

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2014



Prepared by:

*Department of the Treasury
Harford County, Maryland*

*Kathryn L. Hewitt, CPA
Harford County Treasurer*



HARFORD COUNTY, MARYLAND
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	A1
Certificate of Achievement for Excellence in Financial Reporting	A5
Organizational Chart	A6
Certain Elected and Appointed Officials	A7

FINANCIAL SECTION

Report of Independent Public Accountants	B1
Management's Discussion and Analysis (required supplementary information)	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual	20
Proprietary Fund Financial Statements	
Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Fund Net Position	23
Statement of Cash Flows	24
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26
Notes to Basic Financial Statements Index	28
Notes to Basic Financial Statements	30
Required Supplementary Information	
Schedule of Funding Progress - Other Post Employment Benefit (OPEB) Trust Fund	84
Schedule of Employer Contributions and Other Contributing Entities – Other Post Employment Benefit (OPEB) Trust Fund	85
Combining and Individual Fund Financial Statements & Schedules	
Combining Statements – Non-major Governmental Funds	
Special Revenue and Debt Service Funds	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	89

CONTINUED

HARFORD COUNTY, MARYLAND TABLE OF CONTENTS

(Continued)

FINANCIAL SECTION (continued)

Fiduciary Funds	
Combining Statement of Fiduciary Net Position; Pension Trust Funds	91
Combining Statement of Changes in Fiduciary Net Position; Pension Trust Funds	92
Combining Statement of Fiduciary Net Position; Private Purpose Trust Funds	93
Combining Statement of Changes in Fiduciary Net Position; Private Purpose Trust Funds	94
Statement of Changes in Assets and Liabilities; Agency Fund	95
General Fund	
Schedule of Revenues and Other Financing Sources - Budgetary (Non-GAAP) Basis	98
Schedule of Expenditures, Encumbrances and Other Financing Uses – Budgetary (Non-GAAP) Basis	103
Special Revenue Fund	
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance – Budget Basis (Non-GAAP) vs. Actual; Non-major Parks and Recreation Fund	108
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance – Budget Basis (Non-GAAP) vs. Actual; Stormwater Management Fund	109
Debt Service Fund	
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balances – Budget Basis (Non-GAAP) vs. Actual; Debt Service Fund	111
Capital Projects Funds	
Schedule of Appropriations, Expenditures and Encumbrances – Budgetary (Non-GAAP) Basis	113
Enterprise Fund	
Schedule of Capital Projects, Appropriations, and Expenditures	122

STATISTICAL SECTION

Net Position by Component (accrual basis of accounting)	125
Changes in Net Position (accrual basis of accounting)	126
Fund Balances, Governmental Funds (modified accrual basis of accounting)	128
Changes in Fund Balances, Governmental Funds (modified accrual basis of accounting)	129
Debt Service as a Percentage of Non-capital Expenditures	130
Assessed Value and Actual Value of Taxable Property	131
Direct and Overlapping Property Tax Rates	132
Principal Taxpayers	133
Property Tax Levies and Collections	134
Ratios of General Bonded Debt Outstanding	135
Ratios of Outstanding Debt by Type	136
Legal Debt Margin Information	137
Direct and Overlapping Governmental Activities Debt	138
Bond Coverage – Water and Sewer	139
Demographic Statistics	140
Principal Employers	141
Capital Asset and Infrastructure Asset Statistics by Function / Program	142
Operating Indicators by Function	144
Full-time Equivalent Government Employees by Function	146

Introductory Section

DAVID R. CRAIG
HARFORD COUNTY EXECUTIVE

MARY F. CHANCE
DIRECTOR OF ADMINISTRATION



KATHRYN L. HEWITT, CPA
TREASURER

RICK PERNAS, CPA
DEPUTY TREASURER

HARFORD COUNTY GOVERNMENT

October 31, 2014

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, 2014 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County annually issue a report of its financial position and activity, and that an independent firm of licensed Certified Public Accountants selected by the County Council audit this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

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

The County's financial statements have been audited by SB & Company, LLC, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2014 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, 2014, 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

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

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 248,800. 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 our component units. The component units 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 on pages 20 and 21 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy: The revenue outlook for fiscal year 2014 remained challenging while preparing the fiscal year 2015 budget. A lagging national economy and unfunded mandates from the State of Maryland have resulted in lean budgets for 2015.

The County's largest revenue source remains real property taxes even though there have been recent declines in the real estate market. The fiscal year 2014 taxable assessable base resulted in a decrease over the fiscal year 2013 assessable base of 1.2 percent. The assessable base growth rate is expected to increase by 0.9 percent in fiscal year 2015. General Fund property tax revenues net, of interest, discounts and credits are estimated to increase by 0.4 percent from fiscal year 2014 to fiscal year 2015. The real estate market appears to have bottomed out but it is too early to predict if the market will rebound in the coming year. The County property tax rate has remained the same since fiscal year 2011.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels, and personal income. Income tax revenue has shown increases beginning in 2010 through 2014 using the modified accrual basis of accounting. The year over year increase for 2011 to 2012, 2012 to 2013 and 2013 to 2014 has been 7.6%, 2.3% and 3.7%. Income tax is budgeted at \$198.7 million for fiscal year 2015.

Long-term financial planning: Harford County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. Harford County received the highest rating from all three bond rating agencies for its general obligation bonds on March 11, 2014.

Completion of the Department of Defense Base Realignment and Closure (BRAC) 2005 implementation process was officially recognized on September 15, 2011. It brought \$1.3 billion dollars in construction and 3.0 million square feet of laboratory, office and testing space to Aberdeen Proving Ground. The positive influence of BRAC on Harford's economy may be mitigated in the future. Federal spending cuts known as sequestration went into effect on March 1, 2013. Aberdeen Proving Ground (APG), Harford County's largest employer and home to 11 major commands and more than 80 agencies, has approximately 11,500 Department of Defense civilian employees. Although the long term effect of sequestration is difficult to predict, we feel the results will moderate the growth rate for Harford County's workforce and economy.

The fiscal year 2015 budget once again faces fiscal challenges requiring the balancing of financial needs with the available uncertain or shrinking financial resources. Education continues to be a major concern of the County and its residents. The state mandated contribution to teacher pensions will be phased in over a four year period, with the County being responsible for 100 percent of the normal cost in fiscal year 2016. The County's share for teacher's pension liability was \$7,009,102 in fiscal year 2014 and will be \$7,475,675 in fiscal year 2015.

The fiscal year 2015 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 County continues to invest 100 percent of cash held temporarily idle during the year using an equity-in-pooled-cash system, except for bond funds, Volunteer Firemen's Length of Service Award Program, Agricultural Preservation, Sheriff's Office Pension System, and the Other Post-Employment Benefits (OPEB) trust fund, which are invested separately. For fiscal year 2014, the weighted average yield on investments was 0.18 percent. The total amount of interest earned by the County on pooled investments was \$511,898.

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, 2013. This was the twenty-ninth 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-sixth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2013. 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,



Kathryn L. Hewitt, CPA, CCM, CPFO
Treasurer



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Harford County
Maryland**

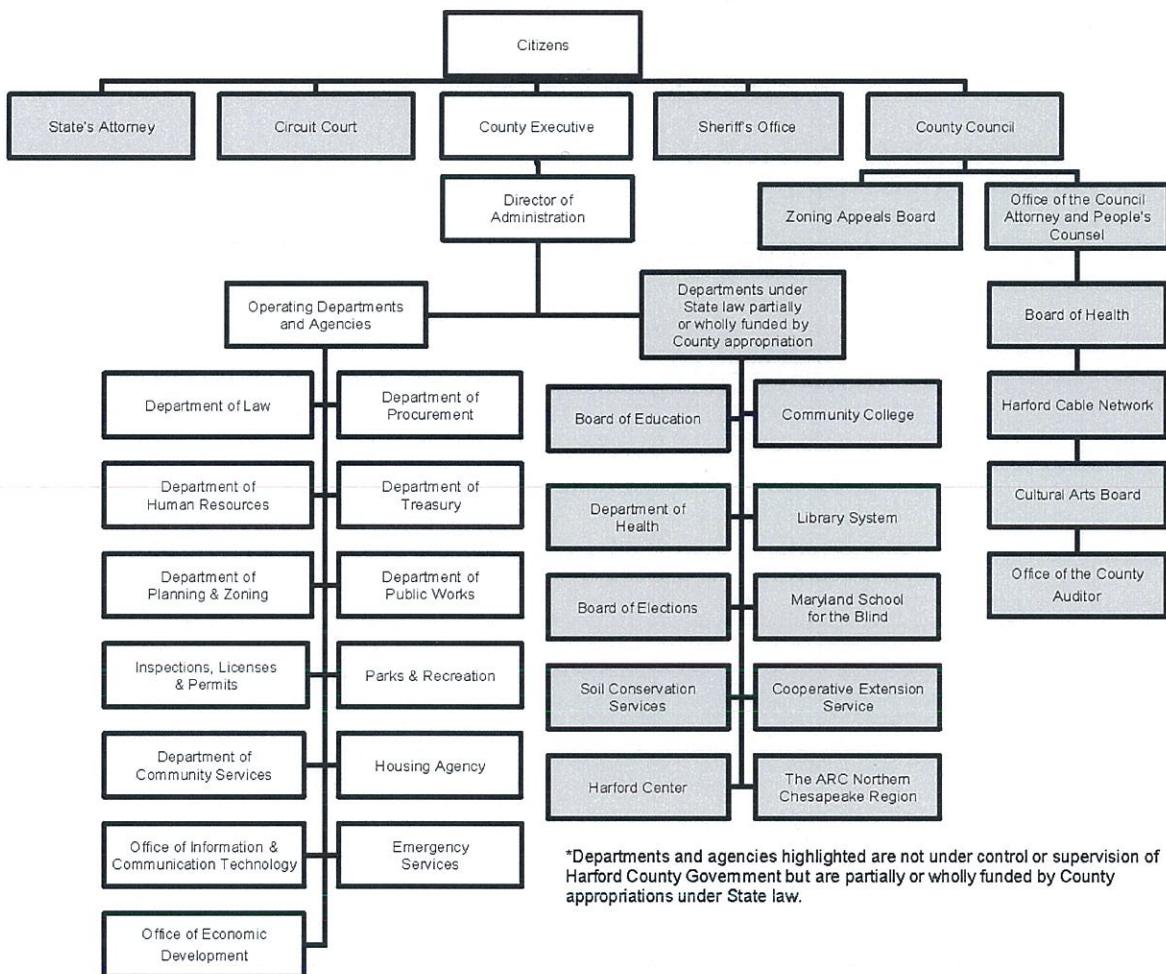
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, appearing to read 'Jeffrey P. Evans'.

