water and Sewer	Internal Service Fund, Self Insurance
Operating Revenues:		
Charges for Services	\$ -	\$ 24,079,621
Income from Water Operations	16,483,944	-
Income from Sewer Operations	20,058,902	-
Miscellaneous	1,459,013	21,157
Total Operating Revenues	<u>38,001,859</u>	<u>24,100,778</u>
Operating Expenses:		
General and Administrative Expenses	5,851,328	-
Operations and Maintenance-Water	12,940,368	-
Operations and Maintenance-Sewer	15,318,130	-
Insurance Claims and Expenses	-	26,674,696
Depreciation	13,256,445	-
Total Operating Expenses	<u>47,366,271</u>	<u>26,674,696</u>
Operating (Loss) Income	<u>(9,364,412)</u>	<u>(2,573,918)</u>
Non-operating Revenues (Expenses):		
Grant Revenue	802,598	-
Interest Income	2,252,552	72,362
Interest Expense	(3,348,083)	-
Other Income (Expense)	(172,944)	-
Total Non-operating Revenue (Expenses)	<u>(465,877)</u>	<u>72,362</u>
Income Before Contributions	(9,830,289)	(2,501,556)
Capital Contributions	15,444,188	-
Change in Net Position	5,613,899	(2,501,556)
Total Net Position--Beginning	426,110,997	8,107,233
Total Net Position--Ending	<u>\$ 431,724,896</u>	<u>\$ 5,605,677</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 -- Business-Type Activities Prior to Adjusting	\$ 5,613,899
Eliminating the effect of the internal service fund, using the "look-back" method resulted in increased expenses in the enterprise fund	<u>(307,095)</u>
Net Change in Net Position -- Business-Type Activities	<u>\$ 5,306,804</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, 2017

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	\$	41,393,725	\$	-
Receipts from Interfund Services Provided		-		23,211,517
Receipts from Others for Claims		-		889,261
Receipts from Customer Deposits and Rental Income		792,284		-
Payment of Deposits to Customer		(574,388)		-
Payments to Employees for Services		(15,147,602)		-
Payments to Suppliers for Goods and Services		(18,778,507)		2,081,047
Payments for Claims		-		(25,738,333)
Net Cash (Used In) Operating Activities		<u>7,685,512</u>		<u>443,492</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets		(7,021,068)		-
Principal Payments on Long Term Debt		(8,165,820)		-
Bond/Lease Service Costs		(283,245)		-
Interest Paid on Bonds/Leases		(4,373,737)		-
Proceeds from Federal and State Grants		1,460,920		-
Tap Fees in Excess of Connection Costs		9,606,953		-
Proceeds from Bond Sale		1,823,000		-
Premium and Accrued Interest, net of Underwriters Fees		120,188		-
Proceeds from Sale of Capital Assets		65,265		-
Net Cash Used By Capital and Related Financing Activities		<u>(6,767,544)</u>		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income		2,251,962		72,362
Net Cash Provided by Investing Activities		<u>2,251,962</u>		<u>72,362</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>3,169,930</u>		<u>515,854</u>
Cash and Cash Equivalents, Beginning		89,474,125		11,623,344
Cash and Cash Equivalents, Ending (Includes Restricted Cash of \$2,107,539)	\$	<u>92,644,055</u>	\$	<u>12,139,198</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES				
Operating (Loss) Income	\$	(9,364,412)	\$	(2,573,918)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation		13,256,445		-
Rental Income		95,623		-
Effect of Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable		3,013,778		-
Inventory		2,092		-
Contributions Subsequent to Measurement Date		35,408		-
Changes in Assumptions		126,159		-
Changes in Proportion & Share of Contribution		121,529		-
Accounts Payable		(325,257)		2,615,006
Accrued Expenses		73,604		-
Estimated Payables for Future Claims		-		402,404
Escrow Accounts		122,173		-
Unearned Revenue		367,388		-
Other Liabilities		(25,352)		-
Compensated Absences		91,644		-
Net Pension Liability		234,840		-
Net Difference - Expected vs Actual Investment Earnings		72,139		-
Net Difference - Projected vs Actual Investment Earnings		(1,007,675)		-
Changes in Proportion & Share of Contribution		795,386		-
Net Cash Provided by (Used In) Operating Activities	\$	<u>7,685,512</u>	\$	<u>443,492</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Developer Contributions of Capital Assets to the Water and Sewer Fund	\$	<u>4,392,242</u>	\$	<u>-</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, 2017

Exhibit 10

	Pension Trust Funds	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Equity in Pooled Cash and Investments	\$ 307,563	\$ 845,918	\$ 1,536,740	\$ 119,737
Cash Equivalents	679,123	639,243	885,139	13,696,493
Investments, at Fair Value				
Debt Securities	17,628,206	17,940,631	-	-
Fixed Income Fund	3,395,272	4,534,392	-	-
Equities and Equivalents	60,255,369	80,908,514	-	-
Total Investments	<u>81,278,847</u>	<u>103,383,537</u>	<u>-</u>	<u>-</u>
Total Assets	<u>82,265,533</u>	<u>104,868,698</u>	<u>2,421,879</u>	<u>13,816,230</u>
LIABILITIES				
Accounts Payable	122,677	492,745	9,796	119,737
Due to Beneficiaries	-	-	885,139	13,696,493
Total Liabilities	<u>122,677</u>	<u>492,745</u>	<u>894,935</u>	<u>13,816,230</u>
NET POSITION				
Net Position Restricted for Pensions, OPEB and Other Purposes	<u>\$ 82,142,856</u>	<u>\$ 104,375,953</u>	<u>\$ 1,526,944</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, 2017

Exhibit 11

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions and Donations	\$ -	\$ -	\$ 189,989
Employee Contributions	504,456	-	-
Employer Contributions	2,356,777	9,931,000	-
Plan Sponsor Contributions	1,767,558	-	-
Retiree Contributions	-	1,160,245	-
Total Contributions	<u>4,628,791</u>	<u>11,091,245</u>	<u>189,989</u>
Investment Earnings			
Net Gain in Fair Value of Investments	7,662,590	9,985,098	-
Interest and Dividends	1,431,480	1,779,829	9,556
Total Investment Earnings	<u>9,094,070</u>	<u>11,764,927</u>	<u>9,556</u>
Less Investment Expense	(274,443)	(353,519)	-
Net Investment Income	<u>8,819,627</u>	<u>11,411,408</u>	<u>9,556</u>
Total Additions	<u>13,448,418</u>	<u>22,502,653</u>	<u>199,545</u>
DEDUCTIONS			
Administrative Expenses	65,760	12,750	-
Benefits	4,831,503	9,053,111	-
Contractual Services	-	-	138,362
Total Deductions	<u>4,897,263</u>	<u>9,065,861</u>	<u>138,362</u>
Change in Net Position	8,551,155	13,436,792	61,183
Net Position--Beginning	73,591,701	90,939,161	1,465,761
Net Position --Ending	<u>\$ 82,142,856</u>	<u>\$ 104,375,953</u>	<u>\$ 1,526,944</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, 2017

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 highways 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 are fiscally dependent on the County, as outlined below.

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 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.

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 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.

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

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

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

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, 2017

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 position 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 are normally 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 but utilize the accrual basis of accounting for reporting its assets and liabilities. 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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, 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, 2017

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 County 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 expenditures of the County Department of Public Works concerning highways and all County-related transportation expenditures.

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 requirements associated with an 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 County 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.

Additionally, the County reports the following additional fund types:

Non-major Governmental Funds:

Parks and Recreation Special Revenue Fund: This 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.

Stormwater Management Special Revenue Fund: This fund was established to account for the stormwater remediation operation.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Resolution No. 005-15 authorized the recordation tax remain at a rate of \$3.30 for each \$500 or fraction thereof of the actual consideration payable or of the principal amount of the debt secured for an instrument of writing; and resolved that the revenue from such tax at the rate of \$0.55 be dedicated to fund the implementation of local watershed protection and restoration projects throughout Harford County, effective July 1, 2015.

Beechtree Tax Increment Financing (TIF): This fund 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.

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 Harford County Sheriff's Office.

Firemen's Length of Service Award Program (LOSAP): This fund was established to account for the LOSAP for the volunteer fire and ambulance 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 employer's 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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,

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, Stormwater Management, Parks and 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.

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. 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 a 2a-7 like external investment pool, which issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: Maryland Local Government Investment Pool; c/o PNC Institutional Investments 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% 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. MLGIP investments are recorded at cost, which approximates fair value. Investments in Money Market funds are valued on an amortized cost basis. Changes in fair value are reported as increases or decreases in investment income in the operating statements of the appropriate fund.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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.

Discounts of 1% and 0.5% 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 1.5% per month is charged for each month or fraction thereof that taxes remain unpaid on annual bills. Interest of 1.5% per month is not charged on the second semi-annual installment until January 1. In addition to interest, a 6% penalty is assessed on all unpaid delinquent property taxes on October 1. A penalty of 6% 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, 2017 was \$1.042 per \$100 of assessed value for properties within the County, but not within an incorporated town, and \$0.8937 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 Highways Fund inventories has been reported in the governmental fund

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, investments in strip treasuries held to maturity for the final payment on the purchase of County agricultural easements, and fees collected from users for the renewal, replacement, and expansion of the County water and sewer utility.

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 is capitalized during the construction of business-type activities capital assets as it is incurred. 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 and Development Rights. Capital assets used in operations are depreciated or amortized using the straight-line method over their estimated useful lives.

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	25-50
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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 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 are 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. 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 reports 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. 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. The fiscal stabilization fund assignment is 5.0 percent of the following fiscal year’s General and Highways Funds operating budget to preserve the County’s high credit rating and to provide for emergencies. This authority is pursuant to Article III, Section 302 of the Harford County Charter.

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

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

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker’s compensation and property damage as of June 30, 2017. 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 provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 74, entitled *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, entitled *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-*

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Employer Defined Benefit Pension Plans; Statement No. 80 entitled *Blending Requirements for Certain Component Units*; and Statement No. 82 entitled *Pension Issues*. The adoption of these standards did not have a material effect on these statements.

As of year ended June 30, 2017, GASB issued Statement No. 75, entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 81, entitled *Irrevocable Split- Interest Agreements*, Statement No. 83, entitled *Certain Asset Retirement Obligations*, Statement No. 84, entitled *Fiduciary Activities*, Statement No. 85, entitled *Omnibus*, Statement No. 86, entitled *Certain Debt Extinguishment Issues* and Statement No. 87, entitled *Leases*. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, notes payable, landfill closure, net pension liability 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	\$	9,478,397
Agricultural Preservation Installments		46,621,431
Bonds Payable (Net)		506,694,682
Notes Payable		1,311,917
Landfill Closure Liability		27,508,744
Compensated Absences		26,509,266
Net Pension Liability		141,531,529
	\$	759,655,966

Another element of that reconciliation explains that “deferred outflows of resources, including loss on refunding, contributions subsequent to measurement date, changes in assumptions, changes in proportion and differences between County contributions are proportionate share of contributions and net difference in projected versus actual investment earnings, are consumption of resources that is applicable to future reporting periods and therefore are not reported in the funds.” The details of this difference are as follows:

Loss on Refunding	\$	16,065,353
Contribution Subsequent to Measurement Date		10,414,054
Difference Between Expected and Actual Experience		143,472
Changes of Assumptions		6,975,153
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions		5,040,952
Net Difference Between Projected and Actual Investment Earnings		15,941,650
	\$	54,580,634

Another element of that reconciliation explains that, “deferred inflows of resources, including gain on refunding and net difference between expected versus actual experience, are acquisitions of resources that are applicable to future reporting periods and therefore are not reported in the funds.” The details of this difference are as follows:

Difference Between Expected and Actual Experience	\$	5,456,932
Changes in Proportion		(565,785)
	\$	4,891,147

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

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	\$	18,448,670
Depreciation		(21,854,790)
	\$	<u>(3,406,120)</u>

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	\$	1,730,277
Trade in Value of Assets		134,100
Disposal of Assets		(2,876,294)
Decrease in Property Tax Unavailable Revenue		(48,166)
Decrease in Income Tax Unavailable Revenue		(1,436,023)
Decrease in Hotel Tax Unavailable Revenue		(46,054)
Increase in Unavailable Special Assessments		62,122
	\$	<u>(2,480,038)</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statements of activities.” The details of this difference are as follows:

Accrued Interest Expense	\$	78,191
Amortization of Bond Premium		4,120,833
Amortization of Deferred Loss		(1,534,104)
Issuance of Bonds Payable		(53,177,000)
Bond Premium		(3,505,932)
Issuance of Installment Purchase Agreements		(1,809,630)
Principal Payments on General Obligation Debt		41,161,399
	\$	<u>(14,666,243)</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:

Difference between Pension Expense and Contributions	\$	(5,378,410)
Increase in Compensated Absences Expense		(512,169)
Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method used in the Fund Statements		(51,339)
Increase in Deferred Health Care Consortium Expense		(764,720)
Decrease in Landfill Closure/Solid Waste Expense		3,246,044
	\$	<u>(3,460,594)</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, supplemental appropriations adopted in the General Fund were \$2,536,383; \$360,271 in the Highways Fund; and \$6,656 in the Parks and Recreation Fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers, which is the legal level of budgetary control. 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 and Recreation Fund, Stormwater Management 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.

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, 2017

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” is 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, 2017, the changes in fund balances are reconciled as follows:

	General Fund	Highways Fund
	<u> </u>	<u> </u>
Basis of Budgeting - Net Change in Fund Balances	\$ 20,541,739	\$ 5,151,574
Basis Adjustments:		
Revenue for Budgetary, not GAAP Purposes	(5,346,277)	(6,310,045)
Encumbrances Adjustment	(676,377)	703,820
Expenditures for Budgetary, not GAAP Purposes	5,346,277	6,310,045
Expenditures for GAAP, not for Budgetary Purposes	<u>(644,589)</u>	<u>(150,026)</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ 19,220,773</u>	<u>\$ 5,705,368</u>

As of June 30, 2017, the ending fund balances are reconciled as follows:

	General Fund	Highways Fund
	<u> </u>	<u> </u>
Basis of Budgeting - Fund Balances	\$ 103,580,575	\$ 18,408,625
Encumbrances	1,638,730	1,082,503
Expenditures for GAAP, not for Budgetary Purposes	<u>(4,077,039)</u>	<u>(541,992)</u>
GAAP Basis - Fund Balances	<u>\$ 101,142,266</u>	<u>\$ 18,949,136</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$151,128 and the collected bank balance was \$1,190,243. 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. As of June 30, 2017, 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	\$ 266,726,631
Cash and Investments	166,668
Restricted Assets - Cash and Investments	45,386,319
Pension Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	307,563
Cash Equivalents	679,123
Investments	81,278,847
Other Post Employment Benefit Trust Fund - Exhibit 10	
Equity in Pooled Cash and Investments	845,918
Cash Equivalents	639,243
Investments	103,383,537
Private Purpose Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	1,536,740
Cash Equivalents	885,139
Agency Funds - Exhibit 10	
Equity in Pooled Cash and Investments	119,737
Cash Equivalents	13,696,493
Total All Equity in Pooled Cash	515,651,958
Less: Investments - Primary Government, page 48	(515,500,830)
The Carrying Amount of Combined Deposits	\$ 151,128

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$22,784,594. 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	\$	33,971,588
Harford Center, Inc.		1,255,793
Harford Community College		27,320,298
Harford Community College restricted		12,726,625
Harford County Public Library		7,123,450
Total Component Unit Cash & Investments		<u>82,397,754</u>
Less: Investments--Component Units; page 51		<u>(59,613,160)</u>
Cash in the Bank	\$	<u><u>22,784,594</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2017, the County had the following investments and maturities.

Investment Type	Investment Maturities (Years)			
	Amount	Less than 1	1 - 5	5+
Pooled Investments				
¹ Federal Agencies	\$ 55,006,336	\$ 20,003,417	\$ 35,002,919	\$ -
MLGIP	107,686,506	107,686,506	-	-
Repurchase Agreements	90,012,633	90,012,633	-	-
CDARS	14,845,407	14,845,407	-	-
Mutual Funds	2,001,247	2,001,247	-	-
Subtotal	<u>269,552,129</u>	<u>234,549,210</u>	<u>35,002,919</u>	<u>-</u>
Non-Pooled Investments				
MLGIP	8,295,411	8,295,411	-	-
² U.S. Strip Treasuries	37,090,908	17,270,204	5,716,989	14,103,715
³ Trust Fund Annuity Contract	885,139	44,865	273,498	566,776
MLGIP - Fiduciary Funds	13,696,493	13,696,493	-	-
Benefits and Pension Funds:				
Short-Term Investments	1,318,366	1,318,366	-	-
³ Equities	141,163,766	141,163,766	-	-
³ Fixed Income Funds	7,929,781	7,929,781	-	-
US Government Agencies	639	51	-	588
Corporate Bonds	19,878,245	898,577	13,437,244	5,542,424
² US Treasury Obligations	15,689,953	436,860	8,398,509	6,854,584
Subtotal	<u>245,948,701</u>	<u>191,054,374</u>	<u>27,826,240</u>	<u>27,068,087</u>
Total	<u>\$ 515,500,830</u>	<u>\$ 425,603,584</u>	<u>\$ 62,829,159</u>	<u>\$ 27,068,087</u>

¹ These Agencies mature in Fiscal Years 2017, 2018, and 2019, 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 by the credit rating agencies.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford County, Maryland had the following recurring fair value measurements as of June 30, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2017
Investments by fair value level:				
Pooled Investments				
Federal Agencies	\$ -	\$ 55,006,336	\$ -	\$ 55,006,336
Mutual Funds	-	2,001,247	-	2,001,247
Non-Pooled Investments				
U.S. Strip Treasuries	-	37,090,908	-	37,090,908
Other Post Employment Benefits and Pension Funds:				
Short-Term Investments	-	1,318,366	-	1,318,366
Equities	141,163,766	-	-	141,163,766
Fixed Income Funds	7,929,781	-	-	7,929,781
US Government Agencies	-	639	-	639
Corporate Bonds	-	19,878,245	-	19,878,245
US Treasury Obligations	-	15,689,953	-	15,689,953
Total investments at Fair Value	<u>\$ 149,093,547</u>	<u>\$ 130,985,694</u>	<u>\$ -</u>	<u>280,079,241</u>
Investments carried at amortized cost:				
Pooled Investments				
MLGIP				107,686,506
Repurchase Agreements				90,012,633
CDARS				14,845,407
Non-Pooled Investments				
MLGIP				8,295,411
Trust Fund Annuity Contract				885,139
MLGIP - Fiduciary Funds				<u>13,696,493</u>
Total investments at amortized cost:				<u>235,421,589</u>
Total investments				<u>\$ 515,500,830</u>

Debt securities (Federal agencies, U.S. Strip Treasuries, Fixed Income funds, U.S Government Agencies, and corporate bonds) classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or, if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy. Mutual funds classified at level 2 are valued using either a discounted cash flow or market comparable technique.

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. Strip 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, 2017 have a weighted average maturity of less than 3 months, they are presented as investments maturing in less than one year.

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, 2017, 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% 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% 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% 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, 2017, 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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 are 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. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The County does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the County is not exposed to this risk.

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% of the portfolio invested in obligations of any one issuer and no more than 10% in any one outstanding debt issue. Investments by security type are to be diversified as follows:

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

COMPONENT UNITS

As of June 30, 2017, total investments of the component units, in the amount of \$59,613,160, was distributed by type as follows:

	<u>MLGIP</u>	<u>Other Investments</u>	<u>Total</u>
Harford County Public Schools	\$ 16,311,010	\$ -	\$ 16,311,010
Harford Center, Inc.	-	626,598	626,598
Harford Community College	27,508,534	8,910,187	36,418,721
Harford County Public Library	6,256,831	-	6,256,831
	<u>\$ 50,076,375</u>	<u>\$ 9,536,785</u>	<u>\$ 59,613,160</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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.

B. RECEIVABLES, UNAVAILABLE AND UNEARNED REVENUE

a. TAXES AND ACCOUNTS RECEIVABLE

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>Highways</u>	<u>Capital Project</u>
Property Taxes	\$ 2,995,203	\$ 403,063	\$ -
Impact Fees	42,000	-	-
Hotel Taxes	254,589	-	-
Interest Accrual	4,748	74	-
Service Billings	2,565,713	88,032	133,635
Miscellaneous	-	16,042	-
Gross Receivables	<u>5,862,253</u>	<u>507,211</u>	<u>133,635</u>
Less: Allowance for Uncollectible	<u>(789,218)</u>	<u>(114,504)</u>	<u>-</u>
	<u>\$ 5,073,035</u>	<u>\$ 392,707</u>	<u>\$ 133,635</u>

	<u>Non-major Governmental</u>	<u>Water and Sewer</u>	<u>Total</u>
Property Taxes	\$ -	\$ -	\$ 3,398,266
Impact Fees	-	-	42,000
Hotel Taxes	-	-	254,589
Interest Accrual	80	1,671,420	1,676,322
Service Billings	247	7,498,754	10,286,381
Miscellaneous	393	-	16,435
Gross Receivables	<u>720</u>	<u>9,170,174</u>	<u>15,673,993</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>(20,615)</u>	<u>(924,337)</u>
	<u>\$ 720</u>	<u>\$ 9,149,559</u>	<u>\$ 14,749,656</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. LOANS RECEIVABLE

Loans receivable 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>Grant</u>	<u>Total</u>
Havre de Grace, Maryland	\$ 1,075,000	\$ -	\$ 1,075,000
Bel Air, Maryland	83,327	-	83,327
Stuart Terrace	11,917	-	11,917
Housing Agency	-	752,869	752,869
CDBG	-	808,749	808,749
Economic Development Opportunity	-	336,774	336,774
	<u>1,170,244</u>	<u>1,898,392</u>	<u>3,068,636</u>
Less: Allowance for Uncollectible	-	(890,295)	(890,295)
	<u>\$ 1,170,244</u>	<u>\$ 1,008,097</u>	<u>\$ 2,178,341</u>

c. UNAVAILABLE REVENUE

Governmental funds report *unavailable 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 *unavailable revenue* reported in the governmental funds were as follows:

	<u>General</u>	<u>Highways</u>	<u>Capital Project</u>	<u>Total</u>
Income Taxes	\$ 18,505,188	\$ -	\$ -	\$ 18,505,188
Property Taxes Receivable	2,136,251	292,691	-	2,428,942
Special Assessments Receivable	-	-	526,958	526,958
	<u>\$ 20,641,439</u>	<u>\$ 292,691</u>	<u>\$ 526,958</u>	<u>\$ 21,461,088</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

d. UNEARNED REVENUE

	<u>General</u>	<u>Grants</u>	<u>Capital Project</u>	<u>Total</u>
Build America Bonds Subsidy	\$ 639,407	\$ -	\$ -	\$ 639,407
Grant Drawdown in Excess of Expenditures	-	1,846,702	-	1,846,702
Prepaid Property Taxes	69,056	-	-	69,056
Prepaid Contribution-Capital Project	-	-	227,008	227,008
Walk-in Assessment Escrow	712	-	-	712
	<u>\$ 709,175</u>	<u>\$ 1,846,702</u>	<u>\$ 227,008</u>	<u>\$ 2,782,885</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2017, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated or amortized:				
Land	\$ 257,840,623	\$ 1,354,204	\$ (1,711,475)	\$ 257,483,352
Development Rights	126,578,286	4,213,506	(11,843)	130,779,949
Construction in Process	18,878,454	4,085,974	(6,224,151)	16,740,277
Total Capital Assets, not being depreciated or amortized	<u>403,297,363</u>	<u>9,653,684</u>	<u>(7,947,469)</u>	<u>405,003,578</u>
Capital Assets, being depreciated or amortized:				
Buildings	203,730,895	5,625,865	(2,579,829)	206,776,931
Improvements other than buildings	88,093,985	415,561	-	88,509,546
Machinery and Equipment	30,197,703	390,060	(1,845,828)	28,741,935
Vehicles	44,832,337	3,455,147	(3,550,769)	44,736,715
Intangibles	1,635,026	144,776	-	1,779,802
Infrastructure	227,733,687	6,852,105	(548,017)	234,037,775
Total Capital Assets, being depreciated or amortized	<u>596,223,633</u>	<u>16,883,514</u>	<u>(8,524,443)</u>	<u>604,582,704</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(61,822,868)	(4,770,764)	1,574,135	(65,019,497)
Improvements other than buildings	(65,236,171)	(1,593,481)	-	(66,829,652)
Machinery and Equipment	(26,901,546)	(1,204,358)	1,734,154	(26,371,750)
Vehicles	(30,935,518)	(3,696,843)	3,515,161	(31,117,200)
Intangibles	(469,800)	(185,375)	-	(655,175)
Infrastructure	(109,797,252)	(10,403,969)	548,017	(119,653,204)
Total Accumulated Depreciation or Amortization	<u>(295,163,155)</u>	<u>(21,854,790)</u>	<u>7,371,467</u>	<u>(309,646,478)</u>
Total Capital Assets, being depreciated or amortized, net	<u>301,060,478</u>	<u>(4,971,276)</u>	<u>(1,152,976)</u>	<u>294,936,226</u>
Governmental Activities Capital Assets, net	<u>\$ 704,357,841</u>	<u>\$ 4,682,408</u>	<u>\$ (9,100,445)</u>	<u>\$ 699,939,804</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 1,534,207	\$ -	\$ -	\$ 1,534,207
Construction in Process	31,157,715	6,552,310	(30,395,609)	7,314,416
Total Capital Assets, not being depreciated or amortized	<u>32,691,922</u>	<u>6,552,310</u>	<u>(30,395,609)</u>	<u>8,848,623</u>
Capital Assets, being depreciated or amortized:				
Buildings	272,724,280	1,539,535	(60,863)	274,202,952
Improvements other than buildings	299,552,371	11,304,501	(243,383)	310,613,489
Machinery and Equipment	33,496,705	253,690	(213,077)	33,537,318
Vehicles	4,769,184	679,562	(238,309)	5,210,437
Intangibles	541,891	-	-	541,891
Infrastructure	10,905,502	21,729,897	-	32,635,399
Total Capital Assets, being depreciated or amortized	<u>621,989,933</u>	<u>35,507,185</u>	<u>(755,632)</u>	<u>656,741,486</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(102,999,687)	(6,069,804)	60,864	(109,008,627)
Improvements other than buildings	(92,183,357)	(5,079,285)	243,382	(97,019,260)
Machinery and Equipment	(6,407,726)	(1,291,450)	199,103	(7,500,073)
Vehicles	(2,930,303)	(427,869)	201,696	(3,156,476)
Intangibles	(185,196)	(61,548)	-	(246,744)
Infrastructure	(278,696)	(326,489)	-	(605,185)
Total Accumulated Depreciation or Amortization	<u>(204,984,965)</u>	<u>(13,256,445)</u>	<u>705,045</u>	<u>(217,536,365)</u>
Total Capital Assets, being depreciated or amortized, net	<u>417,004,968</u>	<u>22,250,740</u>	<u>(50,587)</u>	<u>439,205,121</u>
Business-type Activities Capital Assets, net	<u>\$ 449,696,890</u>	<u>\$ 28,803,050</u>	<u>\$ (30,446,196)</u>	<u>\$ 448,053,744</u>

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

Governmental Activities:

County Council	\$ 3,677
General Government	1,363,242
Judicial	6,499
Libraries	1,056,311
Parks and Recreation	2,839,726
Public Safety	3,413,776
Public Works	12,365,735
Social Services & Health	805,824
Total Depreciation or Amortization Expense - Governmental Activities	<u>\$ 21,854,790</u>