Executive Director/CEO

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2014

CERTAIN ELECTED OFFICIALS

County Executive

David R. Craig

President of the County Council

William “Billy” Boniface

County Council Members

Dion F. Guthrie

Joseph M. Woods

James “Capt’n Jim” McMahan

Chad Shrodes

Richard C. Slutzky

Mary Ann Lisanti

CERTAIN APPOINTED OFFICIALS

Director of Administration

Mary F. Chance

Treasurer

Kathryn L. Hewitt

County Attorney

Robert S. McCord

Director of Community Services

Elizabeth Hendrix

Director of Economic Development

James C. Richardson

Director of Emergency Services

Russell Strickland

Director of Human Resources

Janet Schaub

Director of Information and Communication Technology

W. Ted Pibil

Director of Inspections, Licenses and Permits

Richard D. Lynch

Director of Parks and Recreation

Arden McClune

Director of Planning and Zoning

C. Peter Gutwald

Director of Procurement

Deborah L. Henderson

Director of Public Works

Timothy F. Whittie

Independent Public Accountants

SB & Company, LLC

Certified Public Accountants

Hunt Valley, Maryland

Bond Counsel

Royston, Mueller, McLean

& Reid, LLP

Baltimore, Maryland

Financial Advisor

Public Advisory Consultants

Owings Mills, Maryland

Financial Section

*REPLACE WITH
GRAPHICS PAGE*

Financial Section

*REPLACE WITH
GRAPHICS PAGE*



S B & C O M P A N Y, L L C
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Honorable Members of the County Council
Harford County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of Harford County, Maryland, as of June 30, 2014, 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.



S B & C O M P A N Y, L L C
EXPERIENCE • QUALITY • CLIENT SERVICE

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Hunt Valley, Maryland
September 26, 2014

S B & Company, L L C



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, 2014. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The County's assets exceeded its liabilities at the close of the fiscal year by \$716.0 million. The unrestricted portion of this is a deficit \$128.2 million and is composed of an unrestricted deficit in the governmental activities of \$225.2 million and a balance of \$97.0 million unrestricted in the business-type activities. The unrestricted deficit occurred in the governmental funds due to the issuance of debt for public school construction, although the assets are held by Harford County Public Schools.
- Total net position of the County has decreased by \$20.1 million over the prior fiscal year. In the governmental activities, total revenues increased 2.4 percent while expenses increased 5.5 percent from the prior fiscal year, resulting in a \$24.3 million decrease in net position, which is \$17.1 million more than the fiscal year 2013 decrease. In the business-type activities, total revenues exceeded total expenditures by \$4.2 million, which is \$9.5 million less than the fiscal year 2013 increase.

Fund Level:

- The County's governmental funds reported combined fund balances of \$198.0 million, a decrease of \$37.2 million from the prior year. The greatest net change in fund balance, \$18.1 million decrease from the prior year, occurred in the Capital Projects Fund, due to an increase in capital outlay expenditures. For fiscal year 2014, the General Fund and Highways Fund, where total expenditures exceeded revenues, had decreases in fund balance of \$16.5 million and \$2.5 million, respectively.
- Approximately 87.1 percent of the total governmental fund balance, \$172.5 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.
- Available fund balance for the General Fund was \$67.0 million or 13.9 percent of total General Fund expenditures. Restricted fund balance of the General Fund was \$4.6 million or 6.3 percent of total fund balance, leaving \$1.2 million, 1.7 percent, of nonspendable fund balance in the General Fund.
- The business-type activities operating revenue increased \$2.2 million, and operating expenses decreased by \$2.5 million, 5.4 percent, to decrease the operating loss \$4.7 million or 24.5 percent from the prior fiscal year. Fiscal year 2014 capital grants and contributions were \$20.1 million, a decrease of \$12.6 million, 38.6 percent, over fiscal year 2013.

Overview of the Financial Statements

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

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

The *statement of net 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 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 separately 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, Beechtree Tax Increment Financing Fund and Stormwater Management Fund. A budgetary comparison statement has been provided for the General Fund, Highways Fund and Agricultural Land Preservation Fund to demonstrate compliance with this budget. The report can be found on Exhibit 6 of the Basic Financial Statement. A budgetary comparison statement for the Parks & Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund can be found on Exhibit D-1, D-2 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 internal service funds 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 statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits 10 and 11 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 30 to 84 of this report.

Financial Analysis of the County as a Whole

The County's net position is divided into three categories; net investment in capital assets; restricted net position and unrestricted net position. The largest portion of the County's net position, \$768.6 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 \$75.7 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 \$128.2 million; business-type activities have a balance of \$97.0 million unrestricted net position while the unrestricted net position for governmental activities is a negative

\$225.2 million. The major reason for negative unrestricted net position in the governmental funds relates to the building of schools. Counties in the State of Maryland issue debt for public school construction; however school buildings are recorded as assets of each public school system. Although net position, as noted earlier, is an indicator of a government's overall financial condition, the issuance of debt for Harford County Public Schools and Harford Community College construction, which increases the government's liabilities without the addition of corresponding assets, causes an imbalance on the Statement of Net Position. The County's net position decreased \$20.1 million during the current fiscal year.

The net position of governmental activities decreased, \$24.3 million, during fiscal year 2014. Program expenses of the governmental activities increased, \$30.3 million, from fiscal year 2013 while program revenues decreased \$11.0 million and general revenues increased \$24.2 million over fiscal year 2013. Governmental activities general revenues for 2014 increases in income taxes \$21.0 million, investment earnings \$2.1 million, stormwater management fees \$1.0 million, transfer taxes \$0.8 million, impact fees \$0.6 million, and remaining general revenues \$0.5 million were off set with decreases in property taxes \$1.7 million and recordation taxes \$0.1 million to account for the overall net increase in general revenues.

The net position of business-type activities of the County increased \$4.2 million during fiscal year 2014. This increase is \$9.5 million less than the increase earned in fiscal year 2013. Capital grants and contributions revenue, primarily from developers and the State of Maryland, decreased \$12.6 million or 38.6 percent from fiscal year 2013. The slight increase in charges for services, operating grants and contributions, recordation taxes, and investment income totaled \$1.7 million, 5.5 percent, from fiscal year 2013 to 2014. Expenses for the business-type activities decreased \$1.4 million or 2.7 percent from the prior fiscal year.

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

Harford County Government - Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013*	2014	2013*	2014	2013*
Current & Other Assets	\$ 247,931,258	\$ 278,954,157	\$ 130,958,133	\$ 140,271,284	\$ 378,889,391	\$ 419,225,441
Capital Assets	688,956,553	662,544,918	444,040,931	433,276,721	1,132,997,484	1,095,821,639
Total Assets	<u>936,887,811</u>	<u>941,499,075</u>	<u>574,999,064</u>	<u>573,548,005</u>	<u>1,511,886,875</u>	<u>1,515,047,080</u>
Deferred Outflow of Resources	11,896,550	12,836,002	1,815,816	1,945,597	13,712,366	14,781,599
Long-term Liabilities	625,693,610	614,429,619	135,276,657	137,599,602	760,970,267	752,029,221
Other Liabilities	36,435,419	28,945,062	12,138,422	12,701,950	48,573,841	41,647,012
Total Liabilities	<u>662,129,029</u>	<u>643,374,681</u>	<u>147,415,079</u>	<u>150,301,552</u>	<u>809,544,108</u>	<u>793,676,233</u>
Deferred Inflow of Resources	-	-	35,911	41,373	35,911	41,373
Net Position:						
Net Investment in Capital Assets	436,216,089	436,542,058	332,396,851	320,222,434	768,612,940	756,764,492
Restricted	75,653,146	78,915,495	-	-	75,653,146	78,915,495
Unrestricted	(225,213,903)	(204,497,157)	96,967,039	104,928,243	(128,246,864)	(99,568,914)
Total Net Position	<u>\$ 286,655,332</u>	<u>\$ 310,960,396</u>	<u>\$ 429,363,890</u>	<u>\$ 425,150,677</u>	<u>\$ 716,019,222</u>	<u>\$ 736,111,073</u>