Business-type Activities

Water and Sewer	<u>\$ 13,256,445</u>
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Harford County Public Schools: Capital Asset Activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 10,318,494	\$ -	\$ (645,552)	\$ 9,672,942
Construction in Process	59,580,332	19,728,975	(24,562,429)	54,746,878
Total Capital Assets, not being depreciated	<u>69,898,826</u>	<u>19,728,975</u>	<u>(25,207,981)</u>	<u>64,419,820</u>
Capital Assets, being depreciated				
Land Improvements	17,696,719	994,620	-	18,691,339
Buildings and Improvements	705,358,199	25,539,692	-	730,897,891
Furniture and Equipment	45,479,604	3,347,023	(1,548,272)	47,278,355
Total Capital Assets, being depreciated	<u>768,534,522</u>	<u>29,881,335</u>	<u>(1,548,272)</u>	<u>796,867,585</u>
Accumulated Depreciation				
Land Improvements	(7,137,029)	(826,876)	-	(7,963,905)
Buildings and Improvements	(175,648,451)	(14,760,490)	-	(190,408,941)
Furniture and Equipment	(32,688,576)	(3,281,482)	1,469,335	(34,500,723)
Total Accumulated Depreciation	<u>(215,474,056)</u>	<u>(18,868,848)</u>	<u>1,469,335</u>	<u>(232,873,569)</u>
Total Capital Assets, being depreciated, net	<u>553,060,466</u>	<u>11,012,487</u>	<u>(78,937)</u>	<u>563,994,016</u>
Total Capital Assets, net	<u>\$ 622,959,292</u>	<u>\$ 30,741,462</u>	<u>\$ (25,286,918)</u>	<u>\$ 628,413,836</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Equipment - Other	\$ 306,446	\$ 10,420	\$ (94,769)	\$ 222,097
Equipment - Transportation	714,438	157,811	-	872,249
Leasehold Improvements	459,309	129,704	(33,106)	555,907
Total Capital Assets, being depreciated	<u>1,480,193</u>	<u>297,935</u>	<u>(127,875)</u>	<u>1,650,253</u>
Accumulated Depreciation:				
Capital Assets	<u>(1,185,112)</u>	<u>(89,323)</u>	<u>127,632</u>	<u>(1,146,803)</u>
Total Capital Assets, net	<u>\$ 295,081</u>	<u>\$ 208,612</u>	<u>\$ (243)</u>	<u>\$ 503,450</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford Community College: Capital Asset Activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,741,760	\$ -	\$ -	\$ 3,741,760
Construction in Process	4,968,743	-	(4,968,743)	-
Total Capital Assets, not being depreciated	<u>8,710,503</u>	<u>-</u>	<u>(4,968,743)</u>	<u>3,741,760</u>
Capital Assets, being depreciated				
Buildings and Improvements	136,600,186	6,264,503	(1,630,634)	141,234,055
Furniture and Equipment	10,302,857	598,842	(404,424)	10,497,275
Vehicles	822,857	141,858	(124,532)	840,183
Library Books	1,584,405	104,355	(54,109)	1,634,651
Total Capital Assets, being depreciated	<u>149,310,305</u>	<u>7,109,558</u>	<u>(2,213,699)</u>	<u>154,206,164</u>
Accumulated Depreciation				
Buildings and Improvements	(36,898,943)	(4,011,975)	1,081,222	(39,829,696)
Furniture and Equipment	(6,787,734)	(727,688)	383,405	(7,132,017)
Vehicles	(524,033)	(77,778)	92,997	(508,814)
Library Books	(1,065,677)	(90,254)	54,109	(1,101,822)
Total Accumulated Depreciation	<u>(45,276,387)</u>	<u>(4,907,695)</u>	<u>1,611,733</u>	<u>(48,572,349)</u>
Total Capital Assets, being depreciated, net	<u>104,033,918</u>	<u>2,201,863</u>	<u>(601,966)</u>	<u>105,633,815</u>
Total Capital Assts, net	<u>\$ 112,744,421</u>	<u>\$ 2,201,863</u>	<u>\$ (5,570,709)</u>	<u>\$ 109,375,575</u>

Harford County Public Library: Capital Asset Activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Improvements to Buildings	\$ 1,655,797	\$ 511,370	\$ (47,686)	\$ 2,119,481
Circulating Materials	6,121,530	1,813,315	(2,310,391)	5,624,454
Furniture and Equipment	2,475,084	407,729	(108,662)	2,774,151
Computer Equipment	2,394,597	91,069	(85,175)	2,400,491
Vehicles	356,695	-	-	356,695
Copier Equipment	107,000	9,455	-	116,455
Total Capital Assets, being depreciated	<u>13,110,703</u>	<u>2,832,938</u>	<u>(2,551,914)</u>	<u>13,391,727</u>
Accumulated Depreciation:				
Improvements to Buildings	(826,196)	(150,296)	34,702	(941,790)
Circulating Materials	(3,199,328)	(1,957,664)	2,310,391	(2,846,601)
Furniture and Equipment	(2,229,764)	(127,661)	106,118	(2,251,307)
Computer Equipment	(2,086,948)	(236,990)	82,610	(2,241,328)
Vehicles	(327,909)	(11,310)	-	(339,219)
Copier Equipment	(24,431)	(21,313)	-	(45,744)
Total Accumulated Depreciation	<u>(8,694,576)</u>	<u>(2,505,234)</u>	<u>2,533,821</u>	<u>(8,665,989)</u>
Total Capital Assets, net	<u>\$ 4,416,127</u>	<u>\$ 327,704</u>	<u>\$ (18,093)</u>	<u>\$ 4,725,738</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 2017, rental expenditures approximated \$3,677,148. 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, 2017:

Year Ending June 30,	Amount
2018	\$ 3,511,016
2019	3,381,844
2020	2,991,522
2021	1,720,174
2022	996,773
2023-2024	516,753
Total Minimum Payments Required	\$ 13,118,082

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. As of June 30, 2017, these interfund balances are:

	Due To	Due From
Primary Government:		
Capital Projects Fund	\$ 6,075,716	\$ -
Component Units:		
Harford County Public Schools	-	6,071,552
Harford Community College	-	4,164
	\$ 6,075,716	\$ 6,075,716

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, and (3) move revenues from capital project fund to the general fund to pay debt service. The interfund transfers for the current fiscal year are:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Transfers In

Transfers Out	General Fund	Grant Fund	Capital Project Fund	Total
General Fund	\$ -	\$ 3,649,115	\$ 5,901,575	\$ 9,550,690
Highways Fund	-	-	8,162,603	8,162,603
Grant Fund	1,363,279	-	-	1,363,279
Capital Projects Fund	17,800,000	-	-	17,800,000
Parks & Recreation Fund	-	-	150,000	150,000
Stormwater Mgmt Fund	-	-	200,000	200,000
Total Transfers In	<u>\$ 19,163,279</u>	<u>\$ 3,649,115</u>	<u>\$ 14,414,178</u>	<u>\$ 37,226,572</u>

F. TAX ABATEMENTS

As of June 30, 2017, Harford County, Maryland provides tax abatements through three programs: the Payment in Lieu of Taxes (PILOT) Programs, Enterprise Zone Program and the Agricultural Preservation Program.

A Payment in Lieu of Tax Program is an agreement between a jurisdiction and a developer, business, or landowner that substitutes a negotiated payment for annual real estate and personal property taxes that are traditionally due on property.

The PILOT for federal enclave property provides that a project developed on federal property be exempt from County and State real property taxes in consideration of the Developer's agreement to accrue a negotiated liability based on the amount of rentable square feet that it has constructed each tax year in lieu of County and State real property taxes on the project. The Tax Property Article, Section 7-211.3 of the Maryland Annotated Code is the legal authority for this program. Harford County, Maryland passed Resolution 03-09 approving the execution by the County Executive of an Agreement for Payment in Lieu of Taxes with the Developer and the Maryland Department of Transportation. The Developer plans to develop an approximately 400-acre tract of land located on Aberdeen Proving Ground (APG) known as the Government and Technology Enterprise Project (GATE). Potentially approximately two million rentable square feet of office, laboratory, research and development, and hotel/conference space is to be made available to contractors that will support the mission of APG GATE Project. The Project will be exempt from County and State real property taxes in consideration of the Developer's agreement to accrue a negotiated liability based on the amount of rentable square feet that it has constructed each tax year. The PILOT payments under this agreement shall be dedicated to the construction of transportation and related improvements located within the area of land located generally within a three mile radius from the relocated entrance gate to APG accessible from Maryland Boulevard. In no event shall the PILOT payments in any given year exceed the amount of property tax that would otherwise be due to the State and County on the completed improvements on a cumulative basis under this Agreement if this Agreement were not in place. Current assessment information is not available for this property. Without an updated assessed value, the amount by which Harford County's revenues were reduced for this reporting period cannot be determined.

The Payment in Lieu of Tax Program (PILOT) for housing structures or projects constructed under a federal, state or local government program that funds construction, or insures its financing, or provides interest subsidy, rent subsidy or rent supplements and will operate the project as affordable senior housing or housing for lower

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

or moderate income persons. The structures and facilities on the real property are governmentally controlled as to rents, charges, rates of return and methods of operation as to operate on a nonprofit or limited distribution basis or the owner of the real property agrees to continue to maintain the real property as rental housing for lower income persons under the requirements of the government program. The Tax Property Article, Section 7-505 and Section 7-506.1 of the Maryland Annotated Code are the legal authority for these programs. Harford County, Maryland has passed a resolution for each of the fourteen PILOT agreements under this program. Each of these fourteen agreements is separately negotiated and the PILOT payment is calculated in various ways. The agreements establish monthly rental payments for the apartment units with an escalation clause in many cases. These agreements range from 10 years to no expiration date as long as the property is used as affordable senior housing or housing for lower or moderate income persons. Most of these PILOT agreements contain language that the annual PILOT payment cannot exceed the calculated County real property tax for the property.

Section 7-514(c) of the Maryland Annotated Property tax Code authorizes and empowers a local government to enter into an agreement with the owner of a facility for the generation of electricity that located in the County for a negotiated payment by the owner in lieu of taxes on the facility. Harford County, Maryland entered into such an agreement with CSFG – UCH ENERGY, LLC. The County shall accept a payment of \$4,300 per year in lieu of personal property tax. This payment shall only be used for public health and public safety programs, projects or equipment in the County. This agreement shall extend for the same twenty year term as the Energy Services Agreement (ESA), effective beginning in the County’s first fiscal tax year in which the System becomes taxable. The Payment in Lieu of Tax agreement shall expire when the ownership of the personal property transfers to the Hospital at which time it will become exempt from personal property tax, but not later than the tax year ending June 30, 2035.

Enterprise Zone Tax Credits are granted to an owner of qualified property located in the area designated as an Enterprise Zone by the Maryland Department of Business and Economic Development. The purpose of the zone is to encourage the creation of well-paying jobs, ensure retention and spur expansion of resident businesses, promote development and occupancy of vacant, underutilized land and buildings and support the county’s commitment to revitalizing older industrial areas of Harford County. The Tax Property Article, Section 9-103 of the Maryland Annotated Code and the Harford County Code, Section 123-43.8 are the authorization for the Enterprise Zone program and corresponding tax credits. A ten-year tax credit against Harford County real property taxes on a portion of real property expansion, renovation or capital improvement is granted to properties that are approved by County Council resolution. The amount of credit is 80% of the eligible assessment in each of the first 5 years, and the credit decreases 10% annually (70%, 60%, 50%, 40%, and 30%) for the subsequent 5 years. As provided by the State of Maryland budget, the State shall remit to the County an amount equal to one-half of the funds granted for enterprise zone tax credits annually. For the County to receive a reimbursement by August 31 in any calendar year, the County shall submit an annual request to the Department of Assessments and Taxation on July 1 of that year.

Harford County Maryland grants real property tax credits to property that has been preserved under one of four programs to permanently preserve farmland. Those programs are the Harford County Agricultural Preservation Program, the Maryland Agricultural Land Preservation Foundation, the Rural Legacy Program and the Maryland Environmental Trust. To qualify for a Harford County Property Tax credit the property must be located in the Agricultural district and the property must be subject to an agricultural preservation easement or an agreement not to develop the property for a shorter period of time. Under the easement program the property tax credit is calculated as the lesser of one hundred percent of the county real property tax or fifty dollars for each acre of property in the program. Under the district program, which includes properties not subject to an agricultural preservation easement, the credit is the lesser of fifty percent of the county real property tax for the property or fifty dollars for each acre of property in the program. The Tax Property Article, section 9-314 of the Maryland

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Annotated Code and Harford County Code sections 123-43.3, 123-43.3.1 and 123-43.3.2 are the authorization for this tax credit program.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
PILOT Programs	\$ 251,813
Enterprise Zone Credits	1,101,371
Agricultural Preservation Credits	1,397,348

G. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2016	Additions	Principal Repayments & Reductions	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
Agricultural Land Preserv. Bonds Payable	\$ 52,282,849	\$ 1,809,630	\$ (7,471,048)	\$ 46,621,431	\$ 18,300,072
General Obligation Bonds	473,822,233	56,682,932 ²	(37,810,483) ¹	492,694,682	35,074,859
Special Obligation Bonds	14,000,000	-	-	14,000,000	30,000
Notes Payable	1,312,618	-	(701)	1,311,917	701
Landfill Closure/Solid Waste	30,754,788	-	(3,246,044)	27,508,744	1,622,148
Compensated Absences	25,997,098	1,709,671	(1,197,503)	26,509,266	9,239,385
Est. Liab. For Claims in Pro.	<u>3,217,184</u>	<u>1,927,483</u>	<u>(1,525,079)</u>	<u>3,619,588</u>	<u>1,470,401</u>
Governmental Activities - Long-term Liabilities	<u>\$ 601,386,770</u>	<u>\$ 62,129,716</u>	<u>\$ (51,250,858)</u>	<u>\$ 612,265,628</u>	<u>\$ 65,737,566</u>
Business-type Activities:					
Bonds Payable	\$ 131,755,478	\$ 1,943,188 ²	\$ (9,433,876) ¹	\$ 124,264,790	\$ 8,570,141
Compensated Absences	<u>3,267,618</u>	<u>183,455</u>	<u>(91,811)</u>	<u>3,359,262</u>	<u>1,228,525</u>
Business-type activities - Long-term Liabilities	<u>\$ 135,023,096</u>	<u>\$ 2,126,643</u>	<u>\$ (9,525,687)</u>	<u>\$ 127,624,052</u>	<u>\$ 9,798,666</u>

1 Includes amortization of premium of \$4,120,833 for Governmental Activities. Business-type Activities include amortization of premium of \$1,063,526.

2 Includes Premium of \$3,505,932 for Governmental Activities. Business-type Activities include premium of \$120,188.

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, 2017, was \$1,785,007,618 and the legal debt margin was \$1,291,001,019.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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) and capital leases. The changes and the portion due within one year are as follows:

	<u>Beginning Balance</u>	<u>Changes</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Harford County Public Schools</u>				
Capital Leases	\$ 9,136,971	\$ (525,043)	\$ 8,611,928	\$ 542,212
Compensated Absences	27,497,531	384,668	27,882,199	4,976,548
OPEB	<u>265,720,929</u>	<u>43,022,000</u>	<u>308,742,929</u>	<u>-</u>
	<u>\$ 302,355,431</u>	<u>\$ 42,881,625</u>	<u>\$ 345,237,056</u>	<u>\$ 5,518,760</u>
 Net Pension Liability	 <u>\$ 26,420,243</u>	 <u>\$ 1,240,734</u>	 <u>\$ 27,660,977</u>	 <u>\$ -</u>
 <u>Harford Community College</u>				
Compensated Absences	\$ 1,119,711	\$ 20,673	\$ 1,140,384	\$ 117,982
OPEB	<u>205,221</u>	<u>20,000</u>	<u>225,221</u>	<u>-</u>
	<u>\$ 1,324,932</u>	<u>\$ 40,673</u>	<u>\$ 1,365,605</u>	<u>\$ 117,982</u>
 Net Pension Liability	 <u>\$ 1,153,385</u>	 <u>\$ 177,483</u>	 <u>\$ 1,330,868</u>	 <u>\$ -</u>
 <u>Harford County Public Library</u>				
Capital Lease	\$ 93,703	\$ (23,589)	\$ 70,114	\$ 23,083
Compensated Absences	479,668	(6,148)	473,520	21,644
OPEB	<u>12,131,632</u>	<u>1,090,000</u>	<u>13,221,632</u>	<u>-</u>
	<u>\$ 12,705,003</u>	<u>\$ 1,060,263</u>	<u>\$ 13,765,266</u>	<u>\$ 44,727</u>
 Net Pension Liability	 <u>\$ 1,604,327</u>	 <u>\$ (38,649)</u>	 <u>\$ 1,565,678</u>	 <u>\$ -</u>

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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Interest rates on securities owned at June 30, 2017, range from 2.34% to 6.85%. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2017, are as follows:

AGRICULTURAL LAND PRESERVATION INSTALLMENTS

Year Ending June 30,	Principal	Interest	Total Requirement
2018	\$ 18,300,072	\$ 2,066,078	\$ 20,366,150
2019	4,758,938	1,146,220	5,905,158
2020	1,214,181	903,583	2,117,764
2021	710,137	833,425	1,543,562
2022	263,147	797,533	1,060,680
2023	2,075,800	787,545	2,863,345
2024	1,339,964	687,070	2,027,034
2025	495,943	615,735	1,111,678
2026	811,436	594,646	1,406,082
2027	526,228	558,454	1,084,682
2028	722,609	535,390	1,257,999
2029	3,691,611	503,274	4,194,885
2030	141,806	337,904	479,710
2031	141,806	333,809	475,615
2032	5,705,713	329,710	6,035,423
2033	1,676,640	164,850	1,841,490
2034	49,910	113,627	163,537
2035	2,514,881	112,224	2,627,105
2036	18,279	38,341	56,620
2037	1,462,330	37,866	1,500,196
	\$ 46,621,431	\$ 11,497,284	\$ 58,118,715

For the year ended June 30, 2017, total principal and interest incurred related to agricultural land preservation installment was \$7,471,048 and \$2,492,664, respectively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUND TYPES – CONTINUED

c. BONDS PAYABLE

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 the 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 2007, 2009, 2010, 2012, 2013, 2014, 2015, 2016 and 2017 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 Fund, area connection charges, user benefit assessments, benefit assessments and surcharge assessments. In Fiscal Year 2017, the County issued \$53,177,000 in the Governmental activities and \$1,823,000 in the Business-Type activities of general obligation bonds. As of June 30, 2017, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2017</u>
Water Quality Loan of 1999 - 2.52% - due serially to 2018	\$ 4,585,000	\$ 114,838
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	95,900,000	6,000,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	21,738,036	15,616,243
Public Improvement Bond of 2009 - 4.0% - 5.0% - 2.25% due serially to 2029	96,100,000	1,894,446
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	10,608,586
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	28,551,600
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	30,763,290
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	6,931,393	4,691,605
Public Improvement Bond of 2013 - 3.0% - 5.0% due serially to 2033	30,000,000	24,000,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	59,750,398	57,065,392
Public Improvement Bond of 2014 - 2.0% - 5.0% due serially to 2034	33,180,257	28,200,257
Public Improvement Bond of 2015 - 3.0% - 5.0% due serially to 2034	42,000,000	37,800,000
Refunding Bond of 2015 - 2.95% - 5.0% - due serially to 2029	55,994,243	55,445,673
Public Improvement Bond of 2016 - 2.0% - 5.0% due serially to 2035	27,132,515	25,775,889
Public Improvement Bond of 2017 - 3.0% - 5.0% due serially to 2036	<u>53,177,000</u>	<u>53,177,000</u>
Total Bonds Outstanding	735,206,799	455,774,439
Premium	65,054,787	36,920,243
Total	<u>\$ 800,261,586</u>	<u>\$ 492,694,682</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2018	\$ 35,074,859	\$ 18,820,309	\$ 53,895,168
2019	34,508,584	17,170,788	51,679,372
2020	34,816,004	15,502,553	50,318,557
2021	34,239,223	13,865,719	48,104,942
2022	33,052,207	12,235,557	45,287,764
2023-2027	147,529,875	40,530,715	188,060,590
2028-2032	106,749,926	14,425,382	121,175,308
2033-2037	29,803,761	1,998,985	31,802,746
Premium	36,920,243	-	36,920,243
	<u>\$ 492,694,682</u>	<u>\$ 134,550,008</u>	<u>\$ 627,244,690</u>

For the year ended June 30, 2017, total principal and interest incurred related to general obligation bonds was \$33,689,650 and \$18,220,099, respectively.

Business-Type Activities:

	Originally Issued	Outstanding as of June 30, 2017
State of MD Water Quality Loan dated September 1999 - 2.52% - due serially to 2018	\$ 11,585,000	\$ 290,162
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	24,695,000	1,750,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	4,251,964	370,554
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	3,883,756
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	256,414
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	9,948,400
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	11,536,710
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	2,043,607	1,383,395
Public Improvement Bond of 2013 - 3.0% - 5.0% - due serially to 2033	10,000,000	8,545,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	14,909,602	14,239,609
Public Improvement Bond of 2014 - 2.0% - 5.0% - due serially to 2034	6,819,743	6,094,743
Public Improvement Bond of 2015 - 3.0% - 5.0% - due serially to 2034	3,000,000	2,790,000
Refunding Bond of 2015 - 2.95% - 5.0% - due serially to 2029	13,925,757	13,789,327
Public Improvement Bond of 2016 - 2.0% - 5.0% - due serially to 2035	12,867,485	12,499,111
Public Improvement Bond of 2017 - 3.0% - 5.0% - due serially to 2036	1,823,000	1,823,000
Total Bonds Outstanding	195,448,201	115,705,561
Premium	14,264,933	8,559,229
Total	<u>\$ 209,713,134</u>	<u>\$ 124,264,790</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2018	\$ 8,570,141	\$ 4,774,243	\$ 13,344,384
2019	8,006,416	4,414,874	12,421,290
2020	8,138,996	4,029,158	12,168,154
2021	8,120,777	3,643,017	11,763,794
2022	8,157,793	3,252,454	11,410,247
2023-2027	38,690,125	10,925,317	49,615,442
2027-2032	29,775,073	3,808,198	33,583,271
2033-2037	6,246,240	400,312	6,646,552
Premium	8,559,229	-	8,559,229
	<u>\$ 124,264,790</u>	<u>\$ 35,247,573</u>	<u>\$ 159,512,363</u>

For the year ended June 30, 2017, total principal and interest incurred related to business-type activities was \$8,370,350 and \$ 3,348,083 respectively.

2. Special Obligations Bonds

PRIMARY GOVERNMENT

As of June 30, 2017, 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. These bonds do not have Harford County, Maryland's full faith and credit pledged.

Governmental activities:	Originally Issued	Outstanding as of June 30, 2017
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, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2017, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2018	\$ 30,000	\$ 1,048,875	\$ 1,078,875
2019	50,000	1,045,875	1,095,875
2020	75,000	1,041,188	1,116,188
2021	100,000	1,034,625	1,134,625
2022	130,000	1,026,000	1,156,000
2023-2027	1,215,000	4,908,563	6,123,563
2028-2032	2,495,000	4,228,313	6,723,313
2033-2037	4,405,000	2,957,063	7,362,063
2038-2042	5,500,000	873,748	6,373,748
	<u>\$ 14,000,000</u>	<u>\$ 18,164,250</u>	<u>\$ 32,164,250</u>

For the year ended June 30, 2017, 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

COMPONENT UNITS

Harford County Public Schools: The Public Schools have entered into lease agreements as lessee to construct the administration building in the amount of \$11,400,223, which was completed in January 2006. 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 asset acquired and capitalized under the capital lease is as follows:

Building Cost	\$ 10,852,395
Less: Accumulated Depreciation	<u>(2,496,051)</u>
Net Book Value	<u>\$ 8,356,344</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Year Ending June 30,	Amount
2018	\$ 823,822
2019	823,822
2020	823,822
2021	823,822
2022	823,822
2023-2027	4,119,110
2028-2030	2,471,466
Total Minimum Lease Payments	10,709,686
Less: Amount Representing Interest	(2,097,758)
Present Value Minimum Lease Payments	\$ 8,611,928

Harford County Public Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2021. 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, typically five years. Included in property and equipment are assets under these leases with a cost of \$120,182 as of June 30, 2017. Depreciation of assets under capital leases is included in depreciation expense. The depreciation expenses relating to the leases was \$21,313 for the year ended June 30, 2017. Accumulated depreciation relating to the leases was \$45,744 as of June 30, 2017. Future minimum lease payments under capital leases are as follows:

Year Ending June 30,	Amount
2018	\$ 30,919
2019	30,919
2020	30,919
2021	9,501
2022	473
Total Minimum Lease Payments	102,731
Less: Amount Representing Interest	(32,617)
Present Value Minimum Lease Payments	\$ 70,114

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Governmental activities:

	<u>Principal Balance</u> <u>June 30, 2017</u>	<u>Annual Rate/ Payment Frequency</u>	<u>Payment Began</u>	<u>Date Matures</u>
Paca Ltd., Inc.	\$ 1,300,000	5.75%/Annually	09/2008	09/2018
State of MD - DNR	11,917	0.00%/Annually	07/2009	07/2033
	<u>\$ 1,311,917</u>			

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2018	\$ 701	\$ 74,750	\$ 75,451
2019	1,300,701	74,750	1,375,451
2020	701	-	701
2021	701	-	701
2022	701	-	701
2023-2027	3,505	-	3,505
2028-2032	3,505	-	3,505
2033-2034	1,402	-	1,402
	<u>\$ 1,311,917</u>	<u>\$ 149,500</u>	<u>\$ 1,461,417</u>

For the year ended June 30, 2017, total principal and interest incurred related to notes payable was \$701 and \$74,750 respectively.

f. LANDFILL CLOSURE/SOLID WASTE LIABILITIES

PRIMARY GOVERNMENT

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

As of June 30, 2017, 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	\$ 9,975,859	\$ 25,918	\$ 10,001,777
Estimated Liability for Closed Landfills	8,931,323	(2,550,134)	6,381,189
Waste to Energy Liability	11,847,606	(721,828)	11,125,778
	<u>\$ 30,754,788</u>	<u>\$ (3,246,044)</u>	<u>\$ 27,508,744</u>

The Cumulative Liability for Open Landfills represents the cost, based on use of 80.8% of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$2,373,720 as the remaining estimated capacity is used.

The Cumulative Liability for Open Landfills as of June 30, 2017 is \$10,001,777. Harford County has a landfill capping capital project with a remaining balance of \$1,020,077 resulting from prior appropriations to begin the closure of the older cells and has assigned fund balance of \$8,981,700 for future closure of cells and post closure costs.

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.

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

The County was issued a Refuse Disposal Permit (2000-WMY-0570) on October 5, 2007, which provides for construction and operation of 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.

Harford County executed an agreement with Northeast Maryland Waste Disposal Authority to operate the Harford Waste-to-Energy facility. The agreement states that Harford County will reimburse all expenditures associated with the facility. Northeast Maryland Waste Disposal Authority has a property lease with U.S. Army for the land that the facility is built upon. In accordance with terms of the property lease, when the facility is decommissioned, the land must be restored to its original state. In Fiscal Year 2014, it was determined that the facility would be decommissioned by 2016 and thus the County recorded a long term liability for the estimated cost of \$12,000,000 to restore the land to its original state. Decommissioning costs of \$721,828 were incurred in fiscal year 2017, leaving a liability of \$11,125,778 at June 30, 2017. Harford County has a Waste-to-Energy facility capital project with a remaining balance of \$3,929,531, resulting from prior appropriations to begin the closure of the facility and has assigned fund balance of \$7,196,247 million remaining for the estimate cost of the facility closure.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

g. PRIOR PERIOD DEFEASANCE OF DEBT

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2017, \$127.1 million of bonds outstanding are considered defeased.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

H. FUND BALANCE – GOVERNMENTAL ACTIVITIES

	General	Highways	Grants	Agricultural Land Preservation	Capital Projects	Non-major Governmental Funds	Total
Nonspendable:							
Inventory	\$ -	\$ 2,250,008	\$ -	\$ -	\$ -	\$ -	\$ 2,250,008
Long Term Rec.	1,170,244	-	1,008,097	-	-	-	2,178,341
Sub-total	1,170,244	2,250,008	1,008,097	-	-	-	4,428,349
Restricted for:							
Education	-	-	-	-	3,124,681	-	3,124,681
Bond Proceeds	4,969,661	100,091	-	-	1,010,256	107,864	6,187,872
Debt Service	-	-	-	-	-	2,160,752	2,160,752
Public Safety	612,775	-	-	-	-	-	612,775
Tourism	1,512,400	-	-	-	-	-	1,512,400
Highways	-	237,065	-	-	-	-	237,065
Parks and Rec	-	-	-	-	887,478	-	887,478
Grants	-	-	8,465,649	-	-	-	8,465,649
Sub-total	7,094,836	337,156	8,465,649	-	5,022,415	2,268,616	23,188,672
Committed to:							
Development Rights	-	-	-	37,090,908	-	-	37,090,908
Sub-total	-	-	-	37,090,908	-	-	37,090,908
Assigned to:							
Approp. of Fund Bal.	-	-	-	-	287,172	110,000	397,172
Fiscal Stabilization Fund	27,155,000	2,410,000	-	-	-	-	29,565,000
Encumbrances:							
General Government	602,281	-	-	-	3,954,863	-	4,557,144
Public Safety	958,212	-	-	-	440,151	-	1,398,363
Public Works	27,443	1,082,503	-	-	14,549,643	-	15,659,589
Parks and Recreation	40,159	-	-	-	2,942,408	6,000	2,988,567
Library	-	-	-	-	48,375	-	48,375
Judicial	4,395	-	-	-	-	-	4,395
Social Services	6,240	-	-	-	-	-	6,240
Other Post Emp. Benef.	4,064,324	577,303	-	-	-	10,664	4,652,291
Landfill Closure Costs	8,981,700	-	-	-	-	-	8,981,700
WTE Plant Closure	7,196,247	-	-	-	-	-	7,196,247
Income Tax	1,759,134	-	-	-	-	-	1,759,134
Healthcare Consortium	2,166,149	271,314	-	-	-	6,278	2,443,741
Debt Repayment	1,300,000	-	-	-	-	-	1,300,000
Stormwater Management	20,000,000	-	-	-	-	4,338,133	24,338,133
Highways	-	12,020,852	-	-	-	-	12,020,852
Ag. Preservation	-	-	-	15,637,478	-	-	15,637,478
Capital Project	-	-	-	-	3,229,300	-	3,229,300
P&R Fund	-	-	-	-	-	62,794	62,794
Sub-total	74,261,284	16,361,972	-	15,637,478	25,451,912	4,533,869	136,246,515
Unassigned:	18,615,902	-	-	-	-	-	18,615,902
Total Fund Balances	\$ 101,142,266	\$ 18,949,136	\$ 9,473,746	\$ 52,728,386	\$ 30,474,327	\$ 6,802,485	\$ 219,570,346

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE/RISK MANAGEMENT

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 \$3,619,588 reported in the Internal Service fund as of June 30, 2017, is comprised of estimates of outstanding losses (including allocated loss adjustment expenses, which are the direct expenses to settle specific claims) and losses projected to be paid as of June 30, 2017. The estimated outstanding losses are the cost of unpaid claims, including case reserves, the development of known claims and claims incurred but not reported. 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:

Fiscal Year	Beginning of Year	Claims and Changes in Estimates	Payments	End of Year
2015	\$ 5,791,247	\$ 972,428	\$ (1,440,570)	\$ 5,323,105
2016	5,323,105	(625,528)	(1,480,393)	3,217,184
2017	3,217,184	1,927,483	(1,525,079)	3,619,588

COMPONENT UNITS

Harford County Public Schools: The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Board participates in the Maryland Association of Boards of Education (MABE) Group Insurance Pool and the Worker's Compensation Self Insurance Funds.

These public entity risk pools are self-insurance funds for the various member Maryland Boards of Education to minimize the cost of insurance and related administrative expenses.

Coverage is provided up to specified limits and the Board pays an annual premium for the coverage provided. In addition to general liability insurance, the Group Insurance Pool also provides coverage for property liability and automobile liability. Coverage above these limits is provided by third party insurance carriers. Settled claims have not exceeded commercial insurance in any of the past three fiscal years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the County estimates that no material liabilities will result from such audits.

The County had \$152,987,848 authorized but unobligated capital project appropriations as of June 30, 2017, in the governmental capital fund and \$24,238,807 in the water and sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit F-1 and G-1.

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 2007, 2009, 2010, 2012, 2013, 2014, 2015, 2016 and 2017. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

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 as of June 30, 2017.

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, 2017, there were 7 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding is \$72.8 million.

E. RETIREMENT PLANS

PRIMARY GOVERNMENT

a. PENSION PLANS - OVERVIEW

Harford County, Maryland participates in three pension plans. The first plan is comprised of the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, and the Law Enforcement Officer's Pension System, administered by the State Retirement and Pension System of Maryland. This plan is a cost-sharing multiple employer defined benefit system whose primary sponsor is the State of Maryland. The second plan is the Length of Service Award Program for Volunteer Firemen. This plan is a single employer length of service award program. The final plan is the Sheriff's Office Pension System. This plan is a single employer defined benefit system.

For the year ended June 30, 2017, the County recognized aggregated pension expense of \$21,492,831 for all three pension systems.

b. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

PRIMARY GOVERNMENT/COMPONENT UNITS

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, and the Law Enforcement Officers' Pension System administered by the State Retirement and Pension System of Maryland

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

(the System) and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 State Retirement System, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, by visiting their website, or by calling 410-767-4040.

Contributions: Plan members of the Employees’ Retirement System contribute up to 7% of their covered salary each fiscal year. Plan members of the Employees’ Pension System contribute 5% of their covered salary each fiscal year. Members of the Law Enforcement Officers’ Pension System contribute 7% 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 30, 2017 to the System, exclusive of contributions made directly by the State of Maryland, were equal to the actuarially determined amount, as follows:

	2017	2016	2015
Primary Government	\$ 11,280,505	\$ 10,791,576	\$ 11,705,062

PRIMARY GOVERNMENT

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2017, the County reported a liability of \$130,701,171 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participants members, actuarially determined. As of June 30, 2016, the County’s proportion was .553959%.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

For the year ended June 30, 2017, the County recognized pension expense of \$17,205,734. As of June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
County Contributions Subsequent to the Measurement Date	\$ 11,280,505	\$ -
Changes of Assumptions	5,253,410	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	5,643,104	229,601
Net Difference Between Projected and Actual Investment Earnings	15,575,307	-
Difference Between Expected and Actual Experience	-	3,310,204
Total	\$ 37,752,326	\$ 3,539,805

Contributions subsequent to the measurement date in the amount of \$11,280,505, reported as deferred outflows of resources related to pensions, will be recognized as a reduction in net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,			
2018	\$	5,406,867	
2019		5,406,867	
2020		7,582,186	
2021		4,771,742	
2022		(235,646)	

Actuarial Assumptions: The key actuarial assumptions used to perform the June 30, 2016, pension liability calculation are as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.70% general, 3.20% Wage
Salary Increases	3.30% to 9.20%, Including Wage Inflation
Investment Rate of Return	7.55%
Mortality	RP-2014 Mortality Tables

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the System’s Board after considering input from the System’s investment consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation, the best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	37%	6.60%
Credit Opportunity	9%	4.20%
Rate Sensitive	20%	1.30%
Absolute Return	9%	3.70%
Private Equity	10%	7.40%
Real Assets	15%	4.70%
Total	<u>100%</u>	

Discount Rate: A single discount rate of 7.55% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate: The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.55%) or 1 percentage point higher (8.55%) than the current rate:

	<u>1% Decrease 6.55%</u>	<u>Discount Rate 7.55%</u>	<u>1% Increase 8.55%</u>
County's Proportionate Share of the Net Pension Liability	\$ 179,529,481	\$ 130,701,171	\$ 90,068,814

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This can be found at www.sra.state.md.us/agency/downloads/CAFR/CAFR_FullReport.pdf.

COMPONENT UNITS

Harford County Public Schools: As of June 30, 2017, the Public Schools reported a liability of approximately \$27.7 million for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Public Schools’ proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. As of June 30, 2017, the Board’s proportion for ERS was 0.12%, which was substantially the same from its proportion measured as of June 30, 2016. For the year ended June 30, 2017, the Public Schools recognized pension expense for ERS of approximately \$3.2 million. As of June 30, 2017, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2017 Contributions	\$ 2,216,065	\$ -
Changes in Actuarial Assumptions	1,142,067	-
Differences in Expected and Actual Experience	-	708,868
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,489,078	1,136,203
	\$ 7,847,210	\$ 1,845,071

Detailed retirement plan information for the Public Schools is available in their current year audited financial statements.

Harford Community College: As of June 30, 2017, the College reported a liability of \$1,330,868 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College’s proportion of the net pension liability was based on the College’s contributions to the System in relation to total system contributions including direct aid from the State of Maryland. At June 30, 2016, the College’s proportionate share was .0056%.

For the year ended June 30, 2017 the College recognized pension expenses of \$187,324. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 52,055	\$ -
Difference Between Expected and Actual Experience	-	33,352
Change in Proportion	83,437	(15,079)
Net Difference Between Projected and Actual		
Investment Earnings	208,204	46,722
Changes in Proportionate Share of Contributions	12,282	-
Contributions Subsequent to the Measurement Date	104,519	-
	<u>\$ 460,497</u>	<u>\$ 64,995</u>

Detailed retirement plan information for the College is available in their current year audited financial statements.

Harford County Public Library:

In relation to employees participating in the Employee’s Retirement and Pension System at June 30, 2017, the Library reported a liability of \$1,565,678 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library’s proportion of the net pension liability was based on a projection of the Library’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined.

In relation to these employees, for the year ended June 30, 2017, the Library recognized pension expense of \$127,364. At the measurement date of June 30, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 423,605	\$ -
Net Difference Between Projected and Actual		
Investment Earnings	-	277,429
Contributions Subsequent to the Measurement Date	127,364	-
	<u>\$ 550,969</u>	<u>\$ 277,429</u>

The deferred outflow of resources of \$127,364 relating to contributions subsequent to the measurement date of June 30, 2016 will be recognized as a reduction of the Library’s net pension liability during the FY ending June 30, 2018. The deferred outflows and inflows of resources due to change in assumptions, differences between actual and expected experience, change in proportion, and differences between projected and actual investment earnings represent the Library’s proportionate share of the unamortized portions of the System’s original amounts.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Detailed retirement plan information for the Library is available in their current year audited financial statements.

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

PRIMARY GOVERNMENT

1. Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sheriff’s Office Pension System (the SOPS) and additions to/deductions from the SOPS’s fiduciary net position have been determined on the same basis as they are reported by the SOPS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. General Pension Plan Information

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. Harford County Government does not issue a separate financial statement for the SOPS.

Plan Description: 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.

Management of the SOPS is vested with the Trustees of the Plan. The County Plan has five trustees who shall be the County Treasurer or Acting Treasurer, the County Attorney or Acting County Attorney, the Director or Acting Director of Human Resources and two representatives who are each selected by the covered individuals of certified law enforcement employees and certified correctional service employees.

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 membership data related to the SOPS at July 1, was as follows:

Retirees and Beneficiaries Currently Receiving Benefits	85
Terminated Plan Members Entitled to, but not yet Receiving Benefits	6
Active Plan Members	<u>132</u>
Total	<u><u>223</u></u>

Benefits Provided: The SOPS provides retirement, disability and death benefits to plan members and their beneficiaries. Effective May 20, 2013, per Bill 13-9, the cost of living adjustment shall not exceed 3% for a

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

participant's benefit attributable to years of creditable service earned before July 1, 2013. Effective beginning with the cost of living adjustment (COLA) for July 1, 2014, with respect to the portion of a participant's benefit attributable to years of creditable service earned on or after July 1, 2013, the COLA shall not exceed 2.5%, if the actual rate of return of the plan's assets is less than 7% the COLA shall not exceed 1% applied each July 1st for all participants in pay status for the requisite 12 months.

Contributions: Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate, currently 32.20% 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.

3. Investments

Investments are reported at fair 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 SOPS.

Interest Risk: The investment policy of the pension plan does not limit investment maturities. 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.

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

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
U.S. Large cap equities	25%	47%
U.S. Mid cap equities	3%	13%
U.S. Small cap equities	3%	10%
International equities	14%	27%
Fixed income	21%	39%

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 are fully insured and/or fully collateralized, and money market funds to provide income, liquidity for expense payments, and preservation of the Plan'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% of its market value.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

As of June 30, 2017 the ratings of the underlying investments of the Plan’s debt securities were as follows:

	Rating				Total
	AAA	Aa3	A1/A2/A3	Baa3	
U.S. Treasury Obligations	\$ 4,062,507	\$ -	\$ -	\$ -	\$ 4,062,507
U.S. Governmental Agencies	631	-	-	-	631
Corporate & Foreign bonds	55,652	545,111	1,897,994	2,961,081	5,459,838
Total	<u>\$ 4,118,790</u>	<u>\$ 545,111</u>	<u>\$ 1,897,994</u>	<u>\$ 2,961,081</u>	<u>\$ 9,522,976</u>

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the Plan is not exposed to this risk. *Custodial Credit Risk:* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plan’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of June 30, 2017 the Plan’s investments were exposed to custodial credit risk as they were uninsured, unregistered and held by the Plan’s custodian.

Rate of Return: For the year ended June 30, 2017, the annual money-weighted rate or return on pension plan investments, net of pension plan investment expense, was 12.81 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2017, were as follows:

Total pension liability	\$ 68,802,532
Plan fiduciary net position	<u>(55,345,950)</u>
County's net pension liability	<u>\$ 13,456,582</u>
 Plan fiduciary net position as a percentage of the total pension liability	 80.44%

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Actuarial Cost Method	Entry Age Normal
Inflation	3%
Salary Increases	Rates Vary by Participant Service
Investment Rate of Return	7%, Net of Pension Plan Investment Expense, Including Inflation
Mortality	RP-2014 Combined Healthy tables with generational projection using the scale MP-2016

The actuarial assumptions used were based on the results of an actuarial valuation as of July 1, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation (3%). The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	49%	10.8%
International Equity	21%	10.2%
Fixed Income	30%	5.0%

Discount rate: The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

5. Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2016	\$ 66,024,947	\$ 49,380,194	\$ 16,644,753
Changes for the Year:			
Service Cost	1,621,696	-	1,621,696
Interest	4,512,191	-	4,512,191
Differences Between Expected and Actual Experience	(1,604,845)	-	(1,604,845)
Changes of Assumptions	1,378,695	-	1,378,695
Contributions - Employer	-	2,356,777	(2,356,777)
Contributions - Employee	-	504,456	(504,456)
Net Investment Income	-	6,283,967	(6,283,967)
Benefit Payments, Including Refunds of Employee Contributions	(3,130,152)	(3,130,152)	-
Administrative Expense	-	(49,292)	49,292
Net Changes	<u>2,777,585</u>	<u>5,965,756</u>	<u>(3,188,171)</u>
Balances at 6/30/2017	<u>\$ 68,802,532</u>	<u>\$ 55,345,950</u>	<u>\$ 13,456,582</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	6%	7%	8%
County's Net Pension Liability	\$ 23,079,017	\$ 13,456,582	\$ 5,614,849

**6. Pension Expense and Deferred Outflows of Resources and Deferred
Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the County recognized pension expense of \$2,681,582. As of June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,459,426	\$ -
Net Difference Between Projected and Actual Investment Earnings	1,201,315	-
Difference Between Expected and Actual Experience	-	2,338,383
Total	\$ 2,660,741	\$ 2,338,383

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,			
2018	\$	448,336	
2019		448,342	
2020		216,486	
2021		(753,111)	
2022		(37,695)	

d. LENGTH OF SERVICE AWARD PROGRAM – VOLUNTEER FIREMEN

PRIMARY GOVERNMENT

1. Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Length of Service Award Program for Volunteer Firemen (LOSAP) and additions to/deductions from LOSAP's fiduciary net position have been determined on the same basis as they are reported by LOSAP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. General Pension Plan Information

Harford County (the County) instituted and began administering a single employer defined benefit length of service award program (LOSAP or the Plan), for volunteer firemen and ambulance personnel on January 31, 1975. Harford County Bill No 07-46 assigns the Director of Administration and Harford County Volunteer Fire and Emergency Services Association the authority to periodically review the Plan and modify benefit provision, any benefit provision are subject to the approval of the County Executive and the County Council. LOSAP is considered part of the County's financial reporting entity and is included in the County's financial statements as a pension trust fund. Harford County Government does not issue a separate financial statement for the LOSAP.

Plan Description: This LOSAP is different from traditional qualified retirement plans. There is a special section in the Internal Revenue Code covering this plan, 457(e)(11). The County's plan meets the requirements

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

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.

The County Fire Chief’s Association shall be responsible for administering the Volunteer Firefighter’s Length of Service Award Program. The voting membership of the Fire Chief’s Association is composed of the Volunteer Fire and Emergency Medical Services companies having first responder responsibilities in Harford County, Maryland.

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

Retirees and Beneficiaries Currently Receiving Benefits	466
Terminated Plan Members Entitled to, but not yet Receiving Benefits	319
Active Plan Members	<u>1,181</u>
Total	<u><u>1,966</u></u>

Benefits Provided: 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 years. The maximum benefit is \$450 per month. Normal form of benefit is a life annuity for the volunteer with a 50% survivor benefit for the spouse of the volunteer.

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

The annual required contribution for the year ended June 30, 2017, was determined as part of the September 30, 2014, actuarial valuation using the entry age normal funding method, with a 15-year 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% investment rate of return compounded annually. The firemen are voluntary and, therefore, would not have a projected salary increase.

3. Investments

Investments are reported at 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.

Interest Rate Risk: The investment policies of the pension plans do not limit investment maturities. Fluctuating rates of return are characteristic of the securities markets; the fund’s greatest concern is long-term application of assets and consistency of portfolio returns. Cash and cash equivalent investments, such as commercial paper, repurchase agreements, etc., are limited to maturities of one year or less.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

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

Asset Class	Minimum	Maximum
U.S. Large cap equities	20%	36%
U.S. Mid cap equities	5%	9%
U.S. Small cap equities	1%	5%
International equities	12%	22%
Fixed Income	31%	59%

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 are fully insured and/or fully collateralized, and money market funds to provide income, liquidity for expense payments, and preservation of the Plan'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 10% of its market value.

As of June 30, 2017 the ratings of the underlying investments of the Plan's debt securities were as follows:

	Rating				Total
	AAA	Aa1/Aa2/Aa3	A1/A2/A3	Baa1/Baa2/Baa3	
U.S. Treasury Obligations	\$ 3,583,137	\$ -	\$ -	\$ -	\$ 3,583,137
U.S. Governmental Agencies	8			-	8
Corporate & Foreign bonds	45,524	487,406	1,636,542	2,352,613	4,522,085
Total	\$ 3,628,669	\$ 487,406	\$ 1,636,542	\$ 2,352,613	\$ 8,105,230

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the Plan is not exposed to this risk.

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Plan will not be able to recover the value of its

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

investment or collateral securities that are in the possession of another party. The Plan’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of June 30, 2017 the Plan’s investments were exposed to custodial credit risk as they were uninsured, unregistered and held by the Plan’s custodian.

Rate of Return: For the year ended June 30, 2017, the annual money-weighted rate of return pension plan investments, net of pension plan investment expense, was 10.50 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2017, were as follows:

Total pension liability	\$	34,620,450
Plan fiduciary net position		(26,796,906)
County's net pension liability	\$	<u>7,823,544</u>
Plan fiduciary net position as a percentage of the total pension liability		77.40%

Actuarial Assumptions: The total pension liability in the September 30, 2016 actuarial valuation rolled forward to June 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	3%
Salary Increases	Not Applicable
Investment Rate of Return	6%, Net of Pension Plan Investment Expense, Including Inflation
Mortality	RP-2014 adjusted to 2006 Mortality Table with Blue Collar adjustments set forward one year and with generations projection by Scale MP-2015

The actuarial assumptions used were based on the results of an actuarial valuation as of September 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3%). The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38%	10.8%
International Equity	17%	10.2%
Fixed Income	45%	5.0%

The LOSAP portfolio is expected to achieve a total return that exceeds the actuarial interest rate assumption over a five year moving time period. Previously the investment policy expected a total return that should exceed CPI by a minimum of 3% annually.

Discount rate: The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

5. Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2016	\$ 33,546,386	\$ 24,211,507	\$ 9,334,879
Changes for the Year:			
Service Cost	641,506	-	641,506
Interest	1,961,742	-	1,961,742
Differences Between Expected and Actual Experience	172,167	-	172,167
Contributions - Employer	-	1,767,558	(1,767,558)
Net Investment Income	-	2,535,660	(2,535,660)
Benefit Payments, Including Refunds of Member Contributions	(1,701,351)	(1,701,351)	-
Administrative Expense	-	(16,468)	16,468
Net Changes	<u>1,074,064</u>	<u>2,585,399</u>	<u>(1,511,335)</u>
Balances at 6/30/2017	\$ <u>34,620,450</u>	\$ <u>26,796,906</u>	\$ <u>7,823,544</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

	1% Decrease 5%	Discount Rate 6%	1% Increase 7%
County's Net Pension Liability	\$ 12,659,489	\$ 7,823,544	\$ 3,917,983

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

For the year ended June 30, 2017, the County recognized pension expense of \$1,605,515. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 700,624	\$ -
Net Difference Between Projected and Actual Investment Earnings	435,296	-
Difference Between Expected and Actual Experience	143,472	79,363
Total	\$ 1,279,392	\$ 79,363

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2018	\$	439,981
2019		439,983
2020		328,960
2021		(30,513)
2022		21,618

e. PENSION PLAN – HARFORD CENTER, INC.

COMPONENT UNITS

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. No contributions were made to the Plan during the year ended June 30, 2017.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

**f. RETIREMENT PLAN – HARFORD COUNTY GOVERNMENT MATCHING
CONTRIBUTION PLAN**

PRIMARY GOVERNMENT

Effective January 1, 2015 Harford County Government established a plan to help its employees save for retirement. The Plan is a defined contribution plan, which qualifies under Section 401(a) of the Internal Revenue Code. Qualifying employees must work over 500 hours of service in a plan year, must be ineligible for the Maryland State Retirement System and must defer a minimum of 7% of compensation into the Harford County 457(b) Plan to receive a matching contribution under this Plan. The Plan Administrator, Harford County, Maryland, is responsible for the day to day administration and operation of the Plan and has full discretion to interpret the Plan.

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 employer's 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. Management of the OPEB Trust is vested in the Board of Trustees which consists of three ex officio members appointed by the County Executive. Those members are the County Treasurer or Acting County Treasurer, the Director of Human Resources or Acting Director of Human Resources and the Director of Administration or Acting Director of Administration.

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.

Benefits Provided: 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:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Employer Subsidy Percentage (Excluding Sheriff's Office)		
Years of Credit Service	Employees Retiring Prior to March 1, 2009	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%

Sheriff's Office Subsidy Percentage	
Years of Credit Service	Percentage
0 -11 years	0%
12-14 years	75%
15-19 years	80%
20-24 years	85%
25 years or more	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 October 30, 2015:

Plan Participants	
Retirees (Pre-Medicare)	306 *
Retirees (Medicare Age)	417 *
Active Employees	1,062
Total	1,785

*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 negotiated with the Union representatives agreeing that 8% of eligible employees' average salaries will be placed in the PEHP until otherwise specified.

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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

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 employer’s share of the cost of benefits to be provided under APRMB. Plan members are not required to contribute to the plan. The County contributed \$9,931,000 annual required contribution (ARC) during fiscal year 2017 and the retirees paid \$1,160,245 toward the cost of their benefits. The Trust reimbursed the County for the County’s share of retirees’ premiums of \$7,512,866. In addition the hidden subsidy, actuarially estimated at \$380,000 for fiscal year 2017, transferred from the Trust to the County, leaving the Trust Net Position of \$104,375,953.

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

Trust Net Position as of July 1, 2016	\$	90,939,161
County Contribution		9,931,000
Net Appreciation in Fair Value of Investments		9,985,098
Interest and Dividends		1,779,829
Retirees Contributions		1,160,245
Payment for County’s Share of Premiums		(7,512,866)
Payment for Retirees’ Share of Premiums		(1,160,245)
Payment for Administrative and Investment Expenses		(366,269)
Estimated Hidden Subsidy Transfer		(380,000)
		<hr/>
Trust Net Position as of June 30, 2017	\$	<u><u>104,375,953</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 \$1,465,124 contributed to this plan and a total of 391 employees are currently enrolled as of June 30, 2017.

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 were \$240,783 for 122 employees. The PEHP will be administered by a third party who will maintain individual accounts, which will grow tax-free for health care expenses after an employee leaves the County.

Investment Policy: It is the policy of the Trustees for the OPEB Trust Fund to invest the Fund in a manner which will conform to all applicable statutes governing the investment of post-employment funds while meeting the Fund’s cash flow requirements. It is the policy of the Fund not to invest in any financial instrument that derives its cash flows, and therefore value, by reference to an underlying instrument, index or reference rate (derivatives). The Fund may not borrow funds for the express purpose of reinvesting those funds (leveraging).

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

The primary objectives, in priority order, of the OPEB Fund’s investment activities shall be prudence, liquidity and return on investment. The specific responsibilities of the Board of Trustees relating to the investment management of assets include:

- conveying material events to the investment consultant;
- determining the risk tolerance and investment time horizon;
- communicating these to the appropriate parties;
- establishing reasonable and consistent investment objectives, polices and guidelines that will direct the investment of the assets;
- prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s);
- quarterly evaluation of the performance of all investments;
- developing and enacting proper controls and procedures.

The asset allocation of the Fund intends to minimize risk and provide a consistent return. The following is the Trustees’ adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Large Capitalization Equities	25%	47%
Mid Cap Equities	3%	13%
Small Cap Equities	3%	10%
International Equities	14%	27%
Fixed Income	21%	39%

As of June 30, 2017 the ratings of the underlying investments of the Plan’s debt securities were as follows:

	Rating				Total
	AAA	Aa1/Aa2/A a3	A1/A2/A3	Baa1/Baa2/ Baa3	
U.S. Treasury Obligations	\$ 8,044,309	\$ -	\$ -	\$ -	\$ 8,044,309
Corporate & Foreign bonds	91,067	1,034,094	3,498,912	5,272,249	9,896,322
Total	<u>\$ 8,135,376</u>	<u>\$ 1,034,094</u>	<u>\$ 3,498,912</u>	<u>\$ 5,272,249</u>	<u>\$ 17,940,631</u>

Rate of Return: For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Annual OPEB Cost and Net OPEB Obligations: The County’s OPEB cost (expense) 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 30 years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

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, 2017, were as follows:

Annual Required Contribution	\$	9,931,000
Contributions Made		(9,931,000)
Net OPEB Obligation,		-
Beginning and End of the Year	\$	-

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, 2017, and the two preceding years were as follows:

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2015	\$ 13,794,000	100%	NONE
06/30/2016	10,162,000	100%	NONE
06/30/2017	9,931,000	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, 2017. 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.

Three years of trend information is as follows:

As of	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentag e Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
7/1/2014	\$ 73,742,000	\$ 192,411,000	38.3%	\$ 118,669,000	\$ 94,034,098	126.2%
7/1/2015	93,009,000	170,269,000	54.6%	77,260,000	89,852,755	86.0%
7/1/2016	102,912,000	175,120,000	58.8%	72,208,000	90,878,758	79.0%

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Net OPEB Liability of the County

The components of the net OPEB liability of the County at June 30, 2017, were as follows:

Total OPEB liability	\$ 209,228,000
Plan fiduciary net position	104,375,953
County's net OPEB liability	\$ <u>104,852,047</u>

Plan fiduciary net position as a percentage of the total OPEB liability	49.89%
-------------------------------------------------------------------------	--------

Actuarial Assumptions (GASB 74): The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent
Salary increases	3.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of OPEB plan investment expense
Healthcare cost trend rates	9.5 percent for 20Y0, decreasing 0.5 percent per Year to an ultimate rate of 5.5 percent for 20Y8 And later years
Mortality	RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

The long-term expected rate of return of OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rate of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Capitalization Equities	10.0%
Mid Cap Equities	10.8%
Small Cap Equities	11.7%
International Equities	10.2%
Fixed Income	5.0%

Discount Rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that Harford County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current discount rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ <u>134,063,047</u>	\$ <u>104,852,047</u>	\$ <u>80,606,047</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.3% to 2.8%) or 1 percentage point higher (7.3% to 4.8%) than the current healthcare cost trend rates:

	1% Decrease (5.3% decreasing to 2.8%)	Healthcare Cost Trend Rates (6.3% decreasing to 3.8%)	1% Increase (7.3% decreasing to 4.8%)
Net OPEB liability	\$ <u>76,278,047</u>	\$ <u>104,852,047</u>	\$ <u>140,429,047</u>

Actuarial Methods and Assumptions (GASB 45): 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 October 30, 2015 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% investment rate of return compounded annually. The funding method is level percentage of projected payroll. Payroll is assumed to increase at 3.5% per annum. This assumption is used to determine the level percentage of payroll amortization factor. For fiscal year 2017, the inflation rate is 2.4%. The annual healthcare costs trend rate is 5.2 % initially, reduced by decrements to an ultimate rate of 3.90%.

COMPONENT UNITS

The Harford County Public Schools provide medical, dental and life insurance benefits to eligible employees who retire from employment with the 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:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Medical Benefits – Retirees are eligible for continued membership in one of the school system’s group medical plans. Dependent children can be covered until the child reaches age 26. Spouses are also covered. Surviving spouses can stay in the plan, but must pay the full cost to participate. All plans include prescription drug coverage. The full Board contribution is either 85%, 90% or 95% of these medical insurance premiums, based on the plan chosen by the retiree. The medical benefits paid by the Public Schools for the year ended June 30, 2017 was \$24,139,400. As of June 30, 2017, 2,523 of approximately 2,967 eligible retirees were receiving benefits.

Dental Benefits – Retirees are eligible for continued membership in one of the school system’s dental plans. Coverage is the same as described above for medical benefits. The Public Schools pays 90% of dental insurance premiums for retirees based on the plan chosen. The dental benefits paid by the Public Schools for the year ended June 30, 2017, was \$1,196,768. As of June 30, 2017, 2,595 of approximately 2,967 eligible retirees were receiving benefits.

Life Insurance Benefits – The Public Schools pays 90% of the life insurance premiums for retirees. The amount of insurance coverage is reduced to \$20,000 upon retirement and to \$10,000 five years after retirement. The life insurance benefits paid by the Public Schools for the year ended June 30, 2017, was \$62,577. As of June 30, 2017, 2,387 of approximately 2,967 eligible retirees were receiving benefits.