* Restated for GASF 65

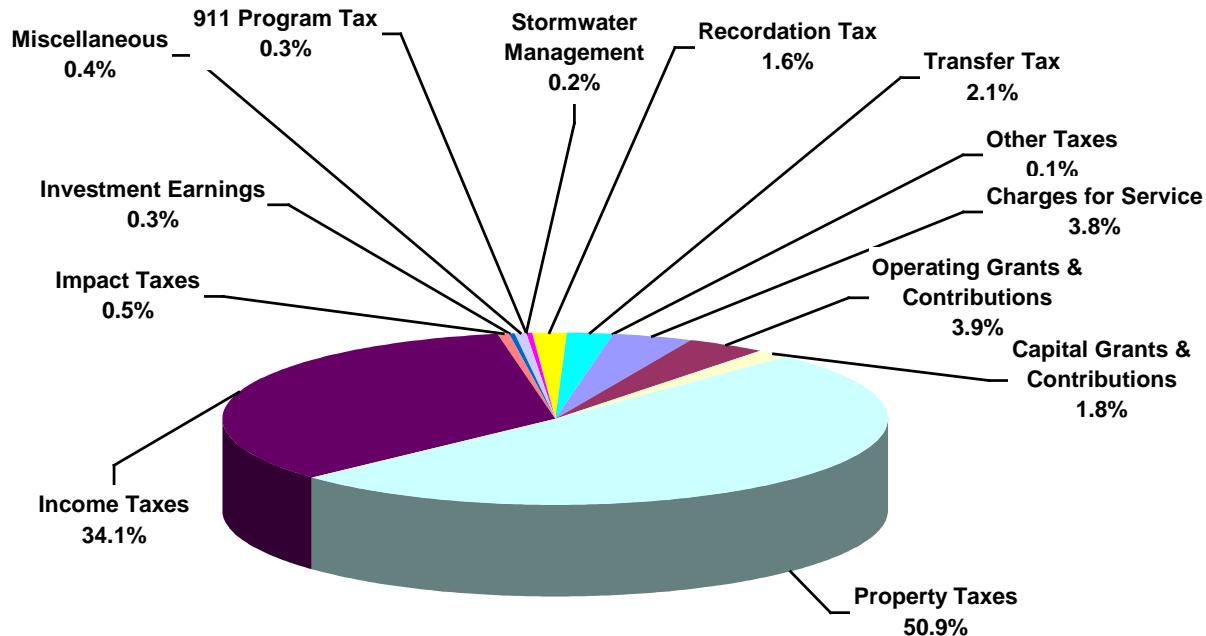
Harford County Government's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for Services	\$ 21,668,240	\$ 21,603,336	\$ 28,421,736	\$ 26,179,225	\$ 50,089,976	\$ 47,782,561
Operating Grants & Contributions	21,717,403	30,926,766	444,149	648,672	22,161,552	31,575,438
Capital Grants & Contributions	9,982,404	11,878,363	20,089,299	32,698,896	30,071,703	44,577,259
General revenues:						
Property taxes	285,269,614	286,926,355	-	-	285,269,614	286,926,355
Income taxes	190,722,550	169,703,257	-	-	190,722,550	169,703,257
Impact fees	2,612,400	2,027,400	-	-	2,612,400	2,027,400
911 Program taxes	1,638,236	1,582,307	-	-	1,638,236	1,582,307
Recordation taxes	8,840,110	8,916,236	1,767,810	1,783,159	10,607,920	10,699,395
Transfer taxes	11,646,254	10,854,827	-	-	11,646,254	10,854,827
Stormwater Management	1,048,941	-	-	-	1,048,941	-
Other taxes	753,982	744,146	-	-	753,982	744,146
Investment earnings	1,532,992	(520,840)	2,225,142	2,534,663	3,758,134	2,013,823
Unrestricted Grants & Contributions	269,076	239,369	-	-	269,076	239,369
Miscellaneous	2,231,878	1,888,635	-	-	2,231,878	1,888,635
Total Revenues	559,934,080	546,770,157	52,948,136	63,844,615	612,882,216	610,614,772
Program Expenses:						
Agricultural Land						
Preservation	3,398,295	3,601,838	-	-	3,398,295	3,601,838
County Council	2,536,764	2,763,150	-	-	2,536,764	2,763,150
General Government	55,642,498	46,041,421	-	-	55,642,498	46,041,421
Education	250,907,788	248,045,564	-	-	250,907,788	248,045,564
Harford Center	553,036	553,036	-	-	553,036	553,036
Judicial	9,982,512	9,950,169	-	-	9,982,512	9,950,169
Libraries	17,271,606	17,314,092	-	-	17,271,606	17,314,092
Parks and Recreation	17,520,868	15,697,516	-	-	17,520,868	15,697,516
Public Safety	105,436,479	106,668,221	-	-	105,436,479	106,668,221
Public Works	77,195,654	60,279,965	-	-	77,195,654	60,279,965
Social Services	26,384,324	28,769,204	-	-	26,384,324	28,769,204
Unallocated Debt						
Interest and Other	17,409,320	14,273,378	-	-	17,409,320	14,273,378
Water and Sewer	-	-	48,734,923	50,101,124	48,734,923	50,101,124
Total Expenses	584,239,144	553,957,554	48,734,923	50,101,124	632,974,067	604,058,678
Change in Net Position	(24,305,064)	(7,187,397)	4,213,213	13,743,491	(20,091,851)	6,556,094
Net Position-Beginning	313,362,275	320,549,672	425,954,860	412,211,369	739,317,135	732,761,041
Change in Accounting Principle	(2,401,879)	-	(804,183)	-	(3,206,062)	-
Net Position Beginning-As Restated	310,960,396	320,549,672	425,150,677	412,211,369	736,111,073	732,761,041
Net Position-Ending	\$ 286,655,332	\$ 313,362,275	\$ 429,363,890	\$ 425,954,860	\$ 716,019,222	\$ 739,317,135

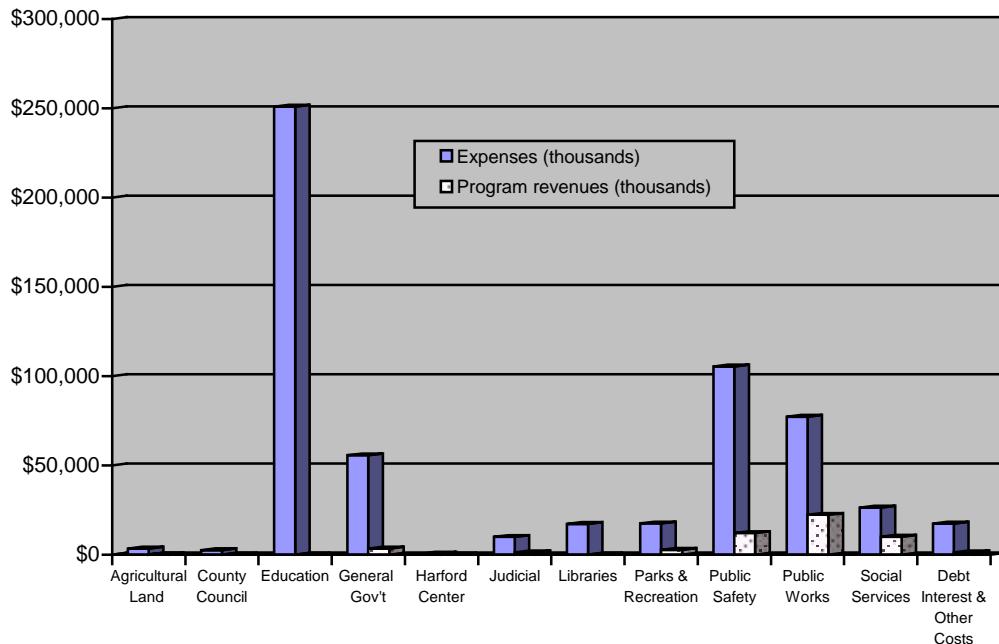
Governmental activities The net position of governmental activities decreased \$24.3 million during fiscal year 2014. Key elements are as follows:

- The County recorded \$190.7 million in income tax revenue from the State of Maryland for fiscal year 2014. This is a \$21.0 million, 12.4 percent, increase from fiscal year 2013 using full accrual accounting.
- Increase in Investment Earnings, \$2.1 million or 394.3 percent, over the prior fiscal year attributed to an increase in the fair market value adjustment of US Treasury Strips purchased for settlements in the Agricultural Land Preservation Fund as of June 30, 2014.
- Operating Grants and Contributions decrease \$9.2 million, 29.8 percent, from the prior fiscal year.
- Public Works program expenses increased \$16.9 million or 28.1 percent from fiscal year 2013 primarily due to recording the liability cost associated with dismantling the waste-to-energy plant and additional costs incurred for increased healthcare and snow removal.
- General Government program expenses increased \$9.6 million or 20.9 percent from fiscal year 2013 due to monies spent on capital projects and increased benefit and healthcare costs.

Revenues by Source-Governmental Activities



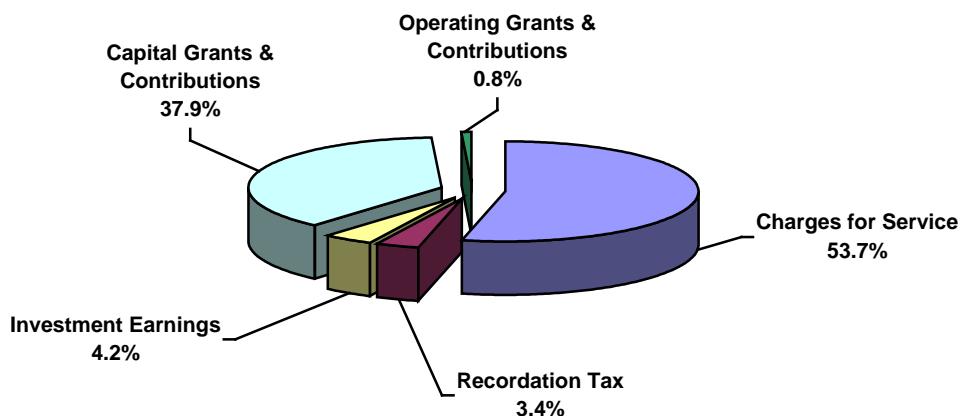
Expenses and Program Revenues-Governmental Activities



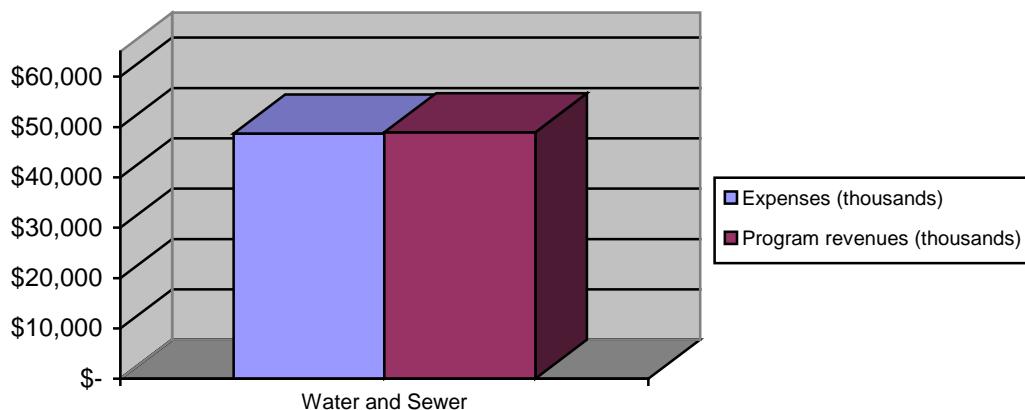
Business-type activities Business-type activities recorded an increase in net position of \$4.2 million during fiscal year 2014. Key elements are as follows:

- Capital grants and contributions totaled \$20.1 million. Of the total capital grants and contributions 10.9 percent was attributed to completed developer projects, 45.8 percent was from the State of Maryland for the Enhanced Nutrient Removal projects at County wastewater treatment plants, 2.2 percent from the Federal Government and 41.1 percent was attributed to County water and sewer hook-up charges as outlined in current Department of Public Works Rules and Regulations.
- The marginal increase in charges for services, \$2.2 million, is attributed to an increase in the number of customer accounts and a 2.1 percent rate increase for fiscal year 2014.
- Program revenues, including capital grants and contributions, slightly exceeded total expenses by \$0.2 million.

Revenues by Source-Business-type Activities



Expenses and Program Revenues-Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$198.0 million, a decrease of \$37.2 million in comparison with the prior year. Approximately 87.1 percent of this total amount, or \$172.5 million, constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$25.5 million, is *nonspendable and restricted* to indicate that it is not available for new spending because it has been dedicated: 1) to unexpended bonded capital projects, \$10.5 million; 2) for dedicated revenues, \$10.2 million; 3) for special taxing district, \$2.1 million, 4) for inventories, \$1.5 million; 5) for a loan receivable of \$0.3 million, or 6) a deposit with a vendor, \$0.9 million. The nonspendable and restricted fund balance, at 12.9 percent of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$67.0 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 13.9 percent of total General Fund expenditures, while total fund balance represents 15.2 percent of that same amount.

The County's General Fund total fund balance has decreased by \$16.5 million during the current fiscal year. The decrease is primarily due to a decrease in other financing sources, transfers in of \$5.1 million and an increase in General Fund expenditures. General fund expenditures increased \$6.8 million from the prior fiscal year primarily due to increased benefits and healthcare costs. Total revenues of the General Fund increased \$5.2 million from the prior fiscal year.

The Highways Fund has a total fund balance of \$11.3 million, representing a decrease of \$2.9 million from the prior fiscal year. The Highways Fund has 76.9 percent, \$8.7 million, of its total fund balance assigned to the purpose of the fund. Of this amount, 26.2 percent is designated for fiscal stabilization purposes and 24.1 percent is designated for encumbrances. The Highways Fund balance of \$1.5 million classified as nonspendable represents inventory.

The Grant Fund has a total fund balance of \$6.4 million. The \$1.3 million decrease in fund balance over the prior fiscal year is due primarily to a decrease in grant revenues.

The Agricultural Land Preservation Fund has a total fund balance of \$53.1 million, an increase of \$1.5 million over the prior year. Of the total fund balance, \$48.6 million or 91.5 percent is committed for future payments of principal on development rights. The Agricultural Land Preservation Fund has \$4.5 million, of its total fund balance assigned to the purpose of the fund.

The Capital Project Fund has a total fund balance of \$51.7 million; an \$18.1 million decrease over the prior fiscal year. General obligation bonds of \$33.2 million were issued during fiscal year 2014 to help offset the cost of County capital projects. Of the total fund balance, \$8.2 million is restricted for Harford County Public Schools and other bonded capital projects, \$0.4 million is restricted for Parks and Recreation projects, \$40.3 million is assigned to liquidate contracts and purchase orders of the prior period and \$2.8 million is assigned to future general projects.

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, 2014 was \$2.7 million. Of the total fund balance, \$2.1 million is restricted for debt service and \$0.6 million is assigned to the purpose of the funds.

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 \$97.0 million and unrestricted net position of the Internal Service Fund totaled \$8.6 million. Net position of the Water and Sewer Fund has increased by \$4.2 million over 2014. Factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County's business-type activities. The Internal Service Fund net position has increased by \$1.5 million.

General Fund Budgetary Highlights

The final budget of the General Fund for fiscal year 2014 was increased by \$8.5 million over the original budget. The increase was allocated to appropriated funds to account for \$6.8 million in estimated expenses attributable to other post-employment benefits and post-employment health plan benefits for County employees, \$1.0 million to account for additional payouts related to retiring employees and \$0.7 million in funding for the countywide facilities master plan project. Ending revenue variances from the final fiscal year 2014 budget were nominal, but conservative fiscal management managed to save the County from using \$14.9 million of appropriated fund balance. A cautious spending policy also led to the 2.3 percent decrease in actual General Fund expenditures compared to the final General Fund budget.

Capital Asset and Debt Administration

Capital assets The County's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$1.1 billion (net of accumulated depreciation). This investment in capital assets includes land, development rights, construction in process, buildings, improvements, machinery and equipment, vehicles, intangibles and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 3.4 percent.

The County's Capital Assets

(Net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 254,885,015	\$ 247,679,364	\$ 2,044,437	\$ 2,027,385	\$ 256,929,452	\$ 249,706,749
Development Rights	120,694,050	120,094,050	-	-	120,694,050	120,094,050
Construction in Process	48,668,159	27,218,973	83,958,392	65,317,927	132,626,551	92,536,900
Buildings	109,486,698	113,286,068	141,547,285	146,880,894	251,033,983	260,166,962
Improvements	22,670,902	21,813,516	211,604,982	214,977,938	234,275,884	236,791,454
Machinery and Equipment	4,347,684	4,640,131	3,179,142	2,672,145	7,526,826	7,312,276
Vehicles	15,323,129	15,729,127	1,398,556	1,221,935	16,721,685	16,951,062
Intangibles	644,522	445,840	308,137	178,497	952,659	624,337
Infrastructure	112,236,394	111,637,849	-	-	112,236,394	111,637,849
Total	\$ 688,956,553	\$ 662,544,918	\$ 444,040,931	\$ 433,276,721	\$ 1,132,997,484	\$ 1,095,821,639

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

- The 700 MHz Wireless Radio System Equipment project is a federally mandated project and will ensure interoperability with Baltimore County and the Regional Radio Systems. During fiscal year 2014, \$11.3 million was spent for total expenditures to date of \$16.6 million.
- The New Emergency Operations Center is currently under development and is expected to be completed in fall 2014. As of June 30, 2014, \$31.6 million was spent on construction to date of the \$36.4 million appropriated for this project.
- The Moores Mill Road project will address the safety and traffic volume increases due to the continuous development in and around the Bel Air area. Phase 1 from US 1 to Southampton Road was completed in December 2013. Expenditures in fiscal year 2014 were \$0.3 million for total expenditures to date of \$6.1 million.
- Enhanced Nutrient Removal Refinement project is currently under construction at Sod Run. The upgrade of the wastewater treatment plant is necessary to meet State and Federal Total Maximum Daily Load requirements for nutrient reductions in the Chesapeake Bay. During fiscal year 2014, \$11.9 million was spent for total expenditures to date of \$40.7 million at the Sod Run Wastewater Treatment Plant.

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

Education Capital Expenditures:

Harford County Public Schools and Harford Community College projects made up 48.9 percent of the fiscal year 2014 General Fund Capital Budget. Some of the major expenditures were:

- The North Harford Elementary School Comprehensive HVAC project will replace the current system that is original to the building. Expenditures to date for this project total \$1.0 million of the \$1.2 million appropriated.
- Fallston High School is undergoing a comprehensive HVAC systemic replacement project, which is upgrading and/or replacing all components of the school's current heating and air conditioning system. Expenditures to date for this project total \$1.2 million of the \$4.0 million appropriated.
- The Magnolia Middle School HVAC has a total projected cost of \$3.5 million. The project will provide a comprehensive HVAC system to the facility. During fiscal year 2014, \$0.8 million was spent on this project.
- Harford Community College's New Allied Health and Nursing Building will provide adequate classroom and teaching space for the Nursing and Allied Health Programs. During fiscal year 2014, \$6.2 million was spent for total expenditures to date of \$6.7 million.

Long-term debt At the end of the current fiscal year, the County had Bonds and Notes Payable debt outstanding of \$670.9 million. Of this amount, \$132.0 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 \$59.0 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, Capital Leases and Notes Payable

	Governmental Activities		Business-type Activities		Total	
	2014	2013*	2014	2013*	2014	2013*
Ag Land Preservation	\$ 59,029,269	\$ 61,104,712	\$ -	\$ -	\$ 59,029,269	\$ 61,104,712
Bonds Payable	478,542,366	475,065,859	132,046,646	134,180,449	610,589,012	609,246,308
Capital Leases	-	1,294,584	-	193,444	-	1,488,028
Notes Payable	1,314,020	3,070,721	-	-	1,314,020	3,070,721
	<u>\$ 538,885,655</u>	<u>\$ 540,535,876</u>	<u>\$ 132,046,646</u>	<u>\$ 134,373,893</u>	<u>\$ 670,932,301</u>	<u>\$ 674,909,769</u>

*Restated for GASB 65

The total debt of the Primary Government has decreased by \$4.0 million, 0.6 percent, during the current fiscal year. For governmental activities, debt decreased \$1.7 million due to principal payments and reductions of \$32.1 million offset by a general obligation bond sale of \$33.2 million and a premium of \$2.4 million. The capital lease purchase agreements for vehicles and waste to energy were paid off during fiscal year 2014. In business-type activities, debt decreased, \$2.3 million, due to a bond sale of \$6.8 million and a premium of \$0.5 million, offset by bond principal payments and reductions of \$9.4 million. The capital lease purchase obligation for vehicles was satisfied.

During fiscal year 2014, the County earned the highest bond rating possible from all three major bond rating agencies. Moody's Investors Services and Fitch Ratings both reaffirmed their credit ratings of Aaa and AAA, respectively. Standard and Poors Corp. upgraded the County to AAA. 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 15.0 percent of its net assessed valuation of personal and corporate property plus 6.0 percent of the net assessed valuation of real property. The current debt limitation for the County is \$1.7 billion, which is significantly in excess of the County's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The County Real Property Tax Rate for fiscal year 2015 remains unchanged at \$1.042 per \$100 of the assessed valuation. This is the fourth consecutive year that the County real property tax rate falls below the constant yield rate. Net property tax receipts recorded in the General Fund for fiscal year 2015 are expected to increase slightly, 0.6 percent, over those approved for fiscal year 2014. The increase is primarily due to a 0.1 percent increase in reassessment value of one-third of County property owners in the Bel Air area of the County. Statewide, the assessment notices mailed to property owners reflect an increase in real estate values for residential properties of 4.7 percent. In Harford County, 45.0 percent of the properties being reassessed experienced an increase in value.
- The County Council has set the fiscal year 2015 County income tax rate at 3.06 percent which is unchanged from the prior fiscal year. Fiscal year 2015 income tax revenue is projected to increase over the approved fiscal year 2014 income tax revenue by 4.3 percent. The increase in income tax revenue is largely due, in part, to an improving economy and lower unemployment in Maryland. Income tax is budgeted at \$198.7 million for fiscal year 2015.
- The County levies and collects a transfer tax at a rate of 1.0 percent of the actual consideration paid for conveyance of title to real property. This tax is imposed upon all transfers of real property within the County. Transfer tax collected is split 50.0 percent to fund school construction debt and 50.0 percent to purchase agricultural land for preservation. For fiscal year 2015, the County anticipates recording \$11.2 million in transfer tax.
- There are no wage or salary enhancements included in the fiscal year 2015 budget for employees of the County Government, the Sheriff's Office or the Harford County Public Library.
- 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 2014, the County originally appropriated \$22.0 million in general fund balance to balance the 2014 budget. In fiscal year 2015, the County appropriated \$2.3 million in fund balance to balance the 2015 budget. The decrease of \$19.7 million in fund balance appropriated is the direct result of budget cuts and adherence to conservative fiscal policies.
- For fiscal year 2015, Harford County Public Schools are being funded at \$223.7 million, which is almost \$2.1 million above the required Maintenance of Effort for fiscal year 2015. In May 2012, special State legislation, SB 1301-2012, shifted 100.0 percent of the teachers' normal pension costs from the State to the County. The County has included \$7.5 million towards the cost of this obligation in the fiscal year 2015 budget.

- Harford County Public Schools fiscal year 2015 capital budget contains eight planned projects totaling \$31.1 million. Of the total General Fund debt service budget, 63.8 percent is allocated for school debt.
- The County's support of Harford Community College fiscal year 2015 budget remains at the same funding level as fiscal year 2014, \$15.0 million. The County has appropriated \$0.3 million for the completion of the new Nursing and Allied Health Building of Harford Community College's fiscal year 2015 capital projects, which will be financed by issuing general obligation bonds.

These and other economic factors were considered when preparing the fiscal year 2015 General Fund budget, which estimates total revenues at \$502.6 million; a decrease of \$9.1 million or 1.8 percent over fiscal year 2014 original budgeted amounts. Mindful of the economic struggles the County has faced for the past several years as a result of national economic uncertainties, cuts in revenue funding streams and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2015 will continue to be tightened and trimmed where possible. The County also anticipates issuing bonds during fiscal year 2015.