Whether the Board pays the full contribution rate for medical, dental and life insurance benefits depends upon the retiree’s hire date and their number of years of service as follows:

Years of Service	Participants Hired Prior to 7/1/2006	Participants Hired After 7/1/2006
0 - 9	None	None
10 - 19	Full Board Contribution	1/3 of Full Board Contribution
20 - 29	Full Board Contribution	2/3 of Full Board Contribution
30 or more	Full Board Contribution	Full Board Contribution

Annual OPEB Cost and Net OPEB Obligation

The Public Schools’ annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (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 Public Schools’ annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan, and changes in the Public Schools’ net OPEB obligation:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

Annual Required Contribution	\$ 69,997,000
Interest on Net OPEB Obligation	11,293,000
Amortization of Net OPEB Obligation	<u>(14,250,000)</u>
Annual OPEB Cost (Expense)	67,040,000
Contributions Made	<u>(24,018,000)</u>
Increase in Net OPEB Obligation	43,022,000
Net OPEB Obligation - Beginning	<u>265,720,929</u>
Net OPEB Obligation - End	<u><u>\$ 308,742,929</u></u>

Net OPEB Liability of Harford County Public Schools

The components of the net OPEB liability of the Board as of June 30, 2017, were as follows:

Total OPEB liability	\$ 997,674,000
Plan fiduciary net position	<u>(45,943,000)</u>
Board's net OPEB liability	<u><u>\$ 951,731,000</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability 4.61%

Detailed OPEB plan information for the Public Schools is available in their current year audited financial statements.

The Harford Community College (the College) sponsors post-employment medical benefits under a single employer defined benefit plan. Any full-time employee of the 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 or less as part of a retirement widow benefit program. As of June 30, 2017, there were 7 eligible and participating retirees receiving an annual subsidy. The Plan does not issue a stand-alone financial report. As of June 30, 2017, there were 39 participants out of 320 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 30 years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – OTHER INFORMATION – CONTINUED

As of June 30, 2017, 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		(5,000)
Annual OPEB Cost (Expense)		<u>95,000</u>
Contributions Made		<u>(75,000)</u>
Increase in Net OPEB Obligation		20,000
Net OPEB Obligation - Beginning		205,221
Net OPEB Obligation - End	\$	<u><u>225,221</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 Library. The Library’s contributions are financed on a pay-as-you-go basis through the County.

Employees who retire from the 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, 61 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 post-employment 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	\$	1,589,000
Interest on Net OPEB Obligation		425,000
Adjustment to Annual Required Contribution		(600,000)
Annual OPEB Cost (Expense)		<u>1,414,000</u>
Contributions Made		<u>(324,000)</u>
Increase in Net OPEB Obligation		1,090,000
Net OPEB Obligation - Beginning		12,131,632
Net OPEB Obligation - End	\$	<u><u>13,221,632</u></u>

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
Last 10 Fiscal Years
(Information for FY2013 and earlier is not available)

Schedule 1

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
County's Portion of the Net Pension Liability	0.554%		0.555%		0.516%		0.490%
County's Proportionate Share of the Net Pension Liability	\$ 130,701,171	\$	115,409,102	\$	91,601,275	\$	100,990,844
County's Covered Payroll	\$ 78,232,243	\$	78,993,465	\$	84,055,462	\$	83,785,718
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	167.07%		146.10%		108.98%		120.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.79%		68.78%		55.31%		67.20%

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
LAST 10 FISCAL YEARS
(Information for FY2012 and earlier is not available)

Schedule 2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 11,280,505	\$ 10,791,576	\$ 11,705,062	\$ 12,028,358	\$ 10,626,050
Contributions in Relation to the Contractually Required Contribution	<u>11,280,505</u>	<u>10,791,576</u>	<u>11,705,062</u>	<u>12,028,358</u>	<u>10,626,050</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	<u>\$ 78,232,243</u>	<u>\$ 78,993,465</u>	<u>\$ 84,055,462</u>	<u>\$ 83,785,718</u>	<u>\$ N/A</u>
Contributions as a Percentage of Covered Payroll	14.42%	13.66%	13.93%	14.36%	N/A

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SHERIFF'S OFFICE PENSION SYSTEM NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years
(Information for FY2013 and earlier is not available)

Schedule 3

	2017*	2016*	2015*	2014*
Total Pension Liability				
Service Cost	\$ 1,622,000	\$ 1,622,000	\$ 1,622,000	\$ 1,412,000
Interest	4,512,000	4,367,000	4,176,000	3,982,000
Changes of Benefit Terms	-	-	54,000	68,000
Differences Between Expected and Actual Experience	(1,605,000)	(886,000)	(1,025,000)	-
Changes of Assumptions	1,379,000	-	776,000	-
Benefit Payments, Including Refunds of Employee Contributions	(3,130,000)	(2,923,000)	(2,825,000)	(2,576,000)
Net Change in Total Pension Liability	2,778,000	2,180,000	2,778,000	2,886,000
Total Pension Liability - Beginning	66,025,000	63,845,000	61,067,000	58,181,000
Total Pension Liability - Ending (a)	<u>\$ 68,803,000</u>	<u>\$ 66,025,000</u>	<u>\$ 63,845,000</u>	<u>\$ 61,067,000</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 2,357,000	\$ 2,490,000	\$ 2,490,000	\$ 2,377,000
Contributions - Employee	504,000	499,000	485,000	452,000
Net Investment Income	6,284,000	(1,301,000)	1,995,000	7,089,000
Benefit Payments, Including Refunds of Employee Contributions	(3,130,000)	(2,923,000)	(2,825,000)	(2,576,000)
Administrative Expense	(49,000)	(48,000)	(49,000)	(54,000)
Net Change in Plan Fiduciary Net Position	5,966,000	(1,283,000)	2,096,000	7,288,000
Plan Fiduciary Net Position - Beginning	49,380,000	50,663,000	48,567,000	41,279,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 55,346,000</u>	<u>\$ 49,380,000</u>	<u>\$ 50,663,000</u>	<u>\$ 48,567,000</u>
County's Net Pension Liability - Ending (a) - (b)	<u>\$ 13,457,000</u>	<u>\$ 16,645,000</u>	<u>\$ 13,182,000</u>	<u>\$ 12,500,000</u>
Plan Fiduciary Net Position as a Percentage of the Total				
Pension Liability	80.44%	74.79%	79.35%	79.53%
Covered-Employee Payroll	\$ 7,115,000	\$ 7,110,000	\$ 7,185,000	\$ 6,813,000
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	189.14%	234.11%	183.47%	183.48%
Expected Average Remaining Service Years of All Participants	6	6	5	6

*Numbers are rounded to the nearest 1,000.

Notes to Schedule:

Benefit Changes: There were no changes in FY2017.

Change of Assumptions: The mortality assumption was changed from the RP-2000 tables with fully generational projection using Scale AA to the RP-2014 tables with generational projection using the Scale MP-2016.

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
SHERIFF'S OFFICE PENSION SYSTEM
Last 10 Fiscal Years
(Information for FY2013 and earlier is not available)

Schedule 4

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 2,356,777	\$ 2,489,555	\$ 2,490,164	\$ 2,376,590
Contributions in Relation to the Actuarially Determined Contribution	<u>2,356,777</u>	<u>2,489,555</u>	<u>2,490,164</u>	<u>2,376,590</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 7,115,000	\$ 7,110,000	\$ 7,185,000	\$ 6,813,000
Contributions as a Percentage of Covered-Employee Payroll	33.12%	35.02%	34.66%	34.88%

Notes to Schedule:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization period	20 years for gains and losses (closed), 30 years for prior plan and assumptions changes, 15 years for July 1, 2013 plan changes (closed)
Asset Valuation Method	5-year Smoothed Market
Inflation	3.0 Percent
Salary Increases	Rates Vary by Participant Service
Investment Rate of Return	7.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Rates Vary by Participant Age and Service
Mortality	RP-2014 Combined Healthy Tables with Generational Projection by Scale MP-2016

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAM FOR VOLUNTEER FIREMEN
NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years
(Information for FY2013 and earlier is not available)

Schedule 5

	2017*	2016*	2015*	2014*
Total Pension Liability				
Service Cost	\$ 642,000	\$ 639,000	\$ 678,000	\$ 645,000
Interest	1,962,000	1,854,000	1,806,000	1,755,000
Differences between Expected and Actual Experience	172,000	(66,000)	(57,000)	-
Changes of Assumptions	-	1,051,000	-	-
Benefit Payments, including Refunds of Member Contributions	(1,701,000)	(1,659,000)	(1,595,000)	(1,511,000)
Net Change in Total Pension Liability	1,075,000	1,819,000	832,000	889,000
Total Pension Liability - Beginning	33,546,000	31,727,000	30,895,000	30,006,000
Total Pension Liability - Ending (a)	<u>\$ 34,621,000</u>	<u>\$ 33,546,000</u>	<u>\$ 31,727,000</u>	<u>\$ 30,895,000</u>
Plan Fiduciary Net Position				
Contributions - Plan Sponsor	\$ 1,768,000	\$ 1,913,000	\$ 2,031,000	\$ 1,935,000
Net Investment Income	2,536,000	(332,000)	840,000	2,818,000
Benefit Payments, Including Refunds of Member Contributions	(1,701,000)	(1,659,000)	(1,595,000)	(1,511,000)
Administrative Expense	(17,000)	(15,000)	(14,000)	(15,000)
Net Change in Plan Fiduciary Net Position	2,586,000	(93,000)	1,262,000	3,227,000
Plan Fiduciary Net Position - Beginning	24,211,000	24,304,000	23,042,000	19,815,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 26,797,000</u>	<u>\$ 24,211,000</u>	<u>\$ 24,304,000</u>	<u>\$ 23,042,000</u>
County's Net Pension Liability - Ending (a) - (b)	<u>\$ 7,824,000</u>	<u>\$ 9,335,000</u>	<u>\$ 7,423,000</u>	<u>\$ 7,853,000</u>
Plan Fiduciary Net Position as a Percentage of the Total				
Pension Liability	77.40%	72.17%	76.60%	74.58%
Covered-Employee Payroll	N/A	N/A	N/A	N/A
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A
Expected Average Remaining Service Years of All Participants	6	6	8	7

*Numbers are rounded to the nearest 1,000

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
LENGTH OF SERVICE AWARD PROGRAM FOR VOLUNTEER FIREMEN
Last 10 Fiscal Years
(Information for FY2013 and earlier not available)

Schedule 6

	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,767,558	\$ 1,912,843	\$ 1,981,000	\$ 1,934,886
Contributions in Relation to the Actuarially Determined Contribution	1,767,558	1,912,843	2,030,844	1,934,886
Contribution (Excess) Deficiency	\$ -	\$ -	\$ (49,844)	\$ -
Covered-Employee Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of September 30 for the second fiscal year immediately following the current fiscal year. Actuarial values are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Payments over Closed Periods
Remaining Amortization Period	15 years
Asset Valuation Method	Market Value as of June 30, Projected to September 30
Inflation	3.0 Percent
Salary Increases	Not Applicable
Investment Rate of Return	6.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Upon First Eligibility for Benefits
Mortality	RP-2014 adjusted to 2006 Mortality Table with Blue Collar adjustments set forward one year with generations projected by Scale MP - 2015

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years
(Information for FY2016 and earlier is not available)

Schedule 7

	2017*
Total OPEB Liability	
Service Cost	\$ 4,494,000
Interest	13,652,000
Benefit Payments	(7,893,000)
Net Change in Total OPEB Liability	10,253,000
Total OPEB Liability - Beginning	198,975,000
Total OPEB Liability - Ending (a)	\$ 209,228,000
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 9,931,000
Net Investment Income	11,411,000
Benefit Payments	(7,893,000)
Administrative Expense	(13,000)
Net Change in Plan Fiduciary Net Position	13,436,000
Plan Fiduciary Net Position - Beginning	90,939,000
Plan Fiduciary Net Position - Ending (b)	\$ 104,375,000
County's Net OPEB Liability - Ending (a) - (b)	\$ 104,853,000
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.89%
Covered-Employee Payroll ¹	\$ N/A
County's Net OPEB Liability as a Percentage of Covered- Employee Payroll ¹	N/A
Expected Average Remaining Service Years of All Participants	6

*Numbers are rounded to the nearest 1,000.

Notes to Schedule:

Benefit Changes: None

Change of Assumptions: Retirement, termination and disability assumptions were updated to the most recent tables by the State of Maryland Pension Plan

Discount rate: 6/30/2017 7.00%

¹ OPEB does not require contributions from plan members.

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
OPEB
Last 10 Fiscal Years
(Information for FY2013 and earlier is not available)

Schedule 8

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 9,931,000	\$ 10,162,000	\$ 13,794,000	\$ 13,381,000
Contributions in Relation to the Actuarially Determined Contribution	<u>9,931,000</u>	<u>10,162,000</u>	<u>13,794,000</u>	<u>13,381,000</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ¹	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll ¹	N/A	N/A	N/A	N/A

¹ OPEB does not require contributions from plan members.

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

Schedule 9

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liablitiy (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
7/1/2014	\$ 73,742,000	\$ 192,411,000	38.3%	\$ 118,669,000	\$ 94,034,098	126.2%
7/1/2015	93,009,000	170,269,000	54.6%	77,260,000	89,852,755	86.0%
7/1/2016	102,912,000	175,120,000	58.8%	72,208,000	90,878,758	79.0%

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

Schedule 10

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2015	\$ 13,794,000	100%
2016	10,162,000	100%
2017	9,931,000	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	7/1/2015
Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Factor	14.55
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	3.5%

Combining and Individual Fund

Financial Statements

&

Schedules

Combining Statements

Non-major Governmental Funds

Special Revenue Funds

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 the Oakington Peninsula.

Stormwater Management Special Revenue Fund – This fund was established to account for the stormwater remediation operation. Resolution No. 005-15 authorized the recordation tax remain at a rate of \$3.30 for each \$500.00 or fraction thereof of the actual consideration payable or of the principal amount of the debt secured for an instrument of writing; and resolved that the revenue from such tax at the rate of \$0.55 be dedicated to fund the implementation of local watershed protection and restoration projects throughout Harford County, effective July 1, 2015.

Debt Service Fund

The Beechtree Tax Increment Financing (TIF) – This fund 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 may revert to the General Fund at the end of the fiscal year.

HARFORD COUNTY, MARYLAND
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2017

Exhibit A-1

	Special Revenue		Debt Service	Total
	Parks and Recreation	Stormwater Management	Beechtree TIF	Non-major Governmental Funds
ASSETS				
Equity in Pooled Cash and Investments	\$ 236,753	\$ 4,088,064	\$ 190,136	\$ 4,514,953
Cash and Investments	750	-	-	750
Taxes and Accounts Receivable (Net)	247	473	-	720
Federal and State Receivable	-	249,596	-	249,596
Deposit with Trustee	-	-	1,970,616	1,970,616
Restricted Assets - Investments	-	107,864	-	107,864
TOTAL ASSETS	\$ 237,750	\$ 4,445,997	\$ 2,160,752	\$ 6,844,499
LIABILITIES				
Accounts Payable	\$ 21,663	\$ -	\$ -	\$ 21,663
Accrued Expenditures	11,129	-	-	11,129
Escrow Accounts	9,222	-	-	9,222
Total Liabilities	42,014	-	-	42,014
FUND BALANCES				
Restricted	-	107,864	2,160,752	2,268,616
Assigned	195,736	4,338,133	-	4,533,869
Total Fund Balances	195,736	4,445,997	2,160,752	6,802,485
TOTAL LIABILITIES AND FUND BALANCES	\$ 237,750	\$ 4,445,997	\$ 2,160,752	\$ 6,844,499

HARFORD COUNTY, MARYLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2017

Exhibit A-2

	Special Revenue		Debt Service	Total
	Parks and Recreation	Stormwater Management	Beechtree TIF	Non-major Governmental Funds
REVENUES				
Taxes	\$ -	\$ 2,289,262	\$ 1,045,789	\$ 3,335,051
Revenues from Other Agencies	-	4,000	-	4,000
Investment Income	1,174	19,283	6,866	27,323
Charges for Current Services	752,812	-	-	752,812
Miscellaneous	1,216	-	-	1,216
Total Revenues	<u>755,202</u>	<u>2,312,545</u>	<u>1,052,655</u>	<u>4,120,402</u>
EXPENDITURES				
Current:				
Parks, Recreation and National Resources	685,752	-	-	685,752
Debt Service:				
Principal	-	35,727	-	35,727
Interest	-	27,729	1,050,000	1,077,729
Administrative Costs	-	18,121	22,546	40,667
Total Expenditures	<u>685,752</u>	<u>81,577</u>	<u>1,072,546</u>	<u>1,839,875</u>
(Deficiency) Excess of Revenues over Expenditures	69,450	2,230,968	(19,891)	2,280,527
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(150,000)	(200,000)	-	(350,000)
Premium on Issuance of Bonds	-	119,734	-	119,734
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(80,266)</u>	<u>-</u>	<u>(230,266)</u>
Net Change in Fund Balances	(80,550)	2,150,702	(19,891)	2,050,261
Fund Balances - Beginning	276,286	2,295,295	2,180,643	4,752,224
Fund Balances - Ending	<u>\$ 195,736</u>	<u>\$ 4,445,997</u>	<u>\$ 2,160,752</u>	<u>\$ 6,802,485</u>

Fiduciary Funds

Sheriff's Office Pension 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 Harford County Sheriff's Office.

Firemen's Length of Service Award Program (LOSAP) – This trust fund was established to account for the LOSAP for the volunteer fire and ambulance 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, 2017

Exhibit B-1

	Sheriff's Office Pension System	Firemen's LOSAP	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 251,435	\$ 56,128	\$ 307,563
Cash Equivalents	465,680	213,443	679,123
Investments, at Fair Value			
Debt Securities	9,522,976	8,105,230	17,628,206
Fixed Income Securities	2,449,873	945,399	3,395,272
Equity Securities	42,768,638	17,486,731	60,255,369
Total Investments	<u>54,741,487</u>	<u>26,537,360</u>	<u>81,278,847</u>
Total Assets	<u>55,458,602</u>	<u>26,806,931</u>	<u>82,265,533</u>
LIABILITIES			
Accounts Payable	<u>112,652</u>	<u>10,025</u>	<u>122,677</u>
Total Liabilities	<u>112,652</u>	<u>10,025</u>	<u>122,677</u>
NET POSITION RESTRICTED FOR PENSIONS			
Net Position Restricted for Pension	<u>\$ 55,345,950</u>	<u>\$ 26,796,906</u>	<u>\$ 82,142,856</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2017

Exhibit B-2

	Sheriff's Office Pension System	Firemen's LOSAP	Total
ADDITIONS			
Contributions			
Employee Contributions	\$ 504,456	\$ -	\$ 504,456
Employer Contributions	2,356,777	-	2,356,777
Plan Sponsor Contributions	-	1,767,558	1,767,558
Total Contributions	2,861,233	1,767,558	4,628,791
Investment Earnings			
Net Gain in Fair Value of Investments	5,511,861	2,150,729	7,662,590
Interest and Dividends	949,414	482,066	1,431,480
Total Investment Earnings	6,461,275	2,632,795	9,094,070
Less Investment Expense	(177,308)	(97,135)	(274,443)
Net Investment Gain	6,283,967	2,535,660	8,819,627
Total Additions	9,145,200	4,303,218	13,448,418
DEDUCTIONS			
Administrative Expenses	49,292	16,468	65,760
Benefits	3,130,152	1,701,351	4,831,503
Total Deductions	3,179,444	1,717,819	4,897,263
Change in Net Position	5,965,756	2,585,399	8,551,155
NET POSITION RESTRICTED FOR PENSIONS			
Net Position Restricted for Pensions - Beginning	49,380,194	24,211,507	73,591,701
Net Position Restricted for Pensions - End	\$ 55,345,950	\$ 26,796,906	\$ 82,142,856

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2017

Exhibit B-3

	BVL Cooperating Parties Group	Bar Library	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 1,280,166	\$ 256,574	\$ 1,536,740
Cash Equivalents	885,139	-	885,139
Total Assets	<u>2,165,305</u>	<u>256,574</u>	<u>2,421,879</u>
LIABILITIES			
Accounts Payable	1,252	8,544	9,796
Due to Beneficiaries	885,139	-	885,139
Total Liabilities	<u>886,391</u>	<u>8,544</u>	<u>894,935</u>
NET POSITION			
Held in Trust	<u>\$ 1,278,914</u>	<u>\$ 248,030</u>	<u>\$ 1,526,944</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2017

Exhibit B-4

	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS			
Contributions and Donations	\$ 104,980	\$ 85,009	\$ 189,989
Interest and Dividends	8,042	1,514	9,556
Total Additions	<u>113,022</u>	<u>86,523</u>	<u>199,545</u>
DEDUCTIONS			
Contractual Services	51,189	87,173	138,362
Total Deductions	<u>51,189</u>	<u>87,173</u>	<u>138,362</u>
Change in Net Position	61,833	(650)	61,183
NET POSITION			
Net Postion - Beginning	1,217,081	248,680	1,465,761
Net Postion - Ending	<u>\$ 1,278,914</u>	<u>\$ 248,030</u>	<u>\$ 1,526,944</u>

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2017

Exhibit B-5

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
PASS-THROUGH GRANTS				
ASSETS				
Equity in Pooled Cash	\$ -	\$ 2,676,139	\$ 2,556,402	\$ 119,737
Total Assets	<u>\$ -</u>	<u>\$ 2,676,139</u>	<u>\$ 2,556,402</u>	<u>\$ 119,737</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 2,676,139	\$ 2,556,402	\$ 119,737
Total Liabilities	<u>\$ -</u>	<u>\$ 2,676,139</u>	<u>\$ 2,556,402</u>	<u>\$ 119,737</u>
HEALTH CARE CONSORTIUM				
ASSETS				
Cash Equivalents	\$ 12,246,900	\$ 2,037,070	\$ 587,477	\$ 13,696,493
Total Assets	<u>\$ 12,246,900</u>	<u>\$ 2,037,070</u>	<u>\$ 587,477</u>	<u>\$ 13,696,493</u>
LIABILITIES				
Due to Beneficiaries	\$ 12,246,900	\$ 2,037,070	\$ 587,477	\$ 13,696,493
Total Liabilities	<u>\$ 12,246,900</u>	<u>\$ 2,037,070</u>	<u>\$ 587,477</u>	<u>\$ 13,696,493</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash	\$ -	\$ 2,676,139	\$ 2,556,402	\$ 119,737
Cash Equivalents	<u>12,246,900</u>	<u>2,037,070</u>	<u>587,477</u>	<u>13,696,493</u>
Total Assets	<u>\$ 12,246,900</u>	<u>\$ 4,713,209</u>	<u>\$ 3,143,879</u>	<u>\$ 13,816,230</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 2,676,139	\$ 2,556,402	\$ 119,737
Due to Beneficiaries	<u>12,246,900</u>	<u>2,037,070</u>	<u>587,477</u>	<u>13,696,493</u>
Total Liabilities	<u>\$ 12,246,900</u>	<u>\$ 4,713,209</u>	<u>\$ 3,143,879</u>	<u>\$ 13,816,230</u>

SCHEDULES

Governmental Funds

General Fund

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 Funds

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 highways safety, and County-related transportation expenses.

Parks and 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 the Oakington Peninsula.

Stormwater Management Special Revenue Fund Bill No. 14-036 repealed the Stormwater Remediation Fee, effective July 1, 2015. Resolution No. 005-15 authorized the recordation tax remain at a rate of \$3.30 for each \$500.00 or fraction thereof of the actual consideration payable or of the principal amount of the debt secured for an instrument of writing; and resolved that the revenue from such tax at the rate of \$0.55 be dedicated to fund the implementation of local watershed protection and restoration projects throughout Harford County, effective July 1, 2015.

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 may revert to the General Fund at the end of the fiscal year.

(continued)

SCHEDULES

Governmental Funds

(continued)

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.

Proprietary Fund

Enterprise Fund

Water and Sewer Fund accounts for financial resources to be used for the operation, acquisition or construction of major capital facilities of the Water and Sewer fund.

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
	TAXES			
Admissions and Amusement Tax	\$ 530,000	\$ 530,000	\$ 554,310	\$ 24,310
Business Personal Property/Current Year	386,000	386,000	472,577	86,577
Business Personal Property/Prior Years	(1,000)	(1,000)	(8,743)	(7,743)
Corporate Property/Current Year	12,300,000	12,300,000	15,217,222	2,917,222
Corporate Property/Prior Years	(100,000)	(100,000)	(574,283)	(474,283)
Delinquent Tax Costs	100,000	100,000	133,299	33,299
Heavy Equipment Receipts Tax - Corporate	205,000	205,000	200,094	(4,906)
Hotel Occupancy Tax	2,025,000	2,025,000	2,387,309	362,309
Impact Fees	2,500,000	2,500,000	2,707,200	207,200
Income Taxes/Current Year	208,600,000	208,600,000	207,588,192	(1,011,808)
Income Taxes/Prior Years	4,400,000	4,400,000	5,101,013	701,013
Interest on Delinquent Taxes	700,000	700,000	820,570	120,570
Mobile Home Excise Tax	210,500	210,500	210,270	(230)
Payment in Lieu of Taxes	330,000	330,000	430,559	100,559
Penalty	800,000	800,000	767,123	(32,877)
Railroad and Public Utilities	11,700,000	11,700,000	13,118,159	1,418,159
Real Property - Full Year Levy	234,000,000	234,000,000	234,745,934	745,934
Real Property - Half Year Levy	800,000	800,000	776,578	(23,422)
911 Program Fee	1,600,000	1,600,000	1,734,276	134,276
	<u>481,085,500</u>	<u>481,085,500</u>	<u>486,381,659</u>	<u>5,296,159</u>
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,400,000)	(1,400,000)	(1,397,348)	2,652
Community Association Credit	(6,000)	(6,000)	(6,028)	(28)
Conservation Land Tax Credit	(2,000)	(2,000)	(2,000)	-
Discounts Allowed on Taxes	(1,600,000)	(1,600,000)	(1,671,696)	(71,696)
Enterprise Zone Tax Credit	(1,000,000)	(1,000,000)	(982,878)	17,122
Habitat For Humanity Tax Credit	(10,000)	(10,000)	(6,731)	3,269
Historical Tax Credit	(4,600)	(4,600)	(3,994)	606
Homeowner's Tax Credit - County	(305,000)	(305,000)	(297,321)	7,679
Homestead Tax Credit - County	(79,500)	(79,500)	(77,755)	1,745
Landfill Proximity Credit	(60,000)	(60,000)	(61,677)	(1,677)
Solar/Geothermal Energy Tax Credit	(500,000)	(500,000)	(501,142)	(1,142)
Surviving Spouse - Fallen Hero Tax Credit	(2,900)	(2,900)	(4,393)	(1,493)
Uncollectible Property Taxes	(250,000)	(250,000)	73,805	323,805
	<u>(5,220,000)</u>	<u>(5,220,000)</u>	<u>(4,939,158)</u>	<u>280,842</u>
Total Taxes	<u>475,865,500</u>	<u>475,865,500</u>	<u>481,442,501</u>	<u>5,577,001</u>

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017
(continued)

	ESTIMATED REVENUES		ACTUAL REVENUES	Exhibit C-1
	ORIGINAL	FINAL		VARIANCE
				POSITIVE (NEGATIVE) ESTIMATED REVENUES
REVENUES FROM OTHER AGENCIES				
Build America Bond Interest Credit	1,274,700	1,274,700	1,279,501	4,801
DNR Parks PILOT	-	-	139,218	139,218
FEMA	-	-	86,332	86,332
Jury Compensation	144,000	144,000	177,735	33,735
Medicare D Subsidy	254,000	254,000	248,526	(5,474)
Police Protection	2,000,000	2,000,000	1,534,922	(465,078)
Total Revenues from Other Agencies	3,672,700	3,672,700	3,466,234	(206,466)
INVESTMENT INCOME	375,000	375,000	668,640	293,640
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	16,000	16,000	6,935	(9,065)
Auto Commute - County Employees	10,000	10,000	6,896	(3,104)
Bad Check Fee	3,000	3,000	3,700	700
Board of Prisoners	100,000	100,000	196,446	96,446
Building Plan Review	100	100	-	(100)
Building Reinspection Fee	1,800	1,800	1,350	(450)
Child Custody	10,000	10,000	5,168	(4,832)
Commissions	140,000	140,000	174,338	34,338
Community Work Service	17,000	17,000	17,577	577
Concept Plans	6,800	6,800	2,342	(4,458)
County Recreation Programs	-	-	14,941	14,941
Design Review	1,300	1,300	800	(500)
Detention Center Commissary	275,000	275,000	332,317	57,317
Election Fees	1,700	1,700	35	(1,665)
Electrical Reinspection Fees	2,500	2,500	3,550	1,050
Extension Preliminary Plan Approva	100	100	700	600
False Burglar Alarm Service Charges	44,000	44,000	71,775	27,775
False Fire Alarm Service Charges	15,000	15,000	2,460	(12,540)
Final Plats	21,000	21,000	19,170	(1,830)
Flying Point and Mariner Park Revenue	10,000	10,000	14,885	4,885
Food Service Licenses	114,800	114,800	108,175	(6,625)
Forest Conservation Plan Review	15,000	15,000	3,139	(11,861)
Forest Stand Delineation Review	3,000	3,000	3,940	940
GIS - Digital Data Products	100	100	-	(100)
GIS - Plotting Service	300	300	2	(298)
GIS - Screen Dump	100	100	14	(86)
GIS - Topographic Maps	100	100	-	(100)
Ground Floor Fees	10,000	10,000	12,700	2,700
Harford Cable Network	12,000	12,000	13,977	1,977
Hazardous Material Spill Cleanup	24,600	24,600	4,886	(19,714)
Household Waste - Private Vehicle Charge	428,700	428,700	460,669	31,969
Inmate Fees for Medical Services	4,300	4,300	4,794	494