There are no new taxes to fund the fiscal year 2015 budget. The income tax rate of 3.06 percent is unchanged. The real property tax rate is also unchanged at \$1.042 per \$100 of assessed value. The Homestead Tax Credit rate is 5.0 percent for Harford County for fiscal year 2015 and remains unchanged from the past fiscal year.

The Water and Sewer Fund rates will increase by 1.5 percent for fiscal year 2015. The Water and Sewer rates affect both residential and industrial consumers by adjusting rates to the change in the Consumer Price Index each fiscal year. The net change in the fiscal year 2015 approved budget from the 2014 fiscal year original approved budget for the Water and Sewer Operating Fund is an increase of \$3.6 million, 7.5 percent.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, Harford County Government, 220 S. Main Street, Bel Air, Maryland, 21014.

The County's component units issue their own separately audited financial statements. These statements may be obtained by directly contacting the component unit, contact information can be found on Note 1A of this report.

Basic Financial Statements

HARFORD COUNTY, MARYLAND
Statement of Net Position
June 30, 2014

Exhibit 1

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total Primary Government	Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library
ASSETS							
Equity in Pooled Cash and Investments	\$ 143,693,942	\$ 75,714,620	\$ 219,408,562	\$ -	\$ -	\$ -	\$ -
Cash and Investments	38,933	650	39,583	22,338,367	1,375,183	24,541,206	5,905,736
Taxes and Accounts Receivable (Net)	4,208,527	7,090,799	11,299,326	9,955,929	2,346	1,212,898	78,376
Federal and State Receivable	33,491,008	1,698,344	35,189,352	5,886,224	-	4,179,641	-
Internal Balances	50,131	(50,131)	-	-	-	-	-
Due From Primary Government	-	-	-	1,584,265	-	46,786	17,610
Inventories	1,519,258	1,782,250	3,301,508	710,831	-	599,687	-
Loans Receivable	2,331,897	-	2,331,897	-	-	-	-
Other Assets	872,050	-	872,050	-	23,972	1,289,077	9,765
Deposit with Trustee	1,977,509	-	1,977,509	-	-	50,495	3,257,345
Benefit Assessments	593,137	34,819,434	35,412,571	-	-	-	-
Restricted Assets--Cash & Investments	59,154,866	9,902,167	69,057,033	-	-	8,352,710	-
Capital Assets:							
Land, Development Rights & CIP	424,247,224	86,002,829	510,250,053	32,052,040	-	17,414,157	-
Other Capital Assets, Net of Depreciation	264,709,329	358,038,102	622,747,431	562,083,937	426,847	89,212,863	5,136,386
Total Assets	<u>936,887,811</u>	<u>574,999,064</u>	<u>1,511,886,875</u>	<u>634,611,593</u>	<u>1,828,348</u>	<u>146,899,520</u>	<u>14,405,218</u>
DEFERRED OUTFLOW OF RESOURCES							
Loss on Refunding	<u>11,896,550</u>	<u>1,815,816</u>	<u>13,712,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES							
Accounts Payable	9,234,107	4,658,547	13,892,654	9,398,245	48,525	2,872,398	312,773
Due to Component Units	1,648,661	-	1,648,661	-	-	-	-
Retainages Payable	2,154,626	1,663,490	3,818,116	-	-	631,445	-
Payable to State of Maryland	247,001	337,962	584,963	-	125,084	-	-
Accrued Expenses	13,215,000	2,620,679	15,835,679	1,044,091	94,341	1,411,663	651,481
Unearned Revenue	6,991,380	700	6,992,080	575,850	-	3,107,416	-
Performance Deposits	962,161	115,539	1,077,700	-	-	-	-
Escrow Accounts	1,509,362	2,715,683	4,225,045	-	-	-	-
Other Liabilities	473,121	25,822	498,943	-	301,834	602,714	-
Noncurrent Liabilities:							
Due within one year	51,364,619	9,467,621	60,832,240	5,320,256	-	99,002	34,676
Due in more than one year	<u>574,328,991</u>	<u>125,809,036</u>	<u>700,138,027</u>	<u>232,602,764</u>	<u>-</u>	<u>1,224,411</u>	<u>10,327,486</u>
Total Liabilities	<u>662,129,029</u>	<u>147,415,079</u>	<u>809,544,108</u>	<u>248,941,206</u>	<u>569,784</u>	<u>9,949,049</u>	<u>11,326,416</u>
DEFERRED INFLOW OF RESOURCES							
Gain on Refunding	<u>-</u>	<u>35,911</u>	<u>35,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Net Investment in Capital Assets	436,216,089	332,396,851	768,612,940	584,119,330	426,847	105,995,575	5,094,210
Restricted for:							
Highways Projects	11,489,847	-	11,489,847	-	-	-	-
Agricultural Land Preservation	53,151,491	-	53,151,491	-	-	-	-
Public Schools	1,955,920	-	1,955,920	-	-	-	-
Grant Programs	6,385,091	-	6,385,091	-	-	-	-
Other Purposes	2,670,797	-	2,670,797	6,579,782	31,975	8,615,318	51,620
Unrestricted	<u>(225,213,903)</u>	<u>96,967,039</u>	<u>(128,246,864)</u>	<u>(205,028,725)</u>	<u>799,742</u>	<u>22,339,578</u>	<u>(2,067,028)</u>
Total Net Position	<u>\$ 286,655,332</u>	<u>\$ 429,363,890</u>	<u>\$ 716,019,222</u>	<u>\$ 385,670,387</u>	<u>\$ 1,258,564</u>	<u>\$ 136,950,471</u>	<u>\$ 3,078,802</u>

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, 2014

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library
					Governmental Activities	Business-Type Activities					
Primary Government:											
Government Activities											
Agricultural Preservation	\$ 3,398,295	\$ -	\$ 101,444	\$ -	\$ (3,296,851)	\$ -	\$ (3,296,851)	\$ -	\$ -	\$ -	\$ -
County Council	2,536,764	-	-	-	(2,536,764)	-	(2,536,764)	-	-	-	-
General Government	55,642,498	2,478,640	992,019	8,022	(52,163,817)	-	(52,163,817)	-	-	-	-
Education-Primary thru Comm. College	250,907,788	-	-	-	(250,907,788)	-	(250,907,788)	-	-	-	-
Harford Center	553,036	-	-	-	(553,036)	-	(553,036)	-	-	-	-
Judicial	9,982,512	-	1,334,157	-	(8,648,355)	-	(8,648,355)	-	-	-	-
Libraries	17,271,606	-	-	-	(17,271,606)	-	(17,271,606)	-	-	-	-
Parks, Recreation and Natural Resources	17,520,868	916,680	164,437	1,585,616	(14,854,135)	-	(14,854,135)	-	-	-	-
Public Safety	105,436,479	3,889,979	5,630,048	2,618,325	(93,298,127)	-	(93,298,127)	-	-	-	-
Public Works	77,195,654	13,843,482	2,708,490	5,770,441	(54,873,241)	-	(54,873,241)	-	-	-	-
Social Services	26,384,324	539,459	9,522,417	-	(16,322,448)	-	(16,322,448)	-	-	-	-
Unallocated Debt Interest / Other Costs	17,409,320	-	1,264,391	-	(16,144,929)	-	(16,144,929)	-	-	-	-
Total Government Activities	<u>584,239,144</u>	<u>21,668,240</u>	<u>21,717,403</u>	<u>9,982,404</u>	<u>(530,871,097)</u>	<u>-</u>	<u>(530,871,097)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities											
Water and Sewer	48,734,923	28,421,736	444,149	20,089,299	-	220,261	220,261	-	-	-	-
Total Business-type Activities	<u>48,734,923</u>	<u>28,421,736</u>	<u>444,149</u>	<u>20,089,299</u>	<u>-</u>	<u>220,261</u>	<u>220,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 632,974,067</u>	<u>\$ 50,089,976</u>	<u>\$ 22,161,552</u>	<u>\$ 30,071,703</u>	<u>(530,871,097)</u>	<u>220,261</u>	<u>(530,650,836)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:											
Harford County Public Schools	\$ 558,981,450	\$ 8,669,149	\$ 124,007,451	\$ 25,114,629	-	-	-	(401,190,221)	-	-	-
Harford Center, Inc.	2,928,951	22,657	1,756,454	-	-	-	-	(1,149,840)	-	-	-
Harford Community College	60,292,434	18,688,456	22,772,719	12,192,154	-	-	-	-	-	(6,639,105)	-
Harford County Public Library	20,600,220	821,179	2,682,520	-	-	-	-	-	-	-	(17,096,521)
Total Component Units	<u>\$ 642,803,055</u>	<u>\$ 28,201,441</u>	<u>\$ 151,219,144</u>	<u>\$ 37,306,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(401,190,221)</u>	<u>(1,149,840)</u>	<u>(6,639,105)</u>	<u>(17,096,521)</u>
General Revenues:											
Taxes:											
Property Taxes					285,269,614	-	285,269,614	-	-	-	-
Income Taxes					190,722,550	-	190,722,550	-	-	-	-
Impact Fees					2,612,400	-	2,612,400	-	-	-	-
911 Program Taxes					1,638,236	-	1,638,236	-	-	-	-
Recordation Taxes					8,840,110	1,767,810	10,607,920	-	-	-	-
Transfer Taxes					11,646,254	-	11,646,254	-	-	-	-
Stormwater Management					1,048,941	-	1,048,941	-	-	-	-
Other Taxes					753,982	-	753,982	-	-	-	-
Investment Earnings					1,532,992	2,225,142	3,758,134	17,809	67,939	1,015,505	3,064
Grants and Contributions not Restricted to Specific Purposes					269,076	-	269,076	359,358,120	488,366	15,667,598	16,158,310
Miscellaneous					2,231,878	-	2,231,878	5,723,475	19,046	-	-
Total General Revenues					<u>506,566,033</u>	<u>3,992,952</u>	<u>510,558,985</u>	<u>365,099,404</u>	<u>575,351</u>	<u>16,683,103</u>	<u>16,161,374</u>
Change in Net Position					<u>(24,305,064)</u>	<u>4,213,213</u>	<u>(20,091,851)</u>	<u>(36,090,817)</u>	<u>(574,489)</u>	<u>10,043,998</u>	<u>(935,147)</u>
Net Position-Beginning					<u>313,362,275</u>	<u>425,954,860</u>	<u>739,317,135</u>	<u>421,761,204</u>	<u>1,833,053</u>	<u>126,906,473</u>	<u>4,013,949</u>
Change in Accounting Principle					<u>(2,401,879)</u>	<u>(804,183)</u>	<u>(3,206,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position-Beginning, as Restated					<u>310,960,396</u>	<u>425,150,677</u>	<u>736,111,073</u>	<u>421,761,204</u>	<u>1,833,053</u>	<u>126,906,473</u>	<u>4,013,949</u>
Net Position-Ending					<u>\$ 286,655,332</u>	<u>\$ 429,363,890</u>	<u>\$ 716,019,222</u>	<u>\$ 385,670,387</u>	<u>\$ 1,258,564</u>	<u>\$ 136,950,471</u>	<u>\$ 3,078,802</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, 2014

Exhibit 3

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	\$ 54,456,778	\$ 11,165,801	\$ 6,113,721	\$ 4,531,164	\$ 52,214,939	\$ 805,127	\$ 129,287,530
Cash and Investments	38,433	50	-	-	-	450	38,933
Taxes and Accounts Receivable (Net)	3,644,733	342,993	198,043	-	15,000	7,758	4,208,527
Federal and State Receivable	26,673,044	419,508	3,589,055	-	2,809,401	-	33,491,008
Inventories	-	1,519,258	-	-	-	-	1,519,258
Loans Receivable	327,495	-	2,004,402	-	-	-	2,331,897
Other Assets	872,050	-	-	-	-	-	872,050
Deposit with Trustee	-	-	-	-	50,000	1,927,509	1,977,509
Benefit Assessment	-	-	-	-	593,137	-	593,137
Restricted Assets - Investments	3,817,684	454,672	-	48,625,100	6,257,410	-	59,154,866
TOTAL ASSETS	\$ 89,830,217	\$ 13,902,282	\$ 11,905,221	\$ 53,156,264	\$ 61,939,887	\$ 2,740,844	\$ 233,474,715
LIABILITIES							
Accounts Payable	\$ 2,686,619	\$ 1,134,622	\$ 627,696	\$ 3,401	\$ 4,718,456	\$ 32,230	\$ 9,203,024
Due to Component Units	-	-	-	-	1,648,661	-	1,648,661
Retainages Payable	-	-	-	-	2,154,626	-	2,154,626
Payable to State of Maryland	246,750	-	-	-	-	251	247,001
Accrued Expenditures	2,842,205	285,249	143,221	1,372	-	31,201	3,303,248
Unearned Revenue	1,655,489	-	4,749,213	-	586,678	-	6,991,380
Performance Deposits	470,194	491,967	-	-	-	-	962,161
Escrow Accounts	457,208	500,353	-	-	545,436	6,365	1,509,362
Other Liabilities	472,876	245	-	-	-	-	473,121
Total Liabilities	8,831,341	2,412,436	5,520,130	4,773	9,653,857	70,047	26,492,584
DEFERRED INFLOW OF RESOURCES							
Unavailable Revenue	8,210,399	165,775	-	-	593,138	-	8,969,312
FUND BALANCES							
Nonspendable	1,199,545	1,519,258	-	-	-	-	2,718,803
Restricted	4,618,253	1,097,382	6,385,091	-	8,616,659	2,051,207	22,768,592
Committed	-	-	-	48,625,100	-	-	48,625,100
Assigned	58,554,927	8,707,431	-	4,526,391	43,076,233	619,590	115,484,572
Unassigned	8,415,752	-	-	-	-	-	8,415,752
Total Fund Balances	72,788,477	11,324,071	6,385,091	53,151,491	51,692,892	2,670,797	198,012,819
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 89,830,217	\$ 13,902,282	\$ 11,905,221	\$ 53,156,264	\$ 61,939,887	\$ 2,740,844	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements.	50,131
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	688,956,553
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.	8,969,312
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net position.	8,584,082
Deferred outflow of resources, including loss on refunding are not financial resources and therefore are not reported in the funds.	11,896,550
Long-term liabilities, including bonds payable, compensated absences, notes payable, landfill closure and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.	(629,814,115)
Net Position of Governmental Activities	\$ 286,655,332

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2014

Exhibit 4

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Governmental Funds
REVENUES							
Taxes	\$ 444,218,507	\$ 34,651,965	\$ -	\$ 5,823,127	\$ 14,664,582	\$ 2,165,370	\$ 501,523,551
Revenues from Other Agencies	3,751,033	1,471,274	19,476,674	101,444	4,790,925	4,000	29,595,350
Investment Income	247,092	31,092	-	1,109,643	111,917	3,312	1,503,056
Charges for Current Services	15,100,555	733,176	964,688	-	175,363	858,795	17,832,577
Miscellaneous	832,684	501,503	1,089,725	-	351,663	1,386	2,776,961
Licenses and Permits	3,939,672	-	-	-	-	-	3,939,672
Fines and Forfeitures	45,809	21,564	360,357	-	-	-	427,730
Total Revenues	<u>468,135,352</u>	<u>37,410,574</u>	<u>21,891,444</u>	<u>7,034,214</u>	<u>20,094,450</u>	<u>3,032,863</u>	<u>557,598,897</u>
EXPENDITURES							
Current:							
Agricultural Preservation	-	-	-	249,145	-	-	249,145
County Council	2,554,700	-	-	-	-	-	2,554,700
General Government	39,595,211	-	2,365,489	-	-	-	41,960,700
Education-Primary thru Comm. College	234,262,341	2,000,000	-	-	-	-	236,262,341
Harford Center	553,036	-	-	-	-	-	553,036
Judicial	8,284,422	-	1,644,881	-	-	-	9,929,303
Libraries	16,158,310	-	-	-	-	-	16,158,310
Parks, Recreation and Natural Resources	10,859,035	-	281,681	-	-	830,092	11,970,808
Public Safety	92,999,727	821,129	4,881,728	-	-	-	98,702,584
Public Works	14,462,213	26,898,477	2,001,539	-	-	1,262,942	44,625,171
Social Services	11,024,846	-	15,042,271	-	-	-	26,067,117
Capital Outlay	-	-	-	-	84,079,924	-	84,079,924
Debt Service:							
Principal	31,017,730	795,711	-	2,075,443	-	-	33,888,884
Interest	18,257,116	152,035	-	3,149,941	-	1,050,000	22,609,092
Administrative Costs	231,221	23,592	-	21,797	-	10,813	287,423
Total Expenditures	<u>480,259,908</u>	<u>30,690,944</u>	<u>26,217,589</u>	<u>5,496,326</u>	<u>84,079,924</u>	<u>3,153,847</u>	<u>629,898,538</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(12,124,556)</u>	<u>6,719,630</u>	<u>(4,326,145)</u>	<u>1,537,888</u>	<u>(63,985,474)</u>	<u>(120,984)</u>	<u>(72,299,641)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	14,071,835	33,224	3,114,058	-	26,681,824	279,802	44,180,743
Transfers (Out)	(20,594,922)	(9,480,762)	(121,223)	-	(13,983,836)	-	(44,180,743)
Issuance of Bonds	-	-	-	-	33,180,257	-	33,180,257
Premium on Issuance of Bonds	2,120,824	252,632	-	-	-	-	2,373,456
Total Other Financing Sources (Uses)	<u>(4,402,263)</u>	<u>(9,194,906)</u>	<u>2,992,835</u>	<u>-</u>	<u>45,878,245</u>	<u>279,802</u>	<u>35,553,713</u>
Net Change in Fund Balances	<u>(16,526,819)</u>	<u>(2,475,276)</u>	<u>(1,333,310)</u>	<u>1,537,888</u>	<u>(18,107,229)</u>	<u>158,818</u>	<u>(36,745,928)</u>
Fund Balances--Beginning	89,315,296	14,202,278	7,718,401	51,613,603	69,800,121	2,511,979	235,161,678
Increase (Decrease) in Inventory	-	(402,931)	-	-	-	-	(402,931)
Fund Balances--Ending	<u>\$ 72,788,477</u>	<u>\$ 11,324,071</u>	<u>\$ 6,385,091</u>	<u>\$ 53,151,491</u>	<u>\$ 51,692,892</u>	<u>\$ 2,670,797</u>	<u>\$ 198,012,819</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, 2014

Exhibit 5

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

Net change in fund balances--total governmental funds	\$ (36,745,928)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	21,365,573
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,305,247
The issuance of long-term debt (i.e. bonds, leases, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction has any effect of net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	674,572
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.	(13,227,216)
Eliminating the effect of the internal service fund using the "look-back" method resulted in a decrease in expenses in the governmental activities in the statement of activities.	(177,120)
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.	1,499,808
Change in net position of governmental activities	<u>\$ (24,305,064)</u>

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2014

Exhibit 6

	General								Highways					
	Budgeted Amounts		Actual Amounts		Variance With Final Budget		Budgeted Amounts		Actual Amounts		Variance With Final Budget			
	Original	Final	Original	Final	Positive (Negative)	Original	Final	Original	Final	Positive (Negative)	Original	Final		
REVENUES														
Taxes	\$ 444,003,393	\$ 444,003,393	\$ 444,218,507	\$ 215,114	\$ 33,714,028	\$ 33,714,028	\$ 34,651,965	\$ 937,937						
Revenues from Other Agencies	2,908,814	2,908,814	3,751,033	842,219	1,344,855	1,344,855	1,471,274	126,419						
Investment Income	305,800	305,800	247,092	(58,708)	49,000	49,000	31,092	(17,908)						
Charges for Current Services	14,389,450	14,389,450	15,100,555	711,105	969,500	969,500	733,176	(236,324)						
Miscellaneous	10,225,216	10,225,216	9,379,617	(845,599)	8,435,453	8,435,453	8,603,356	167,903						
Licenses and Permits	3,475,450	3,475,450	3,939,672	464,222	-	-	-	-						
Fines and Forfeitures	102,300	102,300	45,809	(56,491)	11,000	11,000	21,564	10,564						
Total Revenues	<u>475,410,423</u>	<u>475,410,423</u>	<u>476,682,285</u>	<u>1,271,862</u>	<u>44,523,836</u>	<u>44,523,836</u>	<u>45,512,427</u>	<u>988,591</u>						
EXPENDITURES														
Current:														
Agricultural Preservation	-	-	-	-	-	-	-	-						
County Council	2,743,901	2,795,944	2,510,443	285,501	-	-	-	-						
General Government	46,239,850	48,391,342	45,042,587	3,348,755	-	-	-	-						
Education-Primary thru Comm. College	236,262,341	236,262,341	236,262,341	-	2,000,000	2,000,000	2,000,000	-						
Harford Center	553,036	553,036	553,036	-	-	-	-	-						
Judicial	8,206,429	8,620,778	8,266,605	354,173	-	-	-	-						
Libraries	16,158,310	16,158,310	16,158,310	-	-	-	-	-						
Parks, Recreation and Natural Resources	10,482,780	10,970,072	10,765,441	204,631	-	-	-	-						
Public Safety	92,284,722	96,377,545	93,058,492	3,339,053	1,292,456	821,129	821,129	-						
Public Works	15,695,893	15,947,518	14,714,997	1,232,521	35,651,517	37,119,503	36,245,385	874,118						
Social Services	12,247,327	12,471,793	11,018,536	1,453,257	-	-	-	-						
	<u>440,874,589</u>	<u>448,548,679</u>	<u>438,330,788</u>	<u>10,217,891</u>	<u>38,943,973</u>	<u>39,940,632</u>	<u>39,066,514</u>	<u>874,118</u>						
Debt Service	<u>50,989,913</u>	<u>50,989,913</u>	<u>49,506,067</u>	<u>1,483,846</u>	<u>977,756</u>	<u>977,756</u>	<u>971,338</u>	<u>6,418</u>						
Total Expenditures	<u>491,864,502</u>	<u>499,538,592</u>	<u>487,836,855</u>	<u>11,701,737</u>	<u>39,921,729</u>	<u>40,918,388</u>	<u>40,037,852</u>	<u>880,536</u>						
(Deficiency)/Excess of Revenues Over Expenditures	(16,454,079)	(24,128,169)	(11,154,570)	12,973,599	4,602,107	3,605,448	5,474,575	1,869,127						
OTHER FINANCING SOURCES (USES)														
Appropriated Fund Balance	21,976,465	30,436,091	15,556,833	(14,879,258)	4,833,655	5,830,314	3,720,331	(2,109,983)						
Transfers In	14,337,000	14,337,000	14,071,835	(265,165)	45,000	45,000	33,224	(11,776)						
Transfers (Out)	(19,859,386)	(20,644,922)	(20,594,922)	50,000	(9,480,762)	(9,480,762)	(9,480,762)	-						
Premium on Issuance of Bonds	-	-	2,120,824	2,120,824	-	-	-	252,632						
Total Other Financing Sources (Uses)	<u>16,454,079</u>	<u>24,128,169</u>	<u>11,154,570</u>	<u>(12,973,599)</u>	<u>(4,602,107)</u>	<u>(3,605,448)</u>	<u>(5,474,575)</u>	<u>(1,869,127)</u>						
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
Less: Appropriated Fund Balance				(15,556,833)				(3,720,331)						
Fund Balance - Beginning				88,350,563				13,606,971						
Prior Year Encumbrances Cancelled				221,686				23,690						
Decrease in Inventory				-				(402,931)						
Fund Balance - Ending				<u>\$ 73,015,416</u>				<u>\$ 9,507,399</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, 2014