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
Inspections	-	-	12,101	12,101
Mechanical Investigation Fees	-	-	250	250
Mechanical Reinspection Fee	700	700	900	200
Mechanical Violation Fee	500	500	-	(500)
Miscellaneous Revenue - Planning & Zoning	2,000	2,000	1,425	(575)
Miscellaneous Revenue - Sheriff's Office	74,000	74,000	72,183	(1,817)
Noxious Weed	1,500	1,500	6,420	4,920
Onsite Inspection Fees	-	-	446	446
Overtime Reimbursements - Sheriff	350,000	350,000	367,588	17,588
Percolation Tests	20,000	20,000	16,850	(3,150)
Photographs	600	600	-	(600)
Plumbing Reinspection Fees	800	800	450	(350)
Police Reports	9,400	9,400	8,663	(737)
Public Swimming Pool & Spa Permi	16,000	16,000	19,800	3,800
Publications	100	100	17	(83)
Recycled Batteries	4,500	4,500	2,354	(2,146)
Recycled Scrap Metal	100,000	100,000	94,640	(5,360)
Recycling Revenue - Misc	-	-	14,629	14,629
Reproduction	4,200	4,200	5,946	1,746
Sale of Compost - Scarboro	24,000	24,000	38,262	14,262
Sale of Mulch - Scarboro	80,000	80,000	71,756	(8,244)
Sanitation Construction Permit Fee	6,000	6,000	8,832	2,832
Sanitation Permits	7,000	7,000	8,550	1,550
Sheriff's Fees	350,000	350,000	359,108	9,108
Sheriff's Licenses	13,000	13,000	10,325	(2,675)
Site Plans	30,000	30,000	12,988	(17,012)
Social Security Payments - Inmates	30,000	30,000	8,800	(21,200)
Subdivision Plans	30,000	30,000	21,934	(8,066)
Subdivision Plat Review	6,600	6,600	7,750	1,150
Tax Lien Certification	212,000	212,000	236,625	24,625
Tax Lien Filing Fees	1,500	1,500	2,760	1,260
Tax Sale Auctioneer Fees	4,000	4,000	3,510	(490)
Technical Review	16,000	16,000	87,363	71,363
Telephone Service	20,800	20,800	14,599	(6,201)
Tipping Fee Landfil	8,000,000	8,000,000	9,186,307	1,186,307
Tire Disposal Fees	1,100	1,100	10,492	9,392
Weekend Prisoner Revenue	104,100	104,100	103,725	(375)
Well Sampling	22,430	22,430	18,490	(3,940)
Work Release Revenue	90,000	90,000	79,821	(10,179)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
Zoning Appeals	14,000	14,000	27,431	13,431
Zoning Certificates	1,600	1,600	4,475	2,875
Zoning Reclass Fee	-	-	92,600	92,600
Total Charges for Current Services	10,936,730	10,936,730	12,528,846	1,592,116
MISCELLANEOUS				
Edgewood Community Center	13,500	13,500	14,325	825
Grant Unemployment	45,000	45,000	48,418	3,418
Interest on Miscellaneous Invoices	6,100	6,100	5,696	(404)
Miscellaneous Revenue	397,096	397,096	298,279	(98,817)
Over and Short	21,500	21,500	22,353	853
Parole and Probation	2,300	2,300	-	(2,300)
Postage	217,000	217,000	206,200	(10,800)
Recovery from Capital Projects	36,000	36,000	104,854	68,854
Recovery from Park & Rec	59,997	59,997	59,997	-
Recovery from Self Insurance Fund	297,549	297,549	241,781	(55,768)
Recovery from Traffic Safety	1,000,000	1,000,000	-	(1,000,000)
Recovery from Transportation	1,000,000	1,000,000	-	(1,000,000)
Reimbursement from Highways	2,325,057	2,325,057	2,325,057	-
Reimbursement from Water and Sewer Fund	2,359,971	2,359,971	2,359,971	-
Rental Income	164,000	164,000	237,606	73,606
Sale of Equipment	16,000	16,000	348,349	332,349
Sale of Land	-	-	1,100,000	1,100,000
Sale of Vehicles	120,000	120,000	289,731	169,731
Tax Sale Interest	-	-	729	729
Total Miscellaneous	8,081,070	8,081,070	7,663,346	(417,724)
LICENSES AND PERMITS				
Auctioneers Licenses	6,000	6,000	6,500	500
Beer, Wine and Liquor Licenses	8,000	8,000	32,559	24,559
Building Inspection Services	100,000	100,000	92,903	(7,097)
Building Penalty	3,500	3,500	-	(3,500)
Building Permits	399,000	399,000	469,996	70,996
Cable TV	2,650,000	2,650,000	2,454,927	(195,073)
Dog Licenses	60,000	60,000	30,593	(29,407)
Electrical Board of Examiners	90,000	90,000	87,675	(2,325)
Electrical Inspections	430,000	430,000	446,665	16,665
Electrical Penalty	4,000	4,000	1,500	(2,500)
Forest Harvest Permit	1,200	1,200	1,950	750
Kennel Licenses	-	-	1,200	1,200

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
LICENSES AND PERMITS (continued)				
Marriage Licenses	12,000	12,000	7,180	(4,820)
Marriage Licenses/Spouse Abuse	44,000	44,000	48,537	4,537
Massage Establishment Licenses	-	-	50	50
Mechanical Licenses	9,000	9,000	9,950	950
Mechanical Permits	225,000	225,000	241,305	16,305
Mobile Home Park Licenses	10,000	10,000	11,250	1,250
Pawnbrokers Licenses	600	600	700	100
Pet Shop/Grooming Licenses	1,000	1,000	1,300	300
Plumbing Licenses	25,000	25,000	21,795	(3,205)
Plumbing Permits	325,000	325,000	359,114	34,114
Refuse Licenses	6,600	6,600	7,850	1,250
Solicitors Licenses	1,500	1,500	2,524	1,024
Taxi Cab Licenses	3,100	3,100	3,220	120
Towing Licenses	6,000	6,000	4,450	(1,550)
Traders Licenses	230,000	230,000	222,267	(7,733)
Total Licenses and Permits	4,650,500	4,650,500	4,567,960	(82,540)
FINES AND FORFEITURES				
Court Fines	30,000	30,000	39,973	9,973
Dog License Fines	7,300	7,300	5,280	(2,020)
Parking Fines	20,000	20,000	19,795	(205)
Parking Fines - County Lots	10,200	10,200	20,402	10,202
Total Fines and Forfeitures	67,500	67,500	85,450	17,950
OTHER FINANCING SOURCES				
Appropriated Fund Balance	3,000,000	5,536,383	-	(5,536,383)
Operating Transfers In				
Capital Projects	17,800,000	17,800,000	17,800,000	-
Grants	121,000	121,000	1,363,279	1,242,279
Total Operating Transfers In	17,921,000	17,921,000	19,163,279	1,242,279
Premium on Issuance of Bonds	-	-	3,360,648	3,360,648
Total Other Financing Sources	20,921,000	23,457,383	22,523,927	(933,456)
Total Revenues and Other Financing Sources	\$ 524,570,000	\$ 527,106,383	\$ 532,946,904	\$ 5,840,521

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 156,577	\$ 159,551	\$ 126,936	\$ 32,615
County Council Office	1,241,575	1,246,801	1,130,910	115,891
Harford Cable Network	762,434	766,940	716,648	50,292
Office of County Attorney	285,371	285,871	187,051	98,820
Office of County Auditor	435,247	435,247	402,247	33,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total County Council	2,881,204	2,894,410	2,563,792	330,618
	<hr/>	<hr/>	<hr/>	<hr/>
GENERAL GOVERNMENT				
Office of the County Executive	661,235	665,291	566,290	99,001
Director of Administration				
Budget & Management Research	520,264	536,689	515,160	21,529
Central Services	648,767	652,743	511,757	140,986
Citizen Affairs & Administrative Services	591,612	591,612	479,876	111,736
Director of Administration	636,310	764,556	655,920	108,636
Facilities & Operations	4,534,334	4,464,743	4,166,822	297,921
Efficiency & Innovation	253,458	255,842	195,481	60,361
Department of Procurement				
Procurement Operations	804,499	812,681	640,319	172,362
Property Management	3,729,178	3,739,804	3,394,757	345,047
Department of the Treasury				
Bureau of Accounting	1,810,210	1,847,249	1,717,720	129,529
Bureau of Revenue Collections	791,806	806,357	761,462	44,895
Office of the Treasurer	707,106	722,422	709,024	13,398
Department of Law				
Department of Law	1,955,820	2,004,927	1,756,290	248,637
Risk Management	139,828	144,828	140,033	4,795
Department of Planning & Zoning				
Comprehensive Planning and Special Projects	1,217,314	1,253,035	1,025,279	227,756
Current Planning	1,817,093	1,860,532	1,726,811	133,721
Director of Planning & Zoning	597,726	597,726	473,817	123,909
Department of Personnel				
Human Resources	862,388	876,528	801,297	75,231
Personnel Matters	1,003,250	1,003,250	822,056	181,194
Office of Government & Community Relations	610,320	613,921	400,547	213,374
Office of Information and Communication Technology	7,274,004	7,317,396	7,297,894	19,502
Elections				
Board of Elections	1,181,923	1,312,524	1,229,628	82,896
Election Expense	1,204,980	1,074,379	768,963	305,416

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>GENERAL GOVERNMENT (continued)</u>				
Economic Development				
Office of Economic Development	1,827,042	1,847,261	1,488,802	358,459
Harford Transit	1,045,818	1,054,960	605,177	449,783
Tourism & Marketing	1,830,000	1,830,000	1,799,820	30,180
Benefits	7,419,610	7,419,610	6,434,344	985,266
Insurance	471,846	471,846	471,846	-
Miscellaneous				
Appropriations to Towns	3,389,068	3,389,068	3,389,068	-
Appropriations to State	1,040,000	1,040,000	941,034	98,966
Contingency Reserve	100,000	100,000	-	100,000
Humane Society	750,000	750,000	750,000	-
	<u>51,426,809</u>	<u>51,821,780</u>	<u>46,637,294</u>	<u>5,184,486</u>
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Harford County Public Schools	233,534,504	233,534,504	233,534,504	-
Harford Community College	15,561,612	15,561,612	15,561,612	-
	<u>249,096,116</u>	<u>249,096,116</u>	<u>249,096,116</u>	<u>-</u>
<u>HARFORD CENTER</u>				
	<u>553,036</u>	<u>553,036</u>	<u>553,036</u>	<u>-</u>
<u>JUDICIAL</u>				
Circuit Court	1,471,723	1,512,183	1,477,083	35,100
Community Work Service	310,772	315,110	301,815	13,295
Family Court Services Division	560,130	541,312	539,225	2,087
Family Justice Center	318,312	326,026	316,039	9,987
Grand Jury	14,000	12,616	12,616	-
Jury Commissioner	250,630	252,962	237,824	15,138
Jury Services	232,000	242,920	242,736	184
Masters	188,016	188,233	183,419	4,814
State's Attorney	5,219,708	5,330,340	4,947,335	383,005
	<u>8,565,291</u>	<u>8,721,702</u>	<u>8,258,092</u>	<u>463,610</u>
<u>LIBRARIES</u>				
	<u>16,644,574</u>	<u>16,644,574</u>	<u>16,644,574</u>	<u>-</u>

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Parks and Facilities	5,946,562	6,035,393	5,044,231	991,162
Parks & Recreation Administration	755,751	768,109	690,714	77,395
Recreational Services	2,542,169	2,597,851	2,420,703	177,148
Conservation of Natural Resources				
Extension Service	245,256	245,256	244,402	854
Soil Conservation	453,377	461,004	426,871	34,133
	<u>9,943,115</u>	<u>10,107,613</u>	<u>8,826,921</u>	<u>1,280,692</u>
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Administration	10,580,960	10,906,162	10,325,160	581,002
Correctional Services	23,124,533	23,151,649	21,717,682	1,433,967
Court Services	6,302,242	6,563,329	5,793,081	770,248
Criminal Investigation	7,880,580	8,239,301	7,992,789	246,512
Inmate Welfare Fund	898,361	898,361	524,745	373,616
Patrol Operations	25,412,291	25,942,630	24,725,328	1,217,302
Department of Inspections, Licenses and Permits				
Building Services	1,012,061	1,024,426	910,125	114,301
Director of DILP	696,351	708,001	624,823	83,178
Electrical Services	626,239	640,931	621,639	19,292
Plumbing Services	588,393	596,662	539,513	57,149
Emergency Operations				
Administration	4,337,847	4,532,638	4,453,922	78,716
HAZMAT Response Team	427,794	427,794	342,448	85,346
Rescue Support	150,078	150,078	140,277	9,801
Special Operations & Technical Services & Support	2,236,760	2,232,172	2,153,102	79,070
Volunteer Fire Companies	6,784,642	6,784,642	6,744,036	40,606
911 Emergency Communications	6,466,661	6,434,007	6,179,339	254,668
	<u>97,525,793</u>	<u>99,232,783</u>	<u>93,788,009</u>	<u>5,444,774</u>

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC WORKS</u>				
Department of Public Works				
Bureau of Environmental Affairs	150,925	156,134	153,084	3,050
Bureau of Solid Waste Management	5,049,120	5,049,120	4,482,294	566,826
Closed Landfills - Post Closure Costs	192,000	192,000	171,698	20,302
Stormwater Management	1,484,549	1,522,629	1,301,666	220,963
Transfer Station	8,800,000	8,800,000	8,627,128	172,872
Total Public Works	15,676,594	15,719,883	14,735,870	984,013
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director - Community Services	1,548,045	1,584,824	1,532,734	52,090
Office of Drug Control	1,060,191	1,043,643	931,230	112,413
Office on Aging	1,441,937	1,469,331	1,348,654	120,677
ARC Northern Chesapeake Region	1,745,694	1,745,694	1,745,694	-
Housing Agency Services	1,278,213	1,287,606	984,985	302,621
Health Department	3,703,318	3,703,318	3,703,310	8
Total Social Services	10,777,398	10,834,416	10,246,607	587,809
<u>DEBT SERVICE</u>				
Debt Service - Principal	33,078,870	33,078,870	33,078,860	10
Debt Service - Interest	18,160,510	18,160,510	17,871,488	289,022
Debt Service - Administration Costs	640,000	640,000	553,816	86,184
Total Debt Service	51,879,380	51,879,380	51,504,164	375,216
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Capital Projects	5,951,575	5,951,575	5,901,575	50,000
Grants	3,649,115	3,649,115	3,649,115	-
Total Other Financing Uses	9,600,690	9,600,690	9,550,690	50,000
Total Expenditures and Other Financing Uses	\$ 524,570,000	\$ 527,106,383	\$ 512,405,165	\$ 14,701,218

Special Revenue Fund

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
TAXES				
Business Personal Property/Current Year	\$ 49,000	\$ 49,000	\$ 65,916	\$ 16,916
Business Personal Property/Prior Years	1,500	1,500	(1,287)	(2,787)
Corporate Property/Current Year	1,750,000	1,750,000	1,970,835	220,835
Corporate Property/Prior Years	(100,000)	(100,000)	(91,082)	8,918
Interest on Delinquent Taxes	125,000	125,000	135,879	10,879
Payment in Lieu of Taxes	118,000	118,000	237,064	119,064
Penalty	115,000	115,000	124,409	9,409
Railroad and Public Utilities/Current Year	1,700,000	1,700,000	1,912,983	212,983
Railroad and Public Utilities/Prior Years	(50,000)	(50,000)	-	50,000
Real Property-Full Year Levy/Current Year	32,625,000	32,625,000	32,761,938	136,938
Real Property-Full Year Levy/Prior Years	(25,000)	(25,000)	(12,804)	12,196
Real Property-Half Year Levy/Current Year	127,000	127,000	113,650	(13,350)
Real Property-Half Year Levy/Prior Years	(2,000)	(2,000)	-	2,000
	<u>36,433,500</u>	<u>36,433,500</u>	<u>37,217,501</u>	<u>784,001</u>
Less: Tax Credits and Uncollectibles				
Enterprise Zone Tax Credits	(150,000)	(150,000)	(118,493)	31,507
Discount Allowed	(250,000)	(250,000)	(272,137)	(22,137)
Homeowner's Tax Credit - County	(35,000)	(35,000)	(38,207)	(3,207)
Homestead Tax Credit - County	(12,500)	(12,500)	(12,658)	(158)
Uncollectible Property Taxes	(25,000)	(25,000)	13,872	38,872
	<u>(472,500)</u>	<u>(472,500)</u>	<u>(427,623)</u>	<u>44,877</u>
Total Taxes	<u>35,961,000</u>	<u>35,961,000</u>	<u>36,789,878</u>	<u>828,878</u>
REVENUES FROM OTHER AGENCIES				
BRAC Zone Incentive	150,000	150,000	-	(150,000)
DNR Parks Pilot	-	-	19,423	19,423
FEMA	-	-	106,895	106,895
Highways Users Tax	1,370,000	1,370,000	1,700,271	330,271
Total Revenues from Other Agencies	<u>1,520,000</u>	<u>1,520,000</u>	<u>1,826,589</u>	<u>306,589</u>
INVESTMENT INCOME				
	<u>41,000</u>	<u>41,000</u>	<u>97,964</u>	<u>56,964</u>
CHARGES FOR CURRENT SERVICES				
Auto Maintenance - Contract	40,000	40,000	56,650	16,650
Auto Maintenance - Non-Contract	10,000	10,000	5,629	(4,371)
Design Review	1,000	1,000	861	(139)
Fuel Charges - County	275,000	275,000	79,384	(195,616)
Inspections	150,000	150,000	117,408	(32,592)
Onsite Inspection Fees	125,000	125,000	90,300	(34,700)
Recycled Scrap Metal	5,000	5,000	2,373	(2,627)

(continued)

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017

(continued)

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
Reproduction	100	100	163	63
Road Access Permit Fees	11,000	11,000	12,985	1,985
Sale of Plans and Specs	200	200	-	(200)
Signs and Linestriping	5,000	5,000	36,837	31,837
Technical Review	100,000	100,000	15,694	(84,306)
Utility Permit Fees	70,000	70,000	57,840	(12,160)
	<u>792,300</u>	<u>792,300</u>	<u>476,124</u>	<u>(316,176)</u>
<u>MISCELLANEOUS</u>				
Director of DPW - Stormwater	6,139	6,139	6,139	-
Director of DPW - Water and Sewer	173,829	173,829	173,829	-
Fleet Lease Revenue	12,000	12,000	5,630	(6,370)
Fuel Charges	3,000,000	3,000,000	1,632,744	(1,367,256)
Interest on Miscellaneous Invoices	5,000	5,000	7,010	2,010
Miscellaneous Revenue	57,732	57,732	24,734	(32,998)
Recovery from Capital Projects	2,000,000	2,000,000	1,353,695	(646,305)
Reimbursement from Other Departments	50,000	50,000	14,635	(35,365)
Sale of Property - Vehicles	5,000	5,000	324,186	319,186
Vehicle Maintenance - Contract	2,151,000	2,151,000	2,246,629	95,629
Vehicle Maintenance - Non Contract	650,000	650,000	876,744	226,744
	<u>8,110,700</u>	<u>8,110,700</u>	<u>6,665,975</u>	<u>(1,444,725)</u>
<u>FINES AND FORFEITURES</u>				
Vegetation Violations	15,000	15,000	44,918	29,918
	<u>15,000</u>	<u>15,000</u>	<u>44,918</u>	<u>29,918</u>
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	1,070,000	1,430,271	-	(1,430,271)
Premium on Issuance of Bonds	-	-	25,550	25,550
	<u>1,070,000</u>	<u>1,430,271</u>	<u>25,550</u>	<u>(1,404,721)</u>
Total Special Revenue Fund Revenues and Other Financing Sources	<u>\$ 47,510,000</u>	<u>\$ 47,870,271</u>	<u>\$ 45,926,998</u>	<u>\$ (1,943,273)</u>

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2017

Exhibit D-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>EDUCATION</u>				
Transportation	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
<u>PUBLIC SAFETY</u>				
Transportation	1,000,000	1,000,000	-	1,000,000
<u>PUBLIC WORKS</u>				
Benefits	1,428,883	1,428,883	1,279,156	149,727
Bureau of Capital Projects	755,455	769,008	745,256	23,752
Bureau of Construction Management	1,894,458	1,935,158	1,706,213	228,945
Bureau of Highways Engineering	2,201,874	2,272,981	2,221,632	51,349
Bureau of Highway's Maintenance	19,111,126	19,343,958	18,444,447	899,511
Contingency	200,000	200,000	-	200,000
Director of Public Works	286,314	286,314	271,541	14,773
Fleet Management	7,868,756	7,870,835	5,668,682	2,202,153
Personnel Matters - Highways	215,271	215,271	91,720	123,551
Snow Removal	2,269,888	2,269,888	1,101,434	1,168,454
Insurance	107,286	107,286	107,286	-
Total Public Works	<u>36,339,311</u>	<u>36,699,582</u>	<u>31,637,367</u>	<u>5,062,215</u>
<u>DEBT SERVICE</u>				
Principal	575,767	575,767	575,764	3
Interest	402,319	402,319	395,632	6,687
Administrative Costs	30,000	30,000	4,058	25,942
Total Debt Service	<u>1,008,086</u>	<u>1,008,086</u>	<u>975,454</u>	<u>32,632</u>
<u>OTHER FINANCING USES</u>				
Transfers Out-Capital Projects	<u>8,162,603</u>	<u>8,162,603</u>	<u>8,162,603</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 47,510,000</u>	<u>\$ 47,870,271</u>	<u>\$ 40,775,424</u>	<u>\$ 7,094,847</u>

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balance
Budget Basis (Non-GAAP) vs. Actual
Parks and Recreation Special Revenue Fund
For The Year Ended June 30, 2017

Exhibit D-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 1,500	\$ 1,500	\$ 1,174	\$ (326)
Charges for Current Services	869,000	869,000	752,812	(116,188)
Miscellaneous	450	450	1,216	766
Total Revenues	<u>870,950</u>	<u>870,950</u>	<u>755,202</u>	<u>(115,748)</u>
EXPENDITURES				
Parks, Recreation and Natural Resources	824,000	830,656	690,571	140,085
Total Expenditures	<u>824,000</u>	<u>830,656</u>	<u>690,571</u>	<u>140,085</u>
Excess of Revenues Over Expenditures	<u>46,950</u>	<u>40,294</u>	<u>64,631</u>	<u>24,337</u>
OTHER FINANCING SOURCES				
Appropriated Fund Balance	103,050	109,706	-	(109,706)
Transfers (Out)	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	<u>(46,950)</u>	<u>(40,294)</u>	<u>(150,000)</u>	<u>(109,706)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(85,369)	<u>\$ (85,369)</u>
Fund Balance - Beginning			285,981	
Prior Year Encumbrances Cancelled			<u>500</u>	
Fund Balance - Ending			<u>\$ 201,112</u>	

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balance
Budget Basis (Non-GAAP) vs. Actual
Stormwater Management Fund
For The Year Ended June 30, 2017

Exhibit D-4

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,075,000	\$ 2,075,000	\$ 2,289,262	\$ 214,262
Revenue from Other Agencies	4,000	4,000	4,000	-
Investment Income	1,400	1,400	19,283	17,883
Total Revenues	<u>2,080,400</u>	<u>2,080,400</u>	<u>2,312,545</u>	<u>232,145</u>
EXPENDITURES				
Public Works	1,783,900	1,783,900	-	1,783,900
Total Expenditures	<u>1,783,900</u>	<u>1,783,900</u>	<u>-</u>	<u>1,783,900</u>
Debt Service	96,500	96,500	81,577	14,923
Excess of Revenues Over Expenditures	<u>200,000</u>	<u>200,000</u>	<u>2,230,968</u>	<u>2,030,968</u>
OTHER FINANCING SOURCES				
Transfers (Out)	(200,000)	(200,000)	(200,000)	-
Premium on Issuance on Bonds	-	-	119,734	119,734
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(80,266)</u>	<u>119,734</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,150,702	<u>\$ 2,150,702</u>
Fund Balance - Beginning			<u>2,295,295</u>	
Fund Balance - Ending			<u>\$ 4,445,997</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, 2017

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 1,050,000	\$ 1,050,000	\$ 1,045,789	\$ (4,211)
Investment Income	2,000	2,000	6,866	4,866
Total Revenues	<u>1,052,000</u>	<u>1,052,000</u>	<u>1,052,655</u>	<u>655</u>
EXPENDITURES				
Debt Service	1,100,000	1,100,000	1,072,546	27,454
Total Expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,072,546</u>	<u>27,454</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(48,000)</u>	<u>(48,000)</u>	<u>(19,891)</u>	<u>28,109</u>
Other Financing Sources				
Appropriated Fund Balance	48,000	48,000	19,891	(28,109)
Total Other Financing Sources (Uses)	<u>48,000</u>	<u>48,000</u>	<u>19,891</u>	<u>(28,109)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Less: Appropriated Fund Balance			(19,891)	
Fund Balance - Beginning			<u>2,180,643</u>	
Fund Balance - Ending			<u>\$ 2,160,752</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, 2017

Exhibit F-1

GENERAL COUNTY	TOTAL	TOTAL	UNEXPENDED
	APPROPRIATIONS	EXPENDITURES	APPROPRIATIONS
Reforestation Proceeds	\$ 680,000	\$ 361,024	\$ 318,976
Facilities Repair Program	19,812,301	14,307,087	5,505,214
Treasury Computer Enhancements	175,000	174,460	540
Watershed Restoration/Improvements 2006	1,528,228	1,051,645	476,583
County Facility System Security Access/Fuel Dispensing	1,415,000	854,715	560,285
Site Acquisition	23,757,761	16,712,822	7,044,939
Stormwater Enhancement	815,000	616,151	198,849
Woodbridge Retrofit & Stream Restoration	1,020,000	893,832	126,168
* Harford County Southern Resource Annex (Southern Precinct)	10,821,326	10,808,474	12,852
Sunnyview Stream Restoration	1,992,220	260,229	1,731,991
Courthouse Building Repairs	5,034,900	4,016,735	1,018,165
Reforestation Proceeds-Critical Area	100,000	65,315	34,685
Watershed Stream Assessment Studies	1,065,000	1,045,443	19,557
Wheel Creek Watershed Restoration	6,539,607	5,839,303	700,304
Citizens Care Center	2,000,000	1,999,999	1
Humane Society	7,050,000	6,418,303	631,697
Safeguarding Business Operations	14,075,400	9,426,145	4,649,255
Bynum Run at St Andrews Way Stream Restoration	1,347,026	209,092	1,137,934
Fleet Replacement	7,040,000	6,645,536	394,464
Refresh Program	2,635,000	2,517,978	117,022
Joppatowne Area Watershed Restoration	2,550,000	1,933,032	616,968
Plumtree Run Watershed Restoration	2,943,452	965,685	1,977,767
Sams Branch Watershed Restoration	1,172,922	308,344	864,578
Stormwater Pollution Prevention	731,395	562,543	168,852
HMAN (Harford County Metro Area Network)	16,200,000	14,260,394	1,939,606
Bel Air Parking Garage	730,000	565,438	164,562
Countywide Facilities Master Plan Study	1,950,000	1,915,575	34,425
Efficiency Capital Investment Projects	1,005,000	352,495	652,505
GIS	250,000	226,099	23,901
Lily Run Watershed Restoration	725,000	65	724,935
Repairs to 45 South Main Street Building	100,000	99,489	511
45 South Main-Add Emergency Power System	600,000	490,323	109,677
Hosanna School	240,000	221,862	18,138
Underground/Aboveground Storage Tank Management	505,000	358,346	146,654
Maintenance/Repair of Dams	1,355,000	526,754	828,246
MD 924 Small Area Corridor Plan	300,000	214,873	85,127
Havre de Grace Opera House Renovations	500,000	250,000	250,000
Automated External Defibrillators (AED's)	20,000	19,990	10
* Board of Education-Debt Service	14,260,492	14,260,492	-
Riverside Area Watershed Restoration	1,410,886	278,330	1,132,556

(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, 2017

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY (continued)			
Board of Education-Debt Service	16,600,000	16,600,000	-
Fleet Maintenance Facility	1,150,000	150,656	999,344
Harford County Agricultural Research and Exposition Center	300,000	150,000	150,000
Voting Equipment	200,000	-	200,000
County Owned Watershed Restoration Improvements	5,525,000	2,289,121	3,235,879
Watershed Restoration Assessment	3,100,000	1,965,462	1,134,538
Watershed Restoration Improvements	1,050,000	187,349	862,651
Watershed Restoration	160,000	92,037	67,963
Aberdeen Library Roof and Windows	388,000	388,000	-
Board of Education-Debt Service	17,800,000	17,800,000	-
Septic System Disconnection	50,000	-	50,000
Maintenance/Repair of Dams	895,000	679,527	215,473
Total General County	203,670,916	162,336,569	41,334,347
EDUCATION			
Fire Alarm/Emergency Communications	825,000	621,741	203,259
Furniture & Equipment	955,000	741,880	213,120
Joppatowne Elementary Modernization	13,533,863	11,811,863	1,722,000
Deerfield Elementary Modernization/Replacement	22,432,144	21,791,417	640,727
School Buses Fiscal Year 2002	9,743,197	9,540,402	202,795
Athletic Fields Repair/Renovations	277,000	273,823	3,177
New High School/Middle School	60,322,094	56,890,463	3,431,631
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	697,988	427,012
Integrated Business Systems	403,000	392,126	10,874
New Elementary Capital/Vale Rd/Red Pump Elementary	29,330,080	28,079,197	1,250,883
Textbook Refresh (Math)	6,210,000	2,399,771	3,810,229
ADA Improvements	500,000	278,022	221,978
HVAC Major Repairs	6,252,363	4,872,174	1,380,189
Edgewood High School Replacement	83,581,790	81,868,070	1,713,720
Roofing Replacement	1,236,530	1,023,660	212,870
Youth's Benefit Elementary School	38,126,866	29,463,421	8,663,445
North Harford Middle School Repairs	50,000	50,000	-
Homestead Wakefield Elementary School Modernization	133,454	32,454	101,000
* Campus Hills Elementary School	839,860	839,860	-
Relocatable Classrooms	1,323,000	188,000	1,135,000
Septic Pre-Treatment for Code Upgrade	2,167,926	842,513	1,325,413
William Paca Elementary School Air Conditioning	3,955,057	3,954,183	874
Jarrettsville Elementary School Air Conditioning	2,941,500	2,935,943	5,557
Magnolia Middle School HVAC	3,512,554	3,379,595	132,959
Havre de Grace High School Field Facilities	313,770	308,886	4,884
Building Envelope Improvements	200,000	200,000	-
Edgewood Middle School Computer Lab	115,000	78,217	36,783

(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, 2017

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
EDUCATION (continued)			
Energy Efficiency Initiative Projects	114,316	-	114,316
Fallston High School HVAC Project	7,973,940	7,574,604	399,336
Havre de Grace High School Replacement	3,700,000	3,231,383	468,617
Joppatowne High School Systemic Project	7,400,000	-	7,400,000
Music Equipment Refresh Program	50,000	47,524	2,476
Music Technology Lab	150,000	150,000	-
Norrisville Elementary School HVAC	1,720,000	1,507,610	212,390
* North Harford Elementary School Comprehensive HVAC	1,175,000	1,175,000	-
Playground Equipment	350,000	313,621	36,379
Stadium Upgrades-Joppatowne High School	300,000	267,773	32,227
Aberdeen High School Stadium/Weight Room Upgrades	1,600,000	1,593,399	6,601
* Joppatowne High School Weight Room Repairs	132,407	132,407	-
Security Initiative	640,000	638,669	1,331
Darlington Elementary School Comprehensive HVAC	1,949,948	1,203,057	746,891
Dublin Elementary School Comprehensive HVAC	2,055,000	1,823,916	231,084
North Harford Middle School Domestic Water Improvement	1,000,000	83,674	916,326
Ring Factory Elementary School HVAC	470,000	470,000	-
Technology Infrastructure	2,643,217	2,630,781	12,436
Fallston High School Autism Renovation	250,000	249,602	398
Center for Educational Opportunity-Air Conditioning	2,200,000	2,075,067	124,933
Churchville Elementary School Roof Replacement	330,000	283,994	46,006
Prospect Mill Elementary School HVAC	2,294,000	2,241,038	52,962
Technology Education Lab Refresh	250,000	-	250,000
Riverside Elementary School HVAC Systemic Renovation	4,716,000	576,830	4,139,170
Roof Replacement Joppatowne High School	1,115,000	27,610	1,087,390
William Paca/Old Post Elementary School Open Space Enclosure	1,261,000	206,524	1,054,476
William S. James Elementary School Open Space Enclosure	691,000	92,382	598,618
Environment Compliance Project	1,247,619	1,097,619	150,000
North Harford High School Modernization	31,873,132	31,732,955	140,177
Bel Air High School Modernization/Replacement	78,185,348	78,185,348	-
Total Education	449,619,089	404,329,632	45,289,457
FIRE/SAFETY			
Fire, EMS & Law Enforcement CAD	2,450,000	2,450,000	-
Computer Equipment/Networks	2,241,742	2,156,356	85,386
New Emergency Operations Center Complex	43,294,525	34,536,654	8,757,871
* 911 State Fee Fund	3,200,000	1,530,808	1,669,192
700 Mhz Wireless Radio System Equipment	21,693,992	21,559,930	134,062
Bel Air Substation at Patterson Mill	2,868,400	2,868,400	-
Norrisville Station	875,000	875,000	-
Public Safety Communication in School Buildings	450,000	145,826	304,174
Joppa Magnolia Fire Station Expansion	700,000	31,950	668,050
TRT Equipment	160,000	55,559	104,441
Volunteer Fire Company Facility Repair	1,100,000	1,085,470	14,530
911 State Fee Fund	200,000	76,054	123,946

(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, 2017

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
FIRE/SAFETY (continued)			
SCBA Replacement	500,000	-	500,000
Total Fire/Safety	79,733,659	67,372,007	12,361,652
COMMUNITY COLLEGE			
New Allied Health and Nursing Building	7,891,000	7,891,000	-
Edgewood Hall Renovations	3,772,000	3,232,876	539,124
Total Community College	11,663,000	11,123,876	539,124
LIBRARY			
Jarrettsville Library	5,884,000	5,841,309	42,691
* Facility Maintenance & Repairs	111,868	103,471	8,397
Whiteford Library Expansion	4,238,200	4,238,200	-
* Facility Renovations	26,544	26,544	-
Aberdeen Library Feasibility Study	56,000	46,360	9,640
Darlington Feasibility Study	56,000	33,845	22,155
Havre de Grace Library Expansion	9,020,000	8,932,193	87,807
Technology	559,100	552,187	6,913
Joppa Branch-Centralized Dehumidification	100,000	100,000	-
Total Library	20,051,712	19,874,109	177,603
LANDFILL			
Tollgate Landfill Gas System	1,034,679	1,033,830	849
Harford County Waste Disposal Center Compost Area Facilities	525,000	31,045	493,955
Harford Waste Disposal Center Landfill Capping	9,320,000	8,463,802	856,198
Former Spencers Landfill Closure	6,700,000	6,048,975	651,025
Full Cost Accounting Study	300,000	300,000	-
Waste to Energy Facility Closure	4,803,753	1,057,789	3,745,964
HWDC Pavement Upgrades	200,000	-	200,000
Tollgate Yard Trim Recycling Center 15	1,375,081	25,000	1,350,081
Environmental Studies	1,440,900	1,233,209	207,691
Scarboro Landfill Groundwater Treatment Plant	100,000	-	100,000
Future Expansion	20,570,353	20,299,993	270,360
Total Landfill	46,369,766	38,493,643	7,876,123
PARKS and RECREATION			
Smith Property/Edgeley Grove	4,350,000	3,255,438	1,094,562
Churchville Complex Development	8,556,830	8,133,339	423,491
Heavenly Waters Park	2,120,000	974,383	1,145,617
Shucks Road Regional Sports Complex	8,110,415	5,631,655	2,478,760

(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, 2017

(continued)

Exhibit F-1

PARKS and RECREATION (continued)	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Athletic Field Improvements	11,000,000	9,905,617	1,094,383
Indoor Recreation Facility	1,224,000	908,298	315,702
Joppatowne Area Dredging	990,000	636,625	353,375
Tudor Hall Rehabilitation	500,000	265,291	234,709
Bleacher Renovations	430,000	155,697	274,303
Darlington Park Development	1,895,000	1,475,129	419,871
Mariner Point Park Renovations	361,000	107,399	253,601
Nuttall Avenue Park Development	500,000	34,082	465,918
Broad Creek Boat Launch Ramp	679,000	397,069	281,931
Cedar Lane Sports Complex Improvements	2,161,000	632,495	1,528,505
Churchville Center Renovations	575,000	182,163	392,837
Eden Mill Park Rehabilitation	855,000	570,174	284,826
Facility Renovations	1,205,000	789,492	415,508
Natural Turf Improvements	1,090,000	545,350	544,650
Park Improvements	780,000	418,969	361,031
Park Land Acquisition	5,306,000	2,168,180	3,137,820
Playground Equipment	1,805,000	742,430	1,062,570
Anita C. Leight Center Improvements	730,000	455,921	274,079
Emmorton Rec and Tennis Center Improvements	970,000	481,098	488,902
Tennis/Multipurpose Courts	640,000	598,016	41,984
Equestrian Center Improvements	325,000	207,429	117,571
Backstop Renovations	270,000	16,607	253,393
Emily Bayliss Graham Park	1,575,000	132,617	1,442,383
Gunpowder River Dredging	1,434,000	1,111,150	322,850
Jarrettsville Complex Restrooms	350,000	269,499	80,501
Oakington Farms	1,900,000	475,100	1,424,900
Parking Lot Paving	499,000	406,561	92,439
Rockfield Park Improvements	170,000	15,728	154,272
Trails and Linear Parks	2,550,000	172,679	2,377,321
Edgewood Rec and Community Center	100,000	46,044	53,956
Northern Regional Park	575,000	458,454	116,546
ADA Improvements	250,000	140,373	109,627
Debris-Derelict Boats	100,000	-	100,000
Disc Golf Course	50,000	47,176	2,824

(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, 2017

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS and RECREATION (continued)			
Fallston Maintenance Shop	50,000	50,000	-
Fallston Recreation Complex Improvements	325,000	324,999	1
McFaul Activity Center	251,000	250,538	462
Robert Copenhaver Park Improvements	300,000	125,972	174,028
SWM Pond Repair and Renovation	450,000	161,147	288,853
Abingdon Road Park	150,000	150,000	-
Enlarged Gymnasiums	600,000	600,000	-
Jarrettsville Recreation Center	510,775	-	510,775
Liriodendron Improvements	145,000	-	145,000
Swan Harbor Farm Improvements	539,000	427,821	111,179
Canoe and Kayak Water Access	450,000	110,041	339,959
Flying Point Park Improvements	124,000	44,942	79,058
Francis Silver Park Improvements	25,000	-	25,000
Heavenly Waters Park-Soma	100,000	100,000	-
Promenade Park	15,000	14,697	303
Harford Center for the Arts	50,000	-	50,000
Demarco Memorial Park Improvements	40,000	-	40,000
Tollgate Woodshop	25,000	1,649	23,351
Tydings Park Improvements	400,000	200,000	200,000
Total Parks and Recreation	71,531,020	45,525,533	26,005,487
HIGHWAYS-ROADS			
Glen Elyn Culvert and Ponds Repair	392,500	392,500	-
Tollgate Road/West Ring Factory-Plumtree	5,473,439	1,994,879	3,478,560
Facilities Repair Program	1,007,000	881,110	125,890
Primrose Place	146,000	132,605	13,395
Culvert Rehabilitation	4,275,000	4,146,072	128,928
Intersection Improvements	2,431,728	2,260,912	170,816
Village of Scot's Fancy-Starmount Lane	750,000	715,128	34,872
Shucks Road Improvements	437,192	137,192	300,000
Drainage Improvements	1,425,000	1,383,397	41,603
Fuel Dispensing System Upgrade	950,000	949,273	727
Stormdrain Rehabilitation	1,466,231	1,452,265	13,966
MD 152/Oakmont Road/Port Lane	400,732	117,666	283,066
Sidewalks and Handicapped Ramps	999,300	810,599	188,701
Traffic Calming and Road Safety Improvements	450,000	424,930	25,070
Safeguarding Business Operations	2,687,450	2,124,406	563,044
Schucks Road Culvert Replacement	80,000	23,824	56,176
Fleet Replacement	8,942,000	8,937,498	4,502
700 MHZ Wireless Radio System Equipment	1,600,000	1,600,000	-

(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, 2017

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
Efficiency Capital Investment Project	155,000	90,515	64,485
Guardrails Fiscal Year 2013	525,000	519,458	5,542
HMAN (Harford County Metro Area Network)	930,000	929,952	48
New Roads and Storm Drains	2,475,000	1,277,107	1,197,893
Refresh Program	365,500	331,420	34,080
Resurfacing Roadways	6,661,509	6,652,544	8,965
Edwards Lane Culvert	5,000	-	5,000
* Bel Air Area Transportation Study	295,716	224,514	71,202
Landis Circle-Foxborough Farm	350,000	259,694	90,306
Traffic Signals 15	109,601	-	109,601
Resurfacing Roadways	5,603,106	5,601,349	1,757
Resurfacing Roadways	5,292,842	4,974,913	317,929
APG Gate Pilot	820,603	52,410	768,193
Resurfacing Roadways	5,002,435	3,628,494	1,373,941
Moores Mill Road	9,713,088	6,020,134	3,692,954
* Wheel Road/Laurel Bush - Fairway Road	6,403,915	6,403,915	-
Total Roads	78,621,887	65,450,675	13,171,212
HIGHWAYS-BRIDGES			
Harford Creamery Road Bridge #104	1,663,204	1,474,681	188,523
Watervale Road Bridge #63	4,155,000	4,107,070	47,930
Bridge Inspection Program	3,640,000	2,807,033	832,967
Bridge Rehabilitation	2,850,000	2,849,999	1
Road and Bridge Scour Repairs	1,300,000	908,217	391,783
* Macton Road Bridge #145	945,450	945,449	1
Snake Lane Bridge #31	195,000	169,740	25,260
Carrs Mill Road Bridge	2,395,000	2,092,094	302,906
Glen Cove Road Bridge #156	150,000	149,999	1
Robinson Mill Road Bridge #154	1,385,000	277,821	1,107,179
Abingdon Road Bridge #169 Over CSX	1,130,000	559,285	570,715
Jericho Road Bridge #3	1,530,000	218,729	1,311,271
Chestnut Hill Bridge #40	495,000	274,394	220,606
Phillips Mill Road Bridge #70	550,000	374,028	175,972
Hess Road Bridge #82	1,300,000	804,716	495,284
* Prospect Road Bridge #217	178,060	3,060	175,000

(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, 2017

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-BRIDGES (continued)			
Bridge Rehabilitation	950,000	421,954	528,046
Green Road Bridge #122	644,087	118,423	525,664
Bridge Painting	100,000	98,330	1,670
Fawn Grove Road Bridge #132	10,000	5,467	4,533
New Park Road Bridge #125	600,000	185,046	414,954
Stafford Road Bridge	280,000	103,057	176,943
Glenville Road Bridge #30	370,000	146	369,854
Carea Road Bridge #126	89,207	-	89,207
Johnson Mill Road Bridge #45	140,000	295	139,705
Structural Evaluation	420,000	346,488	73,512
Total Bridges	<u>27,465,008</u>	<u>19,295,521</u>	<u>8,169,487</u>
Total Highways	<u>106,086,895</u>	<u>84,746,196</u>	<u>21,340,699</u>
Total All Projects	988,726,057	833,801,565	154,924,492
*Less Closed Projects	<u>(38,390,638)</u>	<u>(36,453,994)</u>	<u>(1,936,644)</u>
Total Capital Project Funds	<u>\$ 950,335,419</u>	<u>\$ 797,347,571</u>	<u>\$ 152,987,848</u>

Enterprise Fund

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2017

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
SEWER PROJECTS			
* Lower Bynum Run	\$ 1,317,351	\$ 88,502	\$ 1,228,849
* Lower Bynum Run	40,612	40,612	-
* Lower Bynum Run	8,282,037	8,282,037	-
* Joppatowne Pump Station No.47	4,048,750	624,885	3,423,865
* Joppatowne Pump Station No.47	1,250	1,250	-
* Enhanced Nutrient Removal Refinement at Sod Run	12,993,233	100,924	12,892,309
* Enhanced Nutrient Removal Refinement at Sod Run	44,506,767	44,506,767	-
* Bush Creek Pump Station 4th Pump	28,400,000	24,704,156	3,695,844
* Utility Protection/Restoration	500,000	215,880	284,120
* Infiltration & Inflow	3,400,000	1,374,433	2,025,567
Bynum Run Parallel Phase 6 & 7	9,407,134	4,952,458	4,454,676
* Bynum Run Parallel Phase 6 & 7	56,036	56,036	-
Edgewood Interceptor Sewer Parallel	500,000	181,806	318,194
* Green Ridge Pump Station Replacement	392,094	46	392,048
* Green Ridge Pump Station Replacement	1,107,906	1,107,906	-
* Infiltration & Inflow	350,000	151,398	198,602
* Sod Run Facility Improvements	2,813,876	1,038,774	1,775,102
* Sod Run Facility Improvements	286,124	286,124	-
* Renewal and Replacement - Sewer	800,000	115,464	684,536
Bill Bass Pump Station Forcemain Replacemen	900,384	242,698	657,686
* Harford Waste Water Treatment Plant Facility Improvement	885,000	792,123	92,877
Oaklyn Manor/Joppa Area Sewer Relief	1,950,300	1,464,291	486,009
Town Center Drive Pump Station	350,000	2,596	347,404
* Ring Factory Pump Station and Fairwind Farms Abandonmen	1,360,000	1,218,324	141,676
Bynum Ridge Sewer Replacement	240,000	10,891	229,109
Bio Solids Facilities Enhancements	900,000	51,159	848,841
* Fallston Sanitation Sub-District Sewer Capacity Study	300,000	92,836	207,164
Total Sewer Projects	126,088,854	91,704,376	34,384,478
WATER PROJECTS			
* Abingdon Water Treatment Plant Expansion	553,639	4,831	548,808
* Abingdon Water Treatment Plant Expansion	75,981,361	75,981,361	-
Abingdon Road Water Main Parallel	8,298,251	269,791	8,028,460
* Abingdon Road Water Main Parallel	1,749	1,749	-
Magnolia Booster Station	1,450,000	138,726	1,311,274
* Water Construction Unanticipated	300,000	231,147	68,853
* Tank Painting	300,000	299,999	1
* City of Baltimore Deer Creek Pump Station	3,700,000	3,067,894	632,106
* City of Baltimore Raw Water Supply	3,300,000	1,213,244	2,086,756
* Renewal and Replacement Water	400,000	1,210	398,790
* Water Meter Upgrade	1,210,000	1,079,716	130,284
* Water Zone Improvements	450,000	145,039	304,961
* Tank Painting FY14	500,000	499,693	307

(continued)

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2017

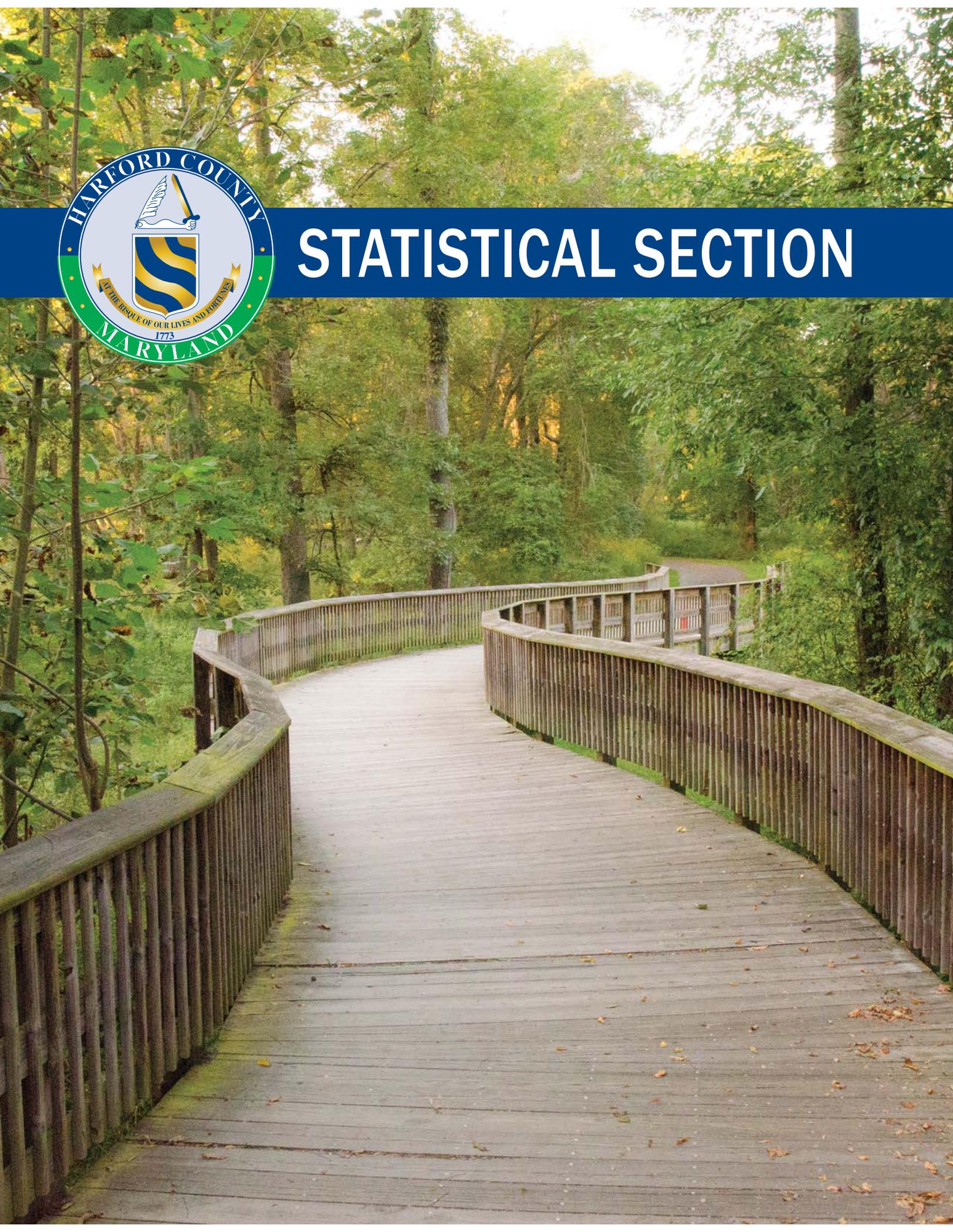
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Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
WATER PROJECTS (continued)			
* Replacement of Water Booster Station	300,000	88,900	211,100
* Water Construction Unanticipated	460,000	220,442	239,558
* Tank Painting FY15	800,000	481,461	318,539
Tollgate Road Water Main Parallel 15	1,292,227	-	1,292,227
U.S. 40 and Rt. 159 SHA Water Relocation	2,600,000	-	2,600,000
Tank Painting FY16	700,000	-	700,000
Water System Model Study	300,000	-	300,000
Tank Painting FY17	800,000	-	800,000
Total Water Projects	<u>103,697,227</u>	<u>83,725,203</u>	<u>19,972,024</u>
OTHER PROJECTS			
* Site Acquisition Water and Sewer Facilities	435,073	10,073	425,000
* Safeguarding Business Operations	2,788,944	2,206,281	582,663
* Safeguarding Business Operations	35,706	35,706	-
* Fleet Replacement	3,462,000	2,913,914	548,086
* 700 MHZ Wireless Radio System Equipment	649,000	607,660	41,340
* HMAN (Harford County Metro Area Network)	1,220,000	1,115,652	104,348
* Refresh Program	387,000	363,687	23,313
* Water and Sewer Rate Study	300,000	264,880	35,120
* Water and Sewer Authority Establishment	1,000,000	293,013	706,987
* Fuel Dispensing System Upgrade	120,000	120,000	-
* Underground and Aboveground Storage Tank Management	50,000	3,425	46,575
Water and Sewer Billing Project	1,500,000	-	1,500,000
* Efficiency Capital Investment Project	300,000	164,184	135,816
Site Acquisition FY17	364,927	-	364,927
Total Other Projects	<u>12,612,650</u>	<u>8,098,475</u>	<u>4,514,175</u>
Total Water, Sewer and Other Projects	242,398,731	183,528,054	58,870,677
*Less Closed and Capitalized Projects	(210,845,508)	(176,213,638)	(34,631,870)
Total Open Water, Sewer and Other Projects	<u>\$ 31,553,223</u>	<u>\$ 7,314,416</u>	<u>\$ 24,238,807</u>



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 13 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 14 and 15 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

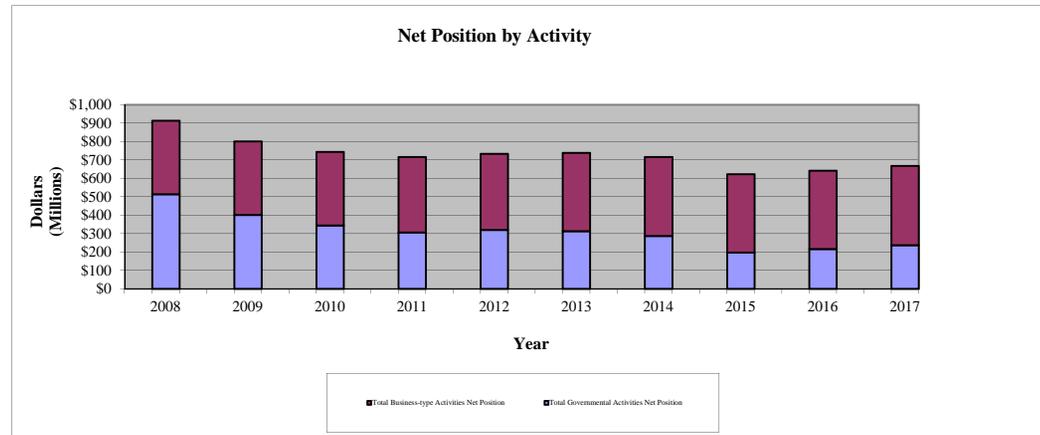
Tables 16 through 18 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Harford County, Maryland

Net Position by Component (accrual basis of accounting)

**Table 1
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 464,659,388	\$ 449,571,374	\$ 444,082,892	\$ 422,414,425	\$ 434,233,561	\$ 449,378,060	\$ 436,216,089	\$ 435,846,522	\$ 476,366,433	\$ 475,161,617
Restricted	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598	78,915,495	75,653,146	78,466,405	20,723,517	23,188,672
Unrestricted	(27,463,371)	(126,890,551)	(178,174,967)	(207,023,969)	(207,432,487)	(214,931,280)	(225,213,903)	(316,918,125)	(281,260,299)	(261,309,571)
Total Governmental Activities Net Position	\$ 513,403,768	\$ 401,523,335	\$ 343,796,741	\$ 307,257,563	\$ 320,549,672	\$ 313,362,275	\$ 286,655,332	\$ 197,394,802	\$ 215,829,651	\$ 237,040,718
Business-Type Activities										
Net Investment in Capital Assets	\$ 264,079,863	\$ 277,437,097	\$ 285,389,182	\$ 290,793,475	\$ 303,842,266	\$ 322,126,658	\$ 332,396,851	\$ 326,999,832	\$ 323,409,167	\$ 328,352,334
Restricted	61,368,904	58,734,019	61,189,342	65,915,265	64,575,609	49,704,209	51,921,308	54,279,937	56,778,013	60,809,692
Unrestricted	73,974,562	62,817,980	53,312,217	51,944,182	43,793,494	54,123,993	45,045,731	44,029,559	45,800,630	42,132,588
Total Business-type Activities Net Position	\$ 399,423,329	\$ 398,989,096	\$ 399,890,741	\$ 408,652,922	\$ 412,211,369	\$ 425,954,860	\$ 429,363,890	\$ 425,309,328	\$ 425,987,810	\$ 431,294,614
Primary Government										
Net Investment in Capital Assets	\$ 728,739,251	\$ 727,008,471	\$ 729,472,074	\$ 713,207,900	\$ 738,075,827	\$ 771,504,718	\$ 768,612,940	\$ 762,846,354	\$ 799,775,600	\$ 803,513,951
Restricted	137,576,655	137,576,531	139,078,158	157,782,372	158,324,207	128,619,704	127,574,454	132,746,342	77,501,530	83,998,364
Unrestricted	46,511,191	(64,072,571)	(124,862,750)	(155,079,787)	(163,638,993)	(160,807,287)	(180,168,172)	(272,888,566)	(235,459,669)	(219,176,983)
Total Primary Government Net Position	\$ 912,827,097	\$ 800,512,431	\$ 743,687,482	\$ 715,910,485	\$ 732,761,041	\$ 739,317,135	\$ 716,019,222	\$ 622,704,130	\$ 641,817,461	\$ 668,335,332



Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

**Table 2
Last Ten Fiscal Years**

Expenses (by function)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Governmental Activities</i>										
Agricultural Preservation	\$ 3,127,195	\$ 5,695,097	\$ 4,249,774	\$ 3,319,578	\$ 3,432,517	\$ 3,601,838	\$ 3,398,295	\$ 3,636,451	\$ 2,861,659	\$ 3,163,287
County Council	2,379,819	2,243,875	2,148,195	2,198,979	2,597,248	2,763,150	2,536,764	2,529,133	2,576,827	2,695,411
General Government	43,776,142	51,703,093	48,547,861	38,564,852	43,655,212	46,041,421	55,642,498	58,237,782	58,699,069	49,217,926
Education-Primary thru Com. College	297,182,465	319,330,062	291,542,340	257,424,328	256,361,884	248,045,564	250,907,788	256,219,860	269,123,661	268,713,217
Harford Center	532,142	582,143	553,036	553,036	553,036	553,036	553,036	553,036	693,036	553,036
Judicial	10,398,970	10,206,733	9,943,671	10,159,127	9,666,237	9,950,169	9,982,512	10,059,178	10,213,119	10,404,012
Libraries	16,406,652	16,809,566	16,446,279	21,721,995	17,359,356	17,314,092	17,271,606	17,697,885	18,122,008	18,289,122
Parks, Recreation and Natural Resources	18,980,453	14,431,566	17,598,714	20,811,081	14,416,981	15,697,516	17,520,868	17,895,586	14,552,707	14,993,728
Public Safety	95,946,852	95,086,768	96,984,770	113,230,332	95,202,878	106,668,221	105,436,479	107,574,608	107,308,307	108,223,495
Public Works	73,819,429	60,809,936	74,378,929	63,368,723	61,916,296	60,279,965	77,195,654	68,092,544	60,737,012	58,629,180
Social Services	26,492,857	28,677,264	29,228,702	29,806,456	28,365,201	28,769,204	26,384,324	26,622,115	25,633,629	27,050,519
Unallocated Debt Interest/Other Costs	9,995,430	10,563,561	13,071,359	19,962,786	18,871,700	14,273,378	17,409,320	13,830,034	17,152,250	17,557,592
Total Governmental Activities	599,038,406	616,139,664	604,693,630	581,121,273	552,398,546	553,957,554	584,239,144	582,948,212	587,673,284	579,490,525
<i>Business-type Activities</i>										
Water and Sewer	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124	48,734,923	48,746,983	48,596,655	51,194,393
Total Business-type Activities	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124	48,734,923	48,746,983	48,596,655	51,194,393
Total Primary Government Expenses	\$ 639,115,430	\$ 657,002,312	\$ 646,208,405	\$ 622,980,781	\$ 595,352,013	\$ 604,058,678	\$ 632,974,067	\$ 631,695,195	\$ 636,269,939	\$ 630,684,918
Program Revenues										
<i>Governmental Activities</i>										
Charges for Services										
General Government	\$ 2,109,440	\$ 2,149,523	\$ 2,407,582	\$ 2,375,772	\$ 2,662,846	\$ 2,778,718	\$ 2,478,640	\$ 3,300,921	\$ 3,091,390	\$ 3,271,301
Public Safety	6,227,490	5,370,147	4,029,330	3,636,934	3,978,388	3,701,079	3,889,979	4,177,039	3,765,058	4,043,488
Public Works	16,734,280	11,573,060	13,345,821	12,048,111	14,151,371	13,570,360	13,843,482	14,594,676	13,278,342	10,755,836
Other Activities	1,340,804	1,170,172	2,194,432	1,373,949	1,511,258	1,553,179	1,456,139	1,385,467	1,396,543	1,346,446
Operating Grants and Contributions	34,867,362	36,473,746	33,788,214	28,476,585	25,216,324	30,926,766	21,717,403	26,680,817	28,249,534	27,728,929
Capital Grants and Contributions	17,557,762	9,210,506	17,130,252	21,112,129	10,270,108	11,878,363	9,982,404	15,281,180	15,137,454	5,009,162
Total Governmental Activities Program Revenue	78,837,138	65,947,154	72,895,631	69,023,480	57,790,295	64,408,465	53,368,047	65,420,100	64,918,321	52,155,162
<i>Business-type Activities</i>										
Charges for Services	24,179,578	24,001,673	24,994,995	26,142,956	25,658,671	26,179,225	28,421,736	28,553,733	30,498,568	38,001,859
Operating Grants and Contributions	-	-	-	512,576	704,699	648,672	444,149	461,364	972,710	802,598
Capital Grants and Contributions	17,661,512	10,366,224	12,941,591	19,384,615	16,181,330	32,698,896	20,089,299	19,125,274	15,668,948	15,444,188
Total Business-type Activities Program Revenue	41,841,090	34,367,897	37,936,586	46,040,147	42,544,700	59,526,793	48,955,184	48,140,371	47,140,226	54,248,645
Total Primary Government Program Revenues	\$ 120,678,228	\$ 100,315,051	\$ 110,832,217	\$ 115,063,627	\$ 100,334,995	\$ 123,935,258	\$ 102,323,231	\$ 113,560,471	\$ 112,058,547	\$ 106,403,807
Net (Expense) Revenue										
<i>Governmental Activities</i>										
	\$ (520,201,268)	\$ (550,192,510)	\$ (531,797,999)	\$ (512,097,793)	\$ (494,608,251)	\$ (489,549,089)	\$ (530,871,097)	\$ (517,528,112)	\$ (522,754,963)	\$ (527,335,363)
<i>Business-type Activities</i>										
	1,764,066	(6,494,751)	(3,578,189)	4,180,639	(408,767)	9,425,669	220,261	(606,612)	(1,456,429)	3,054,252
Total Primary Government Net Expense	\$ (518,437,202)	\$ (556,687,261)	\$ (535,376,188)	\$ (507,917,154)	\$ (495,017,018)	\$ (480,123,420)	\$ (530,650,836)	\$ (518,134,724)	\$ (524,211,392)	\$ (524,281,111)

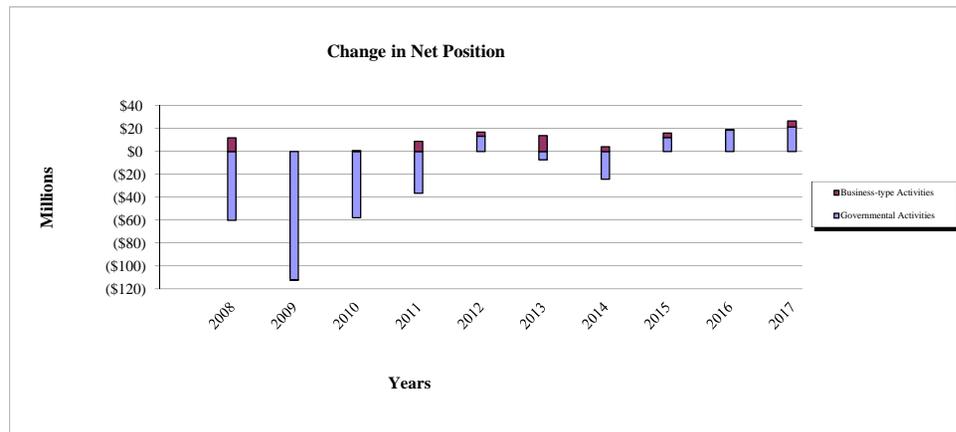
(continued)

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 Position	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
<i>Governmental Activities</i>											
Taxes											
Property Taxes	\$ 243,355,073	\$ 269,385,374	\$ 286,733,047	\$ 290,004,412	\$ 295,910,417	\$ 286,926,355	\$ 285,269,614	\$ 286,911,796	\$ 293,100,653	\$ 298,947,432	
Income Taxes	167,483,930	136,159,443	155,948,152	158,374,084	182,590,526	169,703,257	190,722,550	206,469,855	207,466,492	211,253,182	
Other Taxes	31,524,076	21,920,852	25,609,883	23,980,727	22,791,891	24,124,916	26,539,923	32,548,932	35,984,933	37,046,438	
Investment Earnings	15,068,189	7,883,023	5,094,195	2,113,223	5,607,895	(520,840)	1,532,992	1,771,885	3,261,278	206,364	
Grants and Contributions	832,651	100,161	132,964	185,216	189,543	239,369	269,076	254,020	245,326	407,167	
Miscellaneous	2,048,098	2,863,224	553,164	900,953	810,088	1,888,635	2,231,878	1,849,327	1,131,130	685,847	
Total Governmental Activities	460,312,017	438,312,077	474,071,405	475,558,615	507,900,360	482,361,692	506,566,033	529,805,815	541,189,812	548,546,430	
<i>Business-type Activities</i>											
Recordation Tax	2,501,024	1,572,507	1,706,028	1,651,107	1,514,835	1,783,159	1,767,810	2,174,467	-	-	
Investment Earnings	7,542,465	4,488,011	2,773,806	2,582,713	2,452,379	2,534,663	2,225,142	2,155,375	2,134,911	2,252,552	
Miscellaneous	-	-	-	347,722	-	-	-	-	-	-	-
Total Business-type Activities	10,043,489	6,060,518	4,479,834	4,581,542	3,967,214	4,317,822	3,992,952	4,329,842	2,134,911	2,252,552	
Total Primary Government	\$ 470,355,506	\$ 444,372,595	\$ 478,551,239	\$ 480,140,157	\$ 511,867,574	\$ 486,679,514	\$ 510,558,985	\$ 534,135,657	\$ 543,324,723	\$ 550,798,982	
Change in Net Position											
<i>Governmental Activities</i>	\$ (59,889,251)	\$ (111,880,433)	\$ (57,726,594)	\$ (36,539,178)	\$ 13,292,109	\$ (7,187,397)	\$ (24,305,064)	\$ 12,277,703	\$ 18,434,849	\$ 21,211,067	
<i>Business-type Activities</i>	11,807,555	(434,233)	901,645	8,762,181	3,558,447	13,743,491	4,213,213	3,723,230	678,482	5,306,804	
Total Primary Government	\$ (48,081,696)	\$ (112,314,666)	\$ (56,824,949)	\$ (27,776,997)	\$ 16,850,556	\$ 6,556,094	\$ (20,091,851)	\$ 16,000,933	\$ 19,113,331	\$ 26,517,871	



Harford County, Maryland

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

Table 3
Last Ten Fiscal Years; Restated

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nonspendable:										
Inventory	\$ 1,964,376	\$ 2,079,969	\$ 2,019,073	\$ 2,114,574	\$ 2,025,093	\$ 1,922,189	\$ 1,519,258	\$ 2,053,832	\$ 2,301,347	\$ 2,250,008
Prepaid	131,282	131,282	131,282	131,282	539,162	576,287	872,050	340,899	-	-
Long-term Receivable	695,894	907,399	1,449,301	538,285	471,561	398,743	327,495	253,248	1,086,229	2,178,341
	<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>	<u>2,718,803</u>	<u>2,647,979</u>	<u>3,387,576</u>	<u>4,428,349</u>
Restricted for:										
Education	13,698,754	17,044,211	6,279,957	13,711,336	8,358,301	2,660,492	1,955,920	3,850,435	3,885,170	3,124,681
Bond Proceeds	30,562,023	32,377,981	83,110,584	35,468,418	18,814,860	23,809,815	10,529,766	10,269,113	4,692,533	6,187,872
Debt Service	-	-	-	-	2,089,432	1,994,150	2,051,207	2,222,965	2,180,643	2,160,752
Public Safety	554,510	765,303	952,289	1,010,310	1,010,012	899,169	800,569	646,864	556,310	612,775
Tourism	-	-	-	-	-	-	-	740,827	1,383,890	1,512,400
Highways	-	-	-	-	-	39,518	642,710	592,430	230,604	237,065
Parks and Recreation	1,662	129,104	849,988	594,673	-	457,135	403,329	299,346	663,216	887,478
Grants	4,487,913	4,635,607	8,684,777	8,584,742	6,825,412	7,718,401	6,385,091	6,090,409	7,131,151	8,465,649
Lease Purchase Proceeds	1,224,637	-	1,191,984	-	-	-	-	-	-	-
	<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>	<u>22,768,592</u>	<u>24,712,389</u>	<u>20,723,517</u>	<u>23,188,672</u>
Committed to:										
Development Rights	32,953,506	37,983,430	42,038,898	43,308,194	51,212,976	48,873,277	48,625,100	49,265,285	44,793,964	37,090,908
	<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>	<u>48,625,100</u>	<u>49,265,285</u>	<u>44,793,964</u>	<u>37,090,908</u>
Assigned to:										
Appropriation of Fund Balance	30,124,908	9,754,106	12,031,257	50,646,722	32,774,997	27,863,378	2,193,164	2,042,620	2,826,833	397,172
Fiscal Stabilization Fund	27,296,784	25,738,539	25,745,240	27,028,071	27,792,167	28,056,319	27,411,936	28,206,062	28,604,000	29,565,000
Encumbrances	20,053,621	20,999,378	34,889,776	18,868,628	36,579,261	47,352,361	44,988,951	33,281,886	4,473,436	24,662,673
Other Post Employment Benefits	5,099,596	63,350	7,390,878	-	9,529,486	7,643,503	7,378,857	3,645,046	2,978,658	4,652,291
Landfill Closure Costs	12,663,965	15,301,157	15,500,786	9,020,231	17,961,438	13,732,971	16,060,419	14,965,543	8,882,058	8,981,700
WTE Plant Closure	-	-	-	-	-	4,000,000	4,000,000	3,000,000	8,600,000	7,196,247
Income Tax	-	-	-	-	-	2,439,735	2,577,900	3,172,882	1,571,967	1,759,134
Healthcare Consortium	-	-	-	-	-	2,112,308	1,970,314	2,184,155	2,251,926	2,443,741
Debt Repayment	-	-	-	-	-	-	-	-	-	1,300,000
Stormwater Management	-	-	-	-	-	-	-	-	12,295,295	24,338,133
Highways	9,079,727	14,217,744	14,380,858	11,661,675	6,158,931	2,533,371	3,237,844	2,870,447	6,461,375	12,020,852
Ag Preservation	11,708,279	1,220,005	3,467,777	5,146,399	2,575,330	2,740,326	4,526,391	6,684,560	11,499,293	15,637,478
Capital Projects	13,693,316	-	-	-	-	-	871,781	-	-	3,229,300
P&R Fund	24,480	76,424	114,506	225,413	334,332	405,112	267,015	383,333	158,758	62,794
	<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>	<u>115,484,572</u>	<u>100,436,534</u>	<u>90,603,599</u>	<u>136,246,515</u>
Unassigned:	<u>7,275,141</u>	<u>12,953,584</u>	<u>8,126,063</u>	<u>7,310,375</u>	<u>17,942,179</u>	<u>6,933,118</u>	<u>8,415,752</u>	<u>10,144,451</u>	<u>12,694,506</u>	<u>18,615,902</u>
Total Fund Balance	<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>	<u>\$ 198,012,819</u>	<u>\$ 187,206,638</u>	<u>\$ 172,203,162</u>	<u>\$ 219,570,346</u>

Harford County, Maryland

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

Table 4
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Taxes	\$ 438,882,450	\$ 452,667,810	\$ 466,531,995	\$ 480,666,752	\$ 496,535,537	\$ 495,330,898	\$ 501,523,551	\$ 513,835,241	\$ 534,559,224	\$ 548,777,295
Revenues from Other Agencies	47,211,851	39,468,501	46,537,712	43,118,868	29,749,668	33,686,277	29,595,350	33,802,477	34,278,746	30,247,886
Investment Income	14,564,031	7,658,217	5,043,402	2,079,353	5,581,671	(542,222)	1,503,056	1,732,563	3,209,914	134,002
Charges for Current Services	21,348,472	18,410,619	16,194,617	15,688,351	18,136,842	17,374,063	17,832,577	18,516,176	17,061,200	14,514,597
Miscellaneous	3,547,649	3,659,409	3,152,079	3,284,872	2,478,915	3,534,451	2,776,961	5,254,065	4,443,489	4,595,136
Licenses and Permits	3,108,872	2,746,769	3,152,131	3,302,291	3,602,640	3,637,218	3,939,672	4,637,143	4,539,298	4,567,960
Fines and Forfeitures	520,451	293,516	715,952	227,873	340,840	383,513	427,730	397,330	150,677	272,392
Total Revenues	529,183,776	524,904,841	541,327,888	548,368,360	556,426,113	553,404,198	557,598,897	578,174,995	598,242,548	603,109,268
EXPENDITURES										
Agricultural Preservation	23,120,378	14,419,355	1,069,805	188,385	7,417,674	2,486,811	249,145	3,742,534	36,513	3,041,950
County Council	2,499,875	2,181,966	2,077,277	2,191,906	2,495,986	2,750,755	2,554,700	2,528,328	2,472,194	2,575,440
General Government	36,931,065	43,946,514	39,126,361	33,984,438	39,610,270	37,250,164	41,960,700	47,122,698	43,933,540	42,769,500
Education-Primary thru Comm. College	215,393,543	222,918,540	226,354,606	225,580,152	232,933,767	234,782,980	236,262,341	238,628,914	243,470,583	249,096,116
Harford Center	532,143	582,143	553,036	553,036	553,036	553,036	553,036	553,036	693,036	553,036
Judicial	9,658,821	9,489,000	9,190,480	9,525,838	9,596,365	9,856,080	9,929,303	10,096,464	9,829,912	9,965,708
Libraries	15,705,461	16,135,917	15,312,147	15,112,147	15,692,144	16,054,666	16,158,310	16,137,189	16,279,546	16,644,574
Parks, Recreation and Natural Resources	11,356,395	11,140,363	10,436,404	10,864,188	10,853,176	11,626,440	11,970,808	11,470,033	10,222,943	9,787,552
Public Safety	88,947,220	86,708,998	89,322,138	94,157,346	91,778,607	98,418,762	98,702,584	97,415,839	95,370,670	98,209,883
Public Works	48,226,571	43,296,084	43,737,049	41,088,647	38,448,739	40,468,362	44,625,171	49,563,413	46,629,351	41,618,105
Social Services	26,433,379	29,229,188	28,775,089	27,393,475	27,337,422	31,740,859	26,067,117	25,848,168	24,557,522	25,995,605
Capital Outlay	139,888,861	146,470,982	118,270,600	89,082,362	61,703,327	53,425,443	84,079,924	79,055,063	86,949,927	50,277,858
Debt Service										
Principal	20,403,260	22,135,758	23,386,490	26,060,395	35,109,464	33,879,261	33,888,884	32,889,398	40,680,548	41,161,399
Interest	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092	22,689,162	21,792,602	21,837,513
Administrative Cost	567,990	685,625	1,210,978	1,197,249	642,797	586,418	287,423	729,415	284,018	649,068
Total Expenditures	652,354,638	663,451,288	624,667,967	596,947,646	597,671,651	596,470,200	629,898,538	638,469,654	643,202,905	614,183,307
Excess (Deficiency) of Revenues Over Expenditures	(123,170,862)	(138,546,447)	(83,340,079)	(48,579,286)	(41,245,538)	(43,066,002)	(72,299,641)	(60,294,659)	(44,960,357)	(11,074,039)
OTHER FINANCING SOURCES (USES)										
Transfers In	48,620,080	43,873,509	30,132,690	34,565,953	36,423,583	55,519,578	44,180,743	31,746,904	36,406,830	37,226,572
Transfers (Out)	(48,620,080)	(43,873,509)	(30,132,690)	(33,068,114)	(36,423,583)	(55,519,578)	(44,180,743)	(31,746,904)	(36,406,830)	(37,226,572)
Issuance of Bonds	95,900,000	96,100,000	143,556,129	14,000,000	40,000,000	30,000,000	33,180,257	42,000,000	27,132,515	53,177,000
Issuance of Refunding Bonds	-	21,738,036	25,161,828	-	6,931,393	59,750,398	-	55,994,243	-	-
Premium on Issuance of Bonds	5,901,161	8,106,323	14,359,593	-	2,347,926	13,638,004	2,373,456	12,245,541	2,576,851	3,505,932
Issuance of Installment Purchase Agreements	12,537,691	7,065,889	-	-	6,995,127	2,013,095	-	3,097,591	-	1,809,630
Issuance of Notes and Leases	700,000	1,316,999	1,186,000	-	-	-	-	-	-	-
Payment to Escrow Agent for Refunding	-	(22,812,194)	(28,885,874)	-	(7,313,825)	(70,065,844)	-	(64,383,471)	-	-
Total Other Financing Sources(Uses)	115,038,852	111,515,053	155,377,676	15,497,839	48,960,621	35,335,653	35,553,713	48,953,904	29,709,366	58,492,562
Net Change in Fund Balances	\$ (8,132,010)	\$ (27,031,394)	\$ 72,037,597	\$ (33,081,447)	\$ 7,715,083	\$ (7,730,349)	\$ (36,745,928)	\$ (11,340,755)	\$ (15,250,991)	\$ 47,418,523

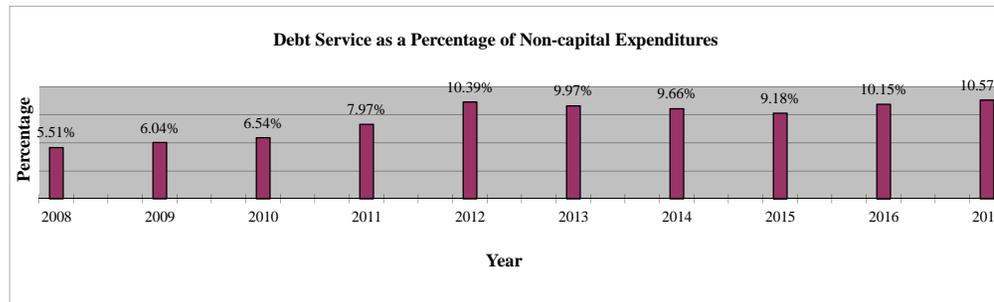
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures - Governmental Funds

Table 5
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Expenditures	\$ 652,354,638	\$ 663,451,288	\$ 624,667,967	\$ 596,947,646	\$ 597,671,651	\$ 596,470,200	\$ 629,898,538	\$ 638,469,654	\$ 643,202,905	\$ 614,183,307
⁽¹⁾ Less Capital Asset Expenditures	51,462,491	63,496,219	24,528,046	19,300,086	33,395,752	30,214,888	44,998,619	33,065,591	27,450,364	18,448,670
Non-capital Expenditures	\$ 600,892,147	\$ 599,955,069	\$ 600,139,921	\$ 577,647,560	\$ 564,275,899	\$ 566,255,312	\$ 584,899,919	\$ 605,404,063	\$ 615,752,541	\$ 595,734,637
Debt Service Expenditures										
Principal	\$ 20,403,260	\$ 22,135,758	\$ 23,386,490	\$ 26,060,395	\$ 35,109,464	\$ 33,879,261	\$ 33,888,884	\$ 32,889,398	\$ 40,680,548	\$ 41,161,399
Interest	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092	22,689,162	21,792,602	21,837,513
Total Debt Service Expenditures	\$ 33,092,936	\$ 36,246,613	\$ 39,231,997	\$ 46,028,477	\$ 58,608,341	\$ 56,469,424	\$ 56,497,976	\$ 55,578,560	\$ 62,473,150	\$ 62,998,912
 Debt Service as a Percentage of Non-capital Expenditures	 <u>5.51%</u>	 <u>6.04%</u>	 <u>6.54%</u>	 <u>7.97%</u>	 <u>10.39%</u>	 <u>9.97%</u>	 <u>9.66%</u>	 <u>9.18%</u>	 <u>10.15%</u>	 <u>10.57%</u>

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

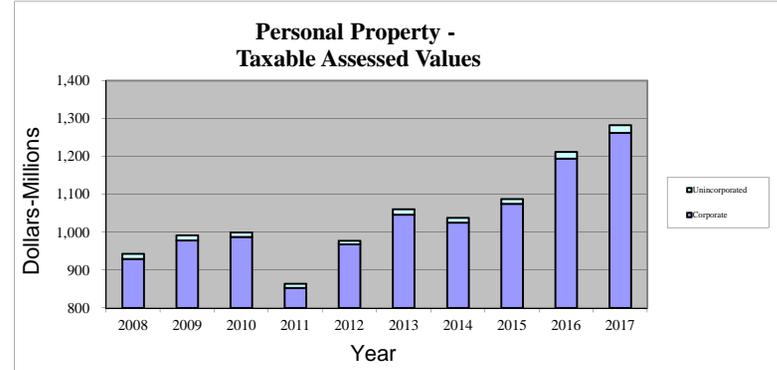
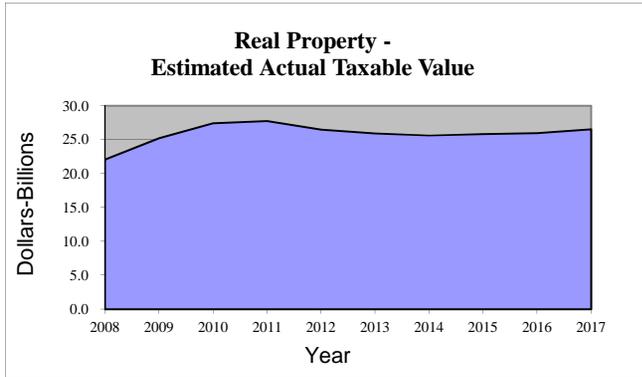


Harford County, Maryland

**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			Total
	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	Taxable Assessed Value
2008	\$ 24,150,504,718	\$ 2,085,913,339	\$ 22,064,591,379	1.0820	\$ 929,164,770	\$ 14,066,570	2.7050	\$ 23,007,822,719
2009	27,438,977,269	2,225,139,558	25,213,837,711	1.0820	978,058,220	13,982,600	2.7050	26,205,878,531
2010	29,765,437,549	2,346,618,410	27,418,819,139	1.0640	987,547,770	11,403,430	2.6600	28,417,770,339
2011	30,248,925,066	2,506,869,202	27,742,055,864	1.0420	853,133,530	10,730,670	2.6050	28,605,920,064
2012	28,999,153,255	2,535,432,934	26,463,720,321	1.0420	967,854,980	9,828,620	2.6050	27,441,403,921
2013	28,565,045,698	2,644,365,574	25,920,680,124	1.0420	1,046,509,272	13,921,700	2.6050	26,981,111,096
2014	28,304,103,554	2,691,553,831	25,612,549,723	1.0420	1,025,199,440	12,700,230	2.6050	26,650,449,393
2015	28,541,096,046	2,714,157,631	25,826,938,415	1.0420	1,074,588,650	13,237,060	2.6049	26,914,764,125
2016	28,720,286,982	2,750,540,908	25,969,746,074	1.0420	1,194,260,330	17,284,140	2.6049	27,181,290,544
2017	29,332,122,303	2,789,102,083	26,543,020,220	1.0420	1,262,202,190	20,640,510	2.6049	27,825,862,920



(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 Fund (2)	Special Revenue Fund (3)	Total Direct Tax Rate	Town of Bel Air (4)	City of Aberdeen (4)	City of Havre de Grace (4)
	2008	0.9260	0.1560	1.0820	0.5000	0.7150
2009	0.9260	0.1560	1.0820	0.5000	0.7000	0.6300
2010	0.9080	0.1560	1.0640	0.5000	0.6875	0.6100
2011	0.8960	0.1460	1.0420	0.5000	0.6875	0.6000
2012	0.8960	0.1460	1.0420	0.5000	0.6800	0.5900
2013	0.8960	0.1460	1.0420	0.5000	0.6800	0.5800
2014	0.8960	0.1460	1.0420	0.5000	0.6800	0.5600
2015	0.8937	0.1483	1.0420	0.5000	0.6800	0.5600
2016	0.8937	0.1483	1.0420	0.5000	0.6566	0.5600
2017	0.8937	0.1483	1.0420	0.5000	0.6566	0.5697

Fiscal Year Ending June 30,	County Direct Personal Property Tax Rate			Overlapping Personal Property Tax Rates		
	General Fund (2)	Special Revenue Fund (3)	Total Direct Tax Rate	Town of Bel Air (4)	City of Aberdeen (4)	City of Havre de Grace (4)
	2008	2.3150	0.3900	2.7050	1.1600	1.7000
2009	2.3150	0.3900	2.7050	1.1600	1.7000	1.7050
2010	2.2700	0.3900	2.6600	1.1600	1.7000	1.7050
2011	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2012	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2013	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2014	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2015	2.2342	0.3707	2.6049	1.1600	1.7000	1.7050
2016	2.2342	0.3707	2.6049	1.1600	1.7000	1.7050
2017	2.2342	0.3707	2.6049	1.1600	1.7000	1.7050

(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	2017			
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 387,540,580	\$ 8,658,432	1.39%
Constellation Power Source Generation Inc.	Non-Utility Generator	84,511,490	1,888,156	0.30%
Exelon Generation Company	Non-Utility Generator	67,935,670	1,517,819	0.24%
Verizon-Maryland	Public Utility	59,534,710	1,330,124	0.21%
Frito-Lay, Inc.	Office/Industrial Ctr.	37,181,850	830,717	0.13%
Delmarva Power & Light Co	Public Utility	33,690,980	752,724	0.12%
MCI Communication Services	Public Utility	31,433,050	702,277	0.11%
Comcast of Harford County LLC	Cable Provider	28,348,230	633,356	0.10%
Columbia Gas Transmission	Public Utility	21,809,000	621,309	0.08%
Kohl's Department Stores, Inc.	Retailer	16,211,450	362,196	0.06%
		\$ 768,197,010	\$ 17,297,110	2.76%
Total Taxable Assessed Valuation		\$ 27,825,862,920		