(continued)

Exhibit 6

	Agricultural Land Preservation				Variance With Final Budget	
	Budgeted Amounts		Actual Amounts			
	Original	Final	Original	Final		
REVENUES					Positive(Negative)	
Taxes	\$ 4,800,000	\$ 4,800,000	\$ 5,823,127	\$ 1,023,127		
Revenues from Other Agencies	78,000	78,000	101,444	23,444		
Investment Income	648,244	648,244	1,109,643	461,399		
Charges for Current Services	-	-	-	-		
Miscellaneous	17,220	17,220	-	(17,220)		
Licenses and Permits	-	-	-	-		
Fines and Forfeitures	-	-	-	-		
Total Revenues	<u>5,543,464</u>	<u>5,543,464</u>	<u>7,034,214</u>	<u>1,490,750</u>		
EXPENDITURES						
Current:						
Agricultural Preservation	932,824	932,824	248,886	683,938		
County Council	-	-	-	-		
General Government	-	-	-	-		
Education-Primary thru Comm. College	-	-	-	-		
Harford Center	-	-	-	-		
Judicial	-	-	-	-		
Libraries	-	-	-	-		
Parks, Recreation and Natural Resources	-	-	-	-		
Public Safety	-	-	-	-		
Public Works	-	-	-	-		
Social Services	-	-	-	-		
	<u>932,824</u>	<u>932,824</u>	<u>248,886</u>	<u>683,938</u>		
Debt Service	5,323,395	5,323,395	5,247,181	76,214		
Total Expenditures	<u>6,256,219</u>	<u>6,256,219</u>	<u>5,496,067</u>	<u>760,152</u>		
(Deficiency)/Excess of Revenues Over Expenditures	<u>(712,755)</u>	<u>(712,755)</u>	<u>1,538,147</u>	<u>2,250,902</u>		
OTHER FINANCING SOURCES (USES)						
Appropriated Fund Balance	712,755	712,755	-	(712,755)		
Transfers In	-	-	-	-		
Transfers (Out)	-	-	-	-		
Premium on Issuance of Bonds	-	-	-	-		
Total Other Financing Sources (Uses)	<u>712,755</u>	<u>712,755</u>	<u>-</u>	<u>(712,755)</u>		
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,538,147</u>	<u>\$ 1,538,147</u>		
Less: Appropriated Fund Balance						
Fund Balance - Beginning			51,614,716			
Prior Year Encumbrances Cancelled			-			
Decrease in Inventory			-			
Fund Balance - Ending			<u>\$ 53,152,863</u>			

HARFORD COUNTY, MARYLAND
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit 7

	Business-Type Activities Enterprise Fund, Water and Sewer	Governmental Activities	
		Internal Service Fund	
ASSETS			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 75,714,620	\$ 14,406,412	
Cash and Investments	650	-	
Restricted Assets - Investments	9,902,167	-	
Taxes and Accounts Receivable (Net)	7,090,799	-	
Federal and State Receivable	1,698,344	-	
Inventories	1,782,250	-	
Benefit Assessments	3,045,640	-	
Total Current Assets	<u>99,234,470</u>	<u>14,406,412</u>	
Noncurrent Assets:			
Benefit Assessments	31,773,794	-	
Capital Assets, Net of Depreciation			
Land	2,044,437	-	
Construction in Process	83,958,392	-	
Property, Plant & Equipment	<u>358,038,102</u>	<u>-</u>	
Total Capital Assets	444,040,931	-	
Total Noncurrent Assets	<u>475,814,725</u>	<u>-</u>	
Total Assets	<u>575,049,195</u>	<u>14,406,412</u>	
DEFERRED OUTFLOW OF RESOURCES			
Loss on Refunding	<u>1,815,816</u>	<u>-</u>	
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,651,588	31,083	
Accounts Payable from Restricted Assets	3,006,959	-	
Retainage Payable from Restricted Assets	1,663,490	-	
Payable to the State of Maryland	337,962	-	
Accrued Expenses	2,620,679	-	
Unearned Revenue	700	-	
Performance Deposits	115,539	-	
Escrow Accounts	2,715,683	-	
Other Liabilities	25,822	-	
Compensated Absences-Current	1,198,338	-	
Bonds Payable-Current	8,269,283	-	
Estimated Current Liability for Claims in Process	-	1,347,968	
Total Current Liabilities	<u>21,606,043</u>	<u>1,379,051</u>	
Noncurrent			
Compensated Absences	2,031,673	-	
Bonds Payable	123,777,363	-	
Estimated Liability for Claims in Process	-	4,443,279	
Total Noncurrent Liabilities	<u>125,809,036</u>	<u>4,443,279</u>	
Total Liabilities	<u>147,415,079</u>	<u>5,822,330</u>	
DEFERRED INFLOW OF RESOURCES			
Gain on Refunding	<u>35,911</u>	<u>-</u>	
NET POSITION			
Net Investment in Capital Assets	332,396,851	-	
Unrestricted	97,017,170	8,584,082	
Total Net Position	<u>429,414,021</u>	<u>\$ 8,584,082</u>	
The net result of the look-back approach for consolidating the Internal Service fund is an interfund payable for the business-type activities in the Statement of Net Position	(50,131)		
Net Position of Business-Type Activities	<u>\$ 429,363,890</u>	<u></u>	

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit 8

	Business-Type Activities	Governmental Activities
	Enterprise Fund, Water and Sewer	Internal Service Fund, Self Insurance
Operating Revenues:		
Charges for Services	\$ -	\$ 4,769,930
Income from Water Operations	13,343,209	-
Income from Sewer Operations	13,299,267	-
Miscellaneous	1,779,260	-
Total Operating Revenues	<u>28,421,736</u>	<u>4,769,930</u>
Operating Expenses:		
General and Administrative Expenses	4,728,439	-
Operations and Maintenance-Water	13,081,489	-
Operations and Maintenance-Sewer	14,320,163	-
Insurance Claims and Expenses	-	3,300,058
Depreciation	<u>10,857,260</u>	-
Total Operating Expenses	<u>42,987,351</u>	<u>3,300,058</u>
Operating (Loss) Income	<u>(14,565,615)</u>	<u>1,469,872</u>
Non-operating Revenues (Expenses):		
Recordation Tax Revenue	1,767,810	-
Grant Revenue	444,149	-
Interest Income	2,225,142	29,936
Interest Expense	(4,434,807)	-
Other Income (Expense)	(1,489,885)	-
Total Non-operating Revenue (Expenses)	<u>(1,487,591)</u>	<u>29,936</u>
Income Before Contributions	<u>(16,053,206)</u>	<u>1,499,808</u>
Capital Contributions	<u>20,089,299</u>	<u>-</u>
Change in Net Position	<u>4,036,093</u>	<u>1,499,808</u>
Total Net Position--Beginning	<u>426,182,111</u>	<u>7,084,274</u>
Change in Accounting Principle	<u>(804,183)</u>	<u>-</u>
Total Net Position--Beginning, as Restated	<u>425,377,928</u>	<u>7,084,274</u>
Total Net Position--Ending	<u>\$ 429,414,021</u>	<u>\$ 8,584,082</u>

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

Net change in Net Position -- total business type activities	\$ 4,036,093
Eliminating the effect of the internal service fund, using the "look-back" method resulted in decreased expenses in the enterprise fund	177,120
Change in Net Position of Business Type Activities	<u><u>4,213,213</u></u>

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

HARFORD COUNTY, MARYLAND
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2014

Exhibit 9

	Business Type Activities Enterprise Fund, Water and Sewer	Governmental Activities Internal Service Fund, Self Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 28,325,568	\$ -
Receipts from Interfund Services Provided	- -	4,644,300
Receipts from Others for Claims	- -	134,288
Receipts from Customer Deposits and Rental Income	687,642	- -
Payment of Deposits to Customer	(521,074)	- -
Payments to Employees for Services	(15,138,534)	- -
Payments to Suppliers for Goods and Services	(17,149,402)	(501,099)
Payments for Claims	- -	(2,710,963)
Net Cash Provided By (Used In) Operating Activities	<u><u>(3,795,800)</u></u>	<u><u>1,566,526</u></u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(26,096,908)	- -
Principal Payments on Long Term Debt	(8,615,506)	- -
Bond/Lease Service Costs	(234,196)	- -
Interest Paid on Bonds/Leases	(5,308,720)	- -
Proceeds from Federal and State Grants	15,294,575	- -
Recordation Tax Revenue	1,617,285	- -
Tap Fees in Excess of Connection Costs	15,085,448	- -
Proceeds from Bond Sale	6,819,743	- -
Premium and Accrued Interest, net of Underwriters Fees	487,832	- -
Proceeds from Sale of Capital Assets	107,082	- -
Net Cash (Used in) Capital and Related Financing Activities	<u><u>(843,365)</u></u>	<u><u>- -</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	2,225,531	29,936
Net Cash Provided by Investing Activities	<u><u>2,225,531</u></u>	<u><u>29,936</u></u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u><u>(2,413,634)</u></u>	<u><u>1,596,462</u></u>
Cash and Cash Equivalents, July 1	88,031,071	12,809,950
Cash and Cash Equivalents, June 30	<u><u>\$ 85,617,437</u></u>	<u><u>\$ 14,406,412</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating (Loss) Income	\$ (14,565,615)	\$ 1,469,872
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	10,857,260	- -
Rental Income	140,577	- -
(Increase) Decrease in Accounts Receivable	(63,275)	8,658
(Increase) Decrease in Inventory	(329,427)	- -
Increase (Decrease) in Accounts Payable	110,662	(1,931)
Increase (Decrease) in Accrued Expenses	49,892	- -
Increase (Decrease) Estimated Payables for Future Claims	- -	89,927
Increase (Decrease) in Performance Deposits	(75,759)	- -
Increase (Decrease) in Escrow Accounts	95,375	- -
Increase (Decrease) in Unearned Revenue	(26,518)	- -
Increase (Decrease) in Other Liabilities	6,726	- -
Increase (Decrease) in Compensated Absences	4,302	- -
Net Cash Provided By (Used In) Operating Activities	<u><u>(3,795,800)</u></u>	<u><u>1,566,526</u></u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Developer Contributions of Capital Assets to the Water and Sewer Fund	<u><u>2,227,100</u></u>	<u><u>- -</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO EXHIBIT 7		
Equity in Pooled Cash and Investments	\$ 75,714,620	\$ 14,406,412
Cash and Investments	650	- -
Investments - Current Restricted Assets	9,902,167	- -
Cash and Cash Equivalents, June 30	<u><u>\$ 85,617,437</u></u>	<u><u>\$ 14,406,412</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, 2014

Exhibit 10

	Pension Trust Funds	Other Post Employment Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Equity in Pooled Cash and Investments	\$ 806,409	\$ 1,922,931	\$ 1,464,539	\$ 2,158
Accounts Receivable	-	-	18,760	-
Investments, at Fair Value				
Cash Equivalents	918,140	1,146,714	1,003,569	11,703,152
Fixed Income Fund	19,884,555	18,365,978	-	-
Equities and Equivalents	50,029,086	58,228,018	-	-
Total Investments	<u>70,831,781</u>	<u>77,740,710</u>	<u>1,003,569</u>	<u>11,703,152</u>
Total Assets	<u>71,638,190</u>	<u>79,663,641</u>	<u>2,486,868</u>	<u>11,705,310</u>
LIABILITIES				
Accounts Payable	29,256	-	21,984	-
Due to Beneficiaries	-	-	1,003,569	11,705,310
Total Liabilities	<u>29,256</u>	<u>-</u>	<u>1,025,553</u>	<u>11,705,310</u>
NET POSITION				
Held in Trust for pension benefits and other purposes	<u>\$ 71,608,934</u>	<u>\$ 79,663,641</u>	<u>\$ 1,461,315</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, 2014

Exhibit 11

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions and Donations	\$ -	\$ -	\$ 241,383
Employee Contributions	451,766	-	-
Employer Contributions	2,376,590	13,381,000	-
Plan Sponsor Contributions	1,934,886	-	-
Retiree Contributions	-	823,286	-
Total Contributions	<u>4,763,242</u>	<u>14,204,286</u>	<u>241,383</u>
Investment Earnings			
Net Appreciation in Fair Value of Investments	9,008,287	9,408,570	-
Interest and Dividends	1,169,881	1,156,977	3,250
Total Investment Earnings	<u>10,178,168</u>	<u>10,565,547</u>	<u>3,250</u>
Less Investment Expense	271,075	297,547	-
Net Investment Income	<u>9,907,093</u>	<u>10,268,000</u>	<u>3,250</u>
Total Additions	<u>14,670,335</u>	<u>24,472,286</u>	<u>244,633</u>
DEDUCTIONS			
Administrative Expenses	68,369	13,600	-
Benefits	4,086,921	6,301,542	-
Contractual Service	-	-	238,583
Total Deductions	<u>4,155,290</u>	<u>6,315,142</u>	<u>238,583</u>
Change in Net Position	<u>10,515,045</u>	<u>18,157,144</u>	<u>6,050</u>
Net Position--Beginning of the Year	61,093,889	61,506,497	1,455,265
Net Position--End of the Year	<u>\$ 71,608,934</u>	<u>\$ 79,663,641</u>	<u>\$ 1,461,315</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
INDEX

NOTE 1	Summary of Significant Accounting Policies	
	A. Financial Reporting Entity	30
	B. Government-Wide and Fund Financial Statements	31
	C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	31
	D. Assets, Liabilities, and Net Position or Equity	34
	a. Pooled Cash and Investments	34
	b. Property Taxes Receivable and Other Receivables	35
	c. Inventories	36
	d. Restricted Assets	36
	e. Capital Assets	36
	f. Compensated Absences	37
	g. Long-term Obligations	37
	h. Net Position/Fund Balances	38
	i. Estimated Liability for Claims in Process	39
	j. Estimates	39
	E. Implementation of New Accounting Principles	39
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	40
	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	40
NOTE 3	Stewardship, Compliance and Accountability	
	A. Budgetary Data	42
	B. Reconciliation of GAAP to Basis of Budgeting	43
NOTE 4	Detailed Notes on all Funds	
	A. Equity in Pooled Cash and Investments, Cash and Investments	44
	a. Deposits	44
	b. Investments	46
	B. Receivables	49
	a. Taxes and Others	49
	b. Unavailable Revenue	50
	c. Unearned Revenue	50
	C. Capital Assets	51
	D. Operating Leases	55
	E. Interfund Receivables, Payables and Transfers	55
	a. Due from Primary Government and Due to Component Units	55
	b. Interfund Transfers	56

F.	Non-current Liabilities	57
a.	Changes in Non-current Liabilities	57
b.	Agricultural Land Preservation Installments	59
c.	Bonds Payables	60
d.	Capital Lease Obligations	63
e.	Notes Payable	65
f.	Landfill Closure/Solid Waste Liabilities	66
g.	Prior Period Defeasance of Debt	67
G.	Fund Balance – Governmental Activities	68
NOTE 5	Other Information	
A.	Self-Insurance/Risk Management	69
B.	Commitment and Contingencies	70
C.	Change in Accounting Principle	70
D.	Arbitrage Rebate Requirements	71
E.	Conduit Debt	71
F.	Retirement Plans	72
a.	Pension Plans – Teachers and Classified Employees	72
b.	Length of Service Award Program – Volunteer Firemen	73
c.	Pension Plan – Sheriff's Office Pension System	74
d.	Retirement Plan – Harford County Government Matching Contribution Plan	75
e.	Pension Plans – Component Units	75
G.	Other Post Employment Benefit Plans	75

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

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

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide Financial Statements: The statement of net position and the statement of changes in net assets report information on all activities of the primary government and its component units, excluding fiduciary funds. The effect of interfund activity, such as transfers between funds, has been removed from these statements to minimize the double counting of internal activities. *Governmental activities*, which 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. 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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The government reports the following major governmental funds:

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

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

The Grants Fund accounts for the receipt, appropriation, and expenditure of federal, state, local, and private monies designated for a particular purpose or have specific requirement associated with eligible program cost.

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

The Capital Project Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities of all major and non-major governmental funds as well as the Public Schools, Community College, and the Public Library.

The government reports the following major proprietary fund:

The Water and Sewer Fund accounts for the operation, construction, or acquisition of capital assets and related debt service cost of the public water and sewer facilities.

Additionally, Harford County Government 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 fees assessed against each property in the County. All funds collected will be dedicated to pay for stormwater remediation projects and related expenses. Such projects

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

include stream restoration, stormwater management pond retrofits, educational outreach, and operating funds for water resources.

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 Office of the Sheriff of Harford County.

Firemen's Length of Service Award Program (LOSAP): This fund was established to account for the LOSAP for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

OPEB (Other Post Employment Benefits): This trust fund was established to account for the County's other post-employment benefits; the trust fund will act as a funding mechanism for the 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.

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating revenues* and *expenses* from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. The principal operating revenues of the Self-Insurance Fund are budget allocations from contributing County programs. Operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. Operating expenses for the Self-Insurance Fund include insurance claims and expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, and then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

a. POOLED CASH AND INVESTMENTS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

fund. Per management policy, investment income earned monthly by general county capital projects is transferred to the General Fund and investment income earned monthly on highways capital projects is transferred to the Highways Fund.

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

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

The Maryland Local Government Investment Pool (the “MLGIP”) was created under Maryland State Law and is regulated by the Maryland State Treasurer’s Office. The MLGIP may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Sections 6-222 and 6-223 of the State Finance and Procurement Article. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the MLGIP are valued daily on an amortized cost basis, which approximates market value, and are held to maturity under normal circumstances.

The fair value of the position in the MLGIP is the same as the value of the MLGIP net assets (shares). The MLGIP is like a 2a-7 external investment pool, which issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: Maryland Local Government Investment Pool; c/o PNC Institutional Investments Group; One East Pratt Street; Baltimore, Maryland, 21202; by calling 1-800-492-5160; or the website, www.mlgip.com.

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

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

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The County's real property tax rate for the year ended June 30, 2014 was \$1.042 per \$100 of assessed value for properties within the County, but not within an incorporated town, and \$0.896 for properties within an incorporated town.

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

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

c. INVENTORIES

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

d. RESTRICTED ASSETS

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

e. CAPITAL ASSETS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets, being depreciated or amortized:

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

The estimated useful lives are as follows:

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

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

f. COMPENSATED ABSENCES

Vacation and personal leave benefits are earned by employees of the County based upon time in service. The rights to such benefits are vested. Employees, based on time in service, also accumulate sick leave. Accumulated sick leave benefits do not vest and are not paid unless sickness causes absence or upon retirement. At retirement, up to one-half of an employee's sick leave may be paid and the remaining balance is credited to their retirement. Vested sick leave is calculated at year-end using the terminated payments method. In the government-wide, 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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. NET POSITION/FUND BALANCES

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

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

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

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

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority. The highest level of decision-making action is legislation which is enacted by the Harford County Council (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker's compensation, property damage, and medical claims as of June 30, 2014. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

j. ESTIMATES

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

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

The County has adopted the provision of Governmental Accounting Standard Board (GASB) issued Statement No. 65, entitled *Items Previously Reported as Assets and Liabilities*; Statement No. 66, entitled *Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, entitled *Financial Reporting for Pension Plans*; and Statement No. 70, entitled