Fiscal Year	2008			
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 283,226,200	\$ 7,590,292	1.23%
Susquehanna Power Company	Public Utility	109,072,622	2,685,652	0.47%
Verizon - Maryland	Public Utility	83,478,370	2,162,037	0.36%
Festival at Bel Air LLC	Shopping Center	58,028,300	583,377	0.25%
Wells Fargo Northwest	Office/Industrial Ctr	56,744,100	582,434	0.25%
Harford Mall Business Trust	Shopping Center	71,424,465	578,899	0.31%
Columbia Gas Transmission	Public Utility	17,352,470	469,347	0.08%
State of Wisconsin Investment Board	Office/Industrial Ctr	44,532,500	442,341	0.19%
Perryman 159 LLC	Office/Industrial Ctr	36,317,400	376,261	0.16%
Bel Air Square LLC	Shopping Center	46,867,966	319,470	0.20%
		807,044,393	\$ 15,790,110	3.50%
Total Taxable Assessed Valuation		\$ 23,007,822,719		

SOURCE: Harford County Department of the Treasury

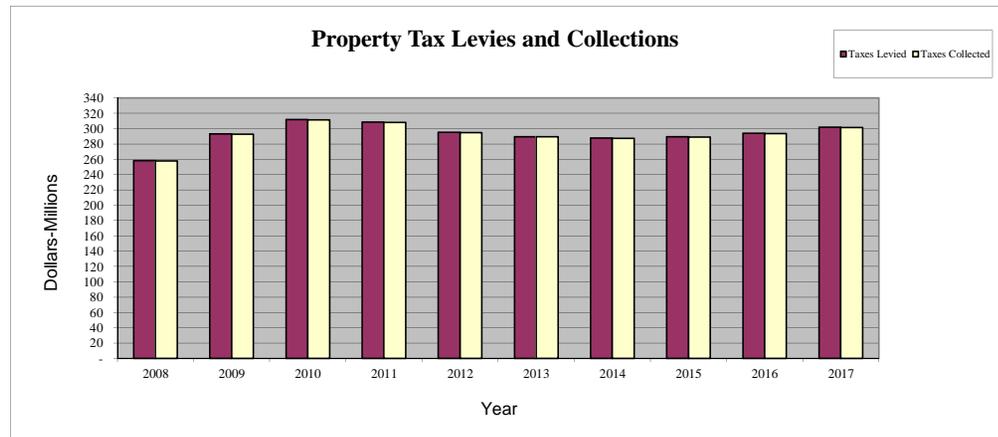
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

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		
2008	\$ 256,925,595	\$ 1,109,600	\$ 258,035,195	\$ 255,936,685	99.19%	\$ 1,967,032	\$ 257,903,717	99.95%	\$ 131,478	0.05%
2009	292,351,782	604,117	292,955,899	290,917,209	99.30%	1,859,596	292,776,805	99.94%	179,094	0.06%
2010	310,635,791	1,174,263	311,810,054	309,581,012	99.29%	2,009,603	311,590,615	99.93%	219,439	0.07%
2011	304,126,005	4,315,791	308,441,796	303,254,570	98.32%	4,996,330	308,250,900	99.94%	190,896	0.06%
2012	295,797,824	(616,570)	295,181,254	293,408,627	99.40%	1,589,916	294,998,543	99.94%	182,711	0.06%
2013	290,142,026	(570,643)	289,571,383	289,161,782	99.86%	192,532	289,354,314	99.93%	217,069	0.07%
2014	287,953,502	(392,584)	287,560,918	286,122,040	99.50%	1,238,264	287,360,304	99.93%	200,614	0.07%
2015	289,650,116	(187,674)	289,462,442	288,877,184	99.80%	243,398	289,120,582	99.88%	341,860	0.12%
2016	294,521,222	(676,892)	293,844,330	293,605,282	99.92%	82,118	293,687,400	99.95%	156,930	0.05%
2017	302,063,517	-	302,063,517	301,316,849	99.75%	-	301,316,849	99.75%	746,668	0.25%



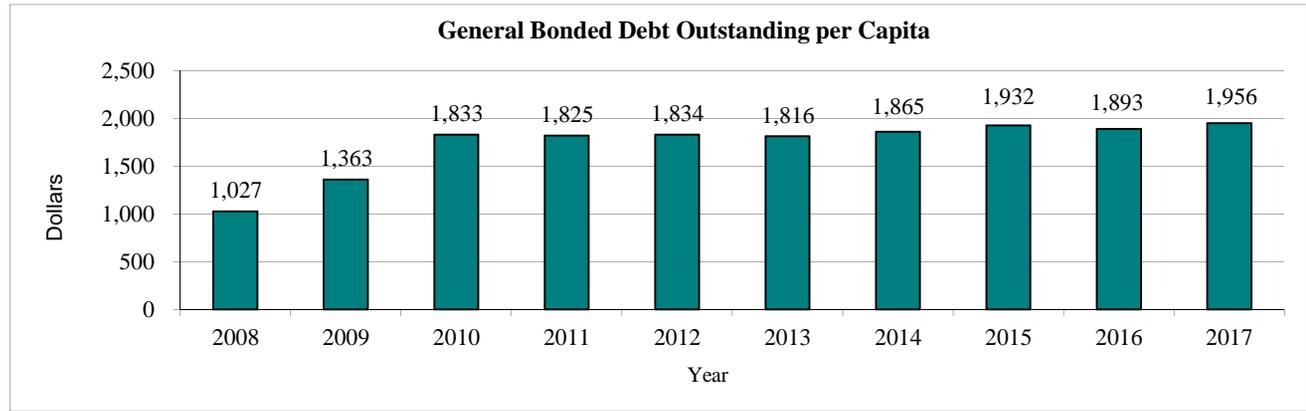
Harford County, Maryland

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 Taxable Assessed Value of Property ⁽⁴⁾	Per Capita ⁽⁴⁾
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
2013	513,699,874	132,469,669	193,574,381	452,595,162	1.68%	1,816
2014 ⁽⁵⁾	524,885,655	132,046,646	191,075,915	465,856,386	1.75%	1,865
2015	542,589,182	127,341,763	186,701,066	483,229,879	1.80%	1,932
2016	527,417,700	131,755,478	184,038,327	475,134,851	1.75%	1,893
2017	540,628,030	124,264,790	170,886,221	494,006,599	1.78%	1,956

- (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 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 and surcharges. See Table 11 for specific information on business-type bonded debt.
 - (2) Includes Notes Payable; all 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 14.
 - (5) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to liabilities and reclass as a deferred outflow/inflow of resources.
- Note: Detail regarding the County's debt can be found in the notes to the financial statements.



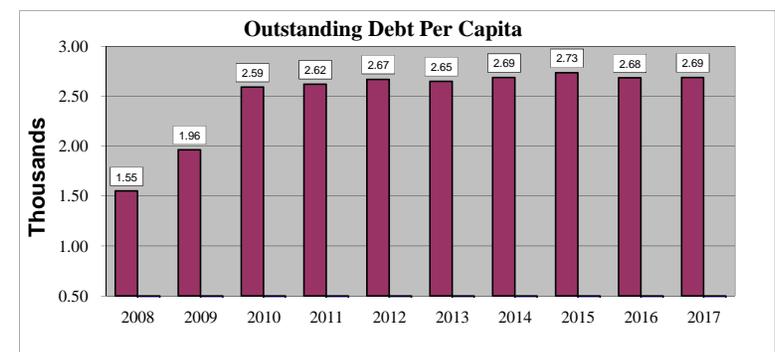
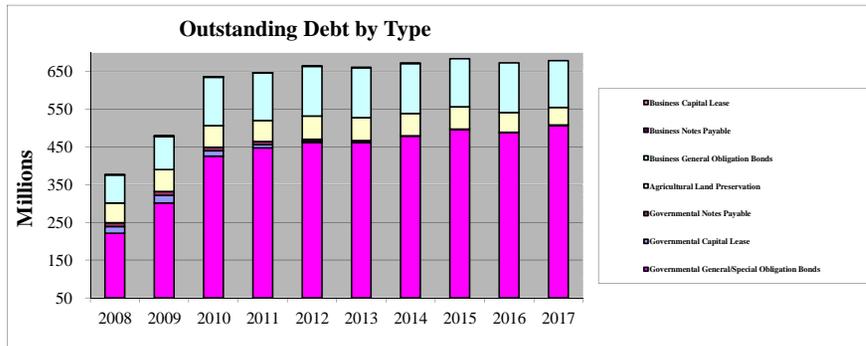
Harford County, Maryland

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	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities	General Obligation Bonds	Notes Payable	Capital Lease Obligation	Total Business-type Activities			
	Bonds	Obligation	Payable	Preservation	Activities	Bonds	Payable	Obligation	Activities			
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	4.36%	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	5.57%	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	5.41%	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	5.42%	2,669
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	5.41%	2,649
2014 ⁽³⁾	478,542,366	-	1,314,020	59,029,269	538,885,655	132,046,646	-	-	132,046,646	670,932,301	5.29%	2,685
2015	495,916,560	-	1,313,319	59,359,303	556,589,182	127,341,763	-	-	127,341,763	683,930,945	5.19%	2,734
2016	487,822,233	-	1,312,618	52,282,849	541,417,700	131,755,478	-	-	131,755,478	673,173,178	4.93%	2,682
2017	506,694,682	-	1,311,917	46,621,431	554,628,030	124,264,790	-	-	124,264,790	678,892,820	4.79%	2,687

- (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 14.
- (3) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to liabilities and reclassified as a deferred outflow/inflow of resources.



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>
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%
2014	1,692,448,434	465,856,386	1,226,592,048	27.53%
2015	1,712,790,162	483,229,879	1,229,560,283	28.21%
2016	1,739,916,435	475,134,851	1,264,781,584	27.31%
2017	1,785,007,618	494,006,599	1,291,001,019	27.68%

Legal Debt Margin Calculation for Fiscal Year 2017

(1) Net Assessed Value-Real Property	\$ 26,543,020,220	
(2) Debt Limit=6% of Net Assessed Value - Real Property		\$ 1,592,581,213
(1) Assessed Value--Personal Property	1,282,842,700	
(2) Debt Limit=15% of Net Assessed Value - Personal Property		192,426,405
Total Debt Limit		<u>1,785,007,618</u>
(3) Amount of Debt Applicable to Debt Limit	678,892,820	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(46,621,431)	
Debt Payable from Debt Service Fund	(14,000,000)	
(3) Debt Payable from Enterprise Revenues	<u>(124,264,790)</u>	
Total Debt Applicable to Debt Limitation		<u>494,006,599</u>
Legal Debt Margin		\$ <u>1,291,001,019</u>

(1) Table 6

(2) Pursuant to the Local Government Article§10-203 of the Annotated Code of Maryland

(3) Table 11

Harford County, Maryland

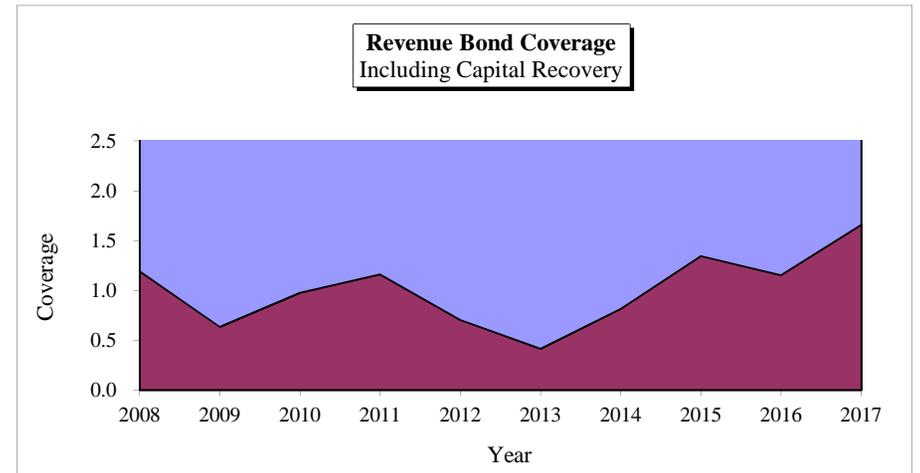
**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**Table 13
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Gross Revenues (2)	Area Connection Charges	Benefit Assessment	User Assessments and Surcharges (5)	Total Gross Revenues	Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
								Principal	Interest	Total	
2008	\$ 34,223,067	\$ 1,127,600	\$ 658,689	\$ 9,160,763	\$ 45,170,119	\$ 28,777,126	\$ 16,392,993	\$ 10,924,897	\$ 2,843,674	\$ 13,768,571	1.19
2009	30,062,191	553,400	691,019	6,181,532	37,488,142	29,144,669	8,343,473	10,368,564	2,797,801	13,166,365	0.63
2010	29,474,829	3,714,030	716,553	8,290,235	42,195,647	29,149,190	13,046,457	10,031,325	3,342,871	13,374,196	0.98
2011	31,237,074	4,814,179	746,977	8,593,385	45,391,615	27,598,274	17,793,341	10,346,027	4,993,322	15,339,349	1.16
2012	30,330,584	602,650	772,003	7,773,260	39,478,497	28,395,794	11,082,703	11,036,098	4,754,184	15,790,282	0.70
2013	31,145,719	808,550	860,161	7,760,565	40,574,995	34,875,138	5,699,857	9,388,778	4,407,906	13,796,684	0.41
2014	32,858,837	1,108,397	899,888	9,332,385	44,199,507	33,619,976	10,579,531	8,546,381	4,434,807	12,981,188	0.81
2015	33,344,939	1,543,075	934,765	13,913,785	49,736,564	33,211,697	16,524,867	8,269,283	4,022,016	12,291,299	1.34
2016	33,606,189	1,102,986	954,401	10,840,633	46,504,209	32,151,623	14,352,586	8,655,544	3,802,578	12,458,122	1.15
2017	41,057,009	1,485,134	976,332	11,393,358	54,911,833	34,282,770	20,629,063	8,370,350	4,066,972	12,437,322	1.66

- (1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.
- (2) Includes Total Operating Revenue, Interest Income, Recordation Tax, 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) User Assessments and Charges updated in FY 2017 for all fiscal years reported.

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



Harford County, Maryland

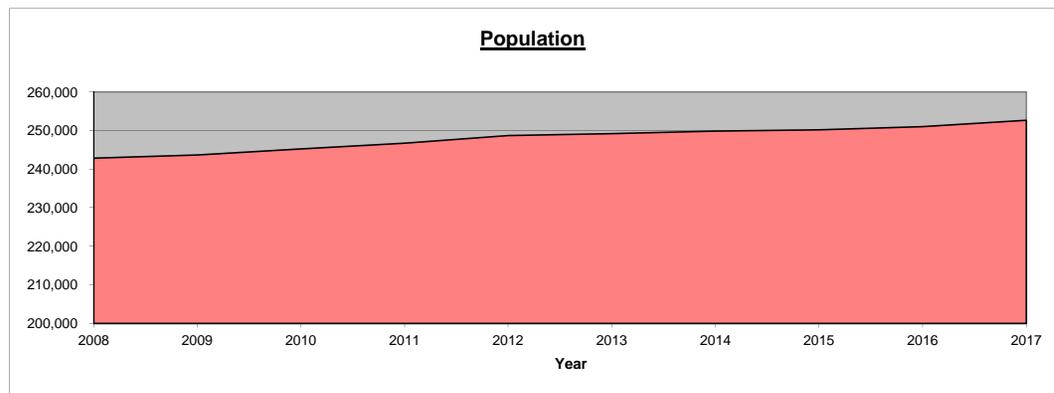
Demographic Statistics

Table 14
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)
2008	242,779	\$ 44,772	\$ 10,869,713	4.1%	39,175	37.8	27.8%
2009	243,685	45,092	10,988,340	7.7%	38,610	38.1	27.6%
2010	245,240	46,489	11,400,848	7.3%	38,637	38.1	30.3%
2011	246,704	48,432	11,948,693	7.3%	38,394	38.3	30.5%
2012	248,661	49,203	12,233,940	7.4%	38,224	39.2	28.9%
2013	249,210	48,952	12,200,680	7.5%	37,868	39.5	31.5%
2014	249,839	50,760	12,687,334	6.0%	37,842	39.8	32.7%
2015	250,138	52,612	13,168,204	5.5%	37,537	39.9	33.4%
2016	251,032	54,532 (6)	13,667,279 (6)	4.4%	37,448	40.1	33.8%
2017	252,615	56,523 (6)	14,185,269 (6)	4.2%	37,426	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2016 provided population estimates for FY2008 thru FY2016. Harford County Department of Planning and Zoning provided population estimates for FY2017
- (2) U.S. Bureau of Economic Analysis Table CAO4
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information
- (4) Harford County Public Schools
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning and Zoning
- (6) Personal income and per capita income for fiscal years 2016 and 2017 were estimated because data was unavailable



Harford County, Maryland

Principal Employers

Table 15
Current Fiscal Year and Ten Years Ago

Fiscal Year	2017		
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	21,000	1	22.98%
Harford County Public Schools	5,231	2	5.72%
UM Upper Chesapeake Medical Center	3,300	3	3.61%
Harford County Government	1,541	4	1.69%
Kohl's E-Fulfillment Center	1,140	5	1.25%
Rite Aid Mid-Atlantic Customer Distribution Center	1,100	6	1.20%
Harford Community College	1,010	7	1.11%
Kleins Shop Rites of Maryland	1,000	8	1.09%
Jacobs Technology, Inc.	875	9	0.96%
Jones Junction	670	10	0.73%
Total	36,867		40.35%
Total County Employment (1)	91,376		100%

Fiscal Year	2008		
	Number of Employees (3)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	12,500	1	17.05%
Harford County Public Schools	5,306	2	7.24%
Upper Chesapeake Health System	2,464	3	3.36%
Harford County Government	1,588	4	2.17%
Rite Aid Mid-Atlantic Customer Support Center	1,270	5	1.73%
SAIC	797	6	1.09%
Jacobs Technology	656	7	0.89%
Home Depot	605	8	0.83%
Wal-Mart	597	9	0.81%
Saks Fifth Avenue	495	10	0.68%
Total	26,278		35.85%
Total County Employment (2)	73,298		100%

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) U.S. Census Bureau, Center for Economic Studies, May 7, 2008
- (3) Harford County Comprehensive Annual Fiscal Report Table 15 - Fiscal Year 2008

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program (2)

Table 16
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agricultural Preservation										
Acres of Farm Land in Preservation Program	32,623	34,387	34,723	35,024	36,563	37,195	37,443	38,671	39,078	39,680
General Government										
Office Buildings	13	13	13	13	13	13	13	13	13	5
Garage	1	1	1	1	1	1	1	1	1	1
Vehicles	40	30	34	42	36	36	27	25	17	28
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	1
Community College	1	1	1	1	1	1	1	1	1	1
Elementary Schools	32	32	32	32	33	33	33	33	33	33
High Schools	9	9	9	9	9	9	9	9	9	9
Middle Schools	9	9	9	9	9	9	9	9	9	9
Public Charter School	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	2	2	2	2	1	1	1	1
Libraries	11	11	11	11	11	11	11	11	11	11
Parks and Recreation										
Number of Parks	88	89	91	91	93	93	96	96	95	95
Rec. Comm. & Visitor Ctrs	8	8	8	8	8	8	8	8	8	8
Acres of Land	4,588	4,612	4,640	4,640	4,594	4,473	4,608	4,608	4,543	4,543
Vehicles	100	86	88	86	52	57	50	48	58	58
Public Safety										
Detention Center	1	1	1	1	1	1	1	1	1	1
Emergency Operations Center	1	1	1	1	1	1	1	1	1	1
Number of Stations	3	3	3	3	3	3	3	3	3	3
Sheriff's Vehicles	342	358	353	367	365	369	375	363	332	349
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	10	6	6	9	9	11	16	16	13	13
Hazmat Vehicles	12	10	11	10	10	11	11	9	8	8
DILP Vehicles	30	29	23	27	25	25	18	17	29	21
Animal Control Vehicles	16	13	10	7	7	6	4	4	4	4

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program (2)

Table 16
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>(continued)</i>										
Public Works										
Highways										
County Maintained Roads-Paved Miles	994	998	1,000	1,002	1,008	1,011	1,013	1,017	1,018	1,023
County Maintained Roads-Unpaved Miles	48	47	46	46	47	46	46	46	45	45
Office Buildings	3	3	3	3	3	3	3	3	3	3
Equipment Sheds	8	8	8	8	8	8	8	8	8	8
Truck Bay	1	1	1	1	1	1	1	1	1	1
Salt Dome	4	4	4	4	4	4	4	4	4	4
Vehicles	332	371	314	332	296	291	288	303	276	253
Water & Sewer										
Miles of Water Mains and Laterals	661	687	690	691	685	683	689	691	696	703
Water Treatment Plants	3	3	3	3	3	3	3	3	3	3
Booster Stations	12	12	12	12	12	12	12	12	12	12
Water Tanks	13	13	13	13	13	12	12	12	12	12
Miles of Wastewater Mains and Laterals	754	762	765	766	770	776	784	787	792	798
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	53	54	55	55	55	56	53	50	52	51
Vehicles	92	110	128	119	109	116	120	113	103	109
Waste Disposal										
Waste to Energy Facility	1	1	1	1	1	1	1	1	1	-
Vehicles	19	19	19	20	12	11	12	9	5	-
Landfills										
Buildings	2	2	2	2	2	2	2	2	2	2
Pole barn/garage	2	2	2	2	2	2	2	2	2	2
Vehicles	88	88	77	59	55	50	45	44	35	42
Social Services & Health										
Senior/Activity Centers	4	4	5	5	5	5	5	5	5	5
Buses	34	34	33	36	31	43	43	43	43	43
Office Buildings	3	3	3	3	3	3	3	3	3	3
Transportation Facility	1	1	1	1	1	1	1	1	1	1
Other Vehicles	11	11	6	13	12	12	13	9	4	2

(1) Harford County does not own the Education Capital Assets but the County pays for their construction.

(2) Information from County Agencies/Component Units

Harford County, Maryland

Operating Indicators by Function (1)

Table 17
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Agricultural Preservation</u>										
Number of settlements	20	20	-	-	9	6	-	9	-	3
<u>County Council</u>										
Number of bills introduced	70	42	46	46	67	54	49	25	44	26
Number of bills passed	67	39	39	42	57	52	43	24	42	24
<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	17.50%	17.50%	17.50%	17.50%	27.27%	27.27%	27.27%	27.27%	27.27%	27.27%
Percent agricultural	36.70%	36.70%	36.70%	36.70%	29.25%	29.25%	29.25%	29.25%	29.25%	29.25%
Percent commercial	2.10%	2.10%	2.10%	2.10%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
<u>Inspections & Permits</u>										
Permits issued	16,582	13,687	11,937	14,019	14,633	15,896	18,293	19,215	19,933	17,261
Commercial construction permits	85	50	18	348	35	22	15	24	15	4
Residential construction permits	666	494	681	713	577	459	700	1,079	488	846
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed (Calendar year)	2,331	2,184	2,162	2,067	2,066	2,188	2,118	1,998	1,847	1,839
<u>District Court</u>										
Number of cases filed (Calendar year)	7,646	8,320	8,513	8,372	8,202	7,658	7,623	8,228	7,826	7,738
<u>Education</u>										
<u>Board of Education</u>										
Administrators	270	269	275	274	266	260	256	253	254	254
Support	1,919	1,976	1,983	2,105	2,073	2,064	2,018	2,003	1,974	1,919
Teachers/Counselors/Mentors	3,117	3,088	3,092	3,100	3,101	3,045	2,982	3,000	2,989	2,985
Number of students	39,175	38,610	38,639	38,394	38,224	37,868	37,842	37,537	37,448	37,426
<u>Community College</u>										
Number of credit students	5,437	5,838	6,324	6,482	6,547	6,481	6,201	5,962	5,759	5,764
Faculty	473	473	497	480	474	471	469	450	415	407
Administrators	33	33	33	33	32	32	32	31	31	26
Staff	395	395	411	426	454	461	485	489	530	534
Visiting Professors	38	38	41	37	39	42	43	41	41	42
<u>Libraries</u>										
Number of registered borrowers	185,728	201,032	214,116	163,129	175,887	182,000	191,239	181,393	185,638	193,747
Circulation (000)	4,466	4,851	4,699	4,815	4,500	4,111	4,130	3,872	3,783	4,664
Materials collection (000)	1,051	1,003	1,032	1,025	994	941	941	822	979	1,090
Library personnel	252	242	236	239	241	241	242	243	240	242

Harford County, Maryland

Operating Indicators by Function (1)

Table 17
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>(continued)</i>										
<u>Parks and Recreation (2)</u>										
Volunteer recreation councils	20	20	20	21	22	23	22	22	22	20
Number of P&R volunteers	12,889	14,053	13,577	20,165	15,439	14,396	14,297	14,250	13,271	13,571
Recreation registrations	76,787	75,021	70,720	87,694	72,953	76,456	73,359	73,066	66,074	67,097
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	1,520	1,520	1,520	1,483	1,145	1,123	1,169	1,170	1,189	1,181
Fire & EMS responses	28,227	32,132	24,997	26,089	30,952	26,372	26,195	29,704	28,604	29,974
Police responses	160,494	143,618	145,072	145,509	150,711	135,990	137,801	227,027	296,213	273,589
911 calls	102,732	101,959	104,590	106,801	108,865	105,584	99,555	101,915	101,033	104,385
Hazardous material incidents	304	329	208	175	169	163	210	187	196	183
EOC activations/exercises	16	12	17	15	15	26	30	25	38	26
Community policing programs	376	311	349	314	298	298	139	134	156	122
Neighborhood watch programs	53	39	63	59	24	27	33	38	35	26
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials (3)	176,654	187,249	193,487	190,715	165,475	146,800	126,923	10,358	21,184	9,974
Tons of solid waste processed (3)	160,517	143,217	160,742	142,753	141,962	167,500	133,890	140,792	120,509	12,638
<u>Highways</u>										
Number of snow routes	75	75	75	75	75	75	75	75	75	75
<u>Social Services/Health</u>										
<u>Transportation</u>										
Annual ridership	281,991	291,577	305,523	273,712	299,865	355,978	356,770	365,905	359,269	326,706
Vehicle miles traveled	737,252	684,957	772,523	526,957	595,480	709,276	744,346	741,767	769,333	743,196
<u>Water & Sewer Operations</u>										
Daily average water consumption in gal.(000)	11,870	10,500	10,500	11,500	12,100	12,500	12,073	9,800	9,379	9,350
Daily average effluent treatment in gal. (000)	14,000	12,300	12,000	13,000	13,300	12,500	12,073	12,714	12,126	10,712
Number of new accounts added	477	345	315	384	282	343	312	227	291	287

(1) Information from County Agencies/Component Units

(2) In FY 2017, information for the Number of P&R volunteers and Recreation Registrations was updated to a Fiscal Year basis for FY 2008 to FY 2017. Previously, information was provided on a calendar year basis.

(3) In FY 2017, Harford County outsourced the solid waste function for the majority of the year.

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 18
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
County Council	20	22	22	22	24	22	28	28	27	27
General Government										
County Executive	7	8	8	12	11	11	11	11	4	4
Administration	100	96	106	92	63	64	65	67	49	49
Procurement	20	20	20	19	16	15	14	14	14	11
Treasury	51	51	52	49	47	48	44	44	42	42
Law	16	16	16	15	15	15	16	16	16	15
Planning & Zoning	40	44	44	43	42	42	41	41	38	37
Human Resources	10	11	10	8	8	9	7	7	9	8
Govt & Community Relations	5	5	5	-	-	-	-	-	4	6
Information & Communication Technology	-	-	-	-	26	27	29	29	24	23
Conservation of Natural Resources	-	-	-	-	4	4	4	4	5	5
Economic Development	13	13	12	12	16	17	17	17	22	20
	262	264	273	250	248	252	248	250	227	220
Judicial										
Judicial	28	28	28	29	29	29	29	29	30	30
State's Attorney	53	52	56	56	57	57	59	59	59	59
	81	80	84	85	86	86	88	88	89	89
Parks and Recreation	96	99	105	106	106	104	102	103	94	94
Public Safety										
Sheriff's Office	498	510	511	514	514	515	525	528	535	535
Emergency Services	92	92	92	91	90	92	94	94	91	90
Inspections, Licenses & Permits	45	45	43	40	40	40	39	39	29	30
	635	647	646	645	644	647	658	661	655	655
Public Works										
Public Works - Administration	30	31	32	24	24	24	24	24	30	14
Public Works - Solid Waste	33	33	33	33	33	34	33	33	23	-
Public Works - Stormwater Management	-	-	-	-	-	-	12	12	-	-
Public Works - Highways	217	217	206	206	207	208	196	196	190	187
Public Works - Water & Sewer	169	170	170	170	170	170	171	172	170	170
	449	451	441	433	434	436	436	437	413	371
Social Services & Health										
Community Services	37	37	33	34	36	38	39	40	25	25
Housing Agency	8	8	8	8	6	6	6	7	9	8
	45	45	41	42	42	44	45	47	34	33
Grand Totals	1,588	1,608	1,612	1,583	1,584	1,591	1,605	1,614	1,539	1,489

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



HARFORD

COUNTY

BARRY GLASSMAN, COUNTY EXECUTIVE

Maryland's New Center of Opportunity

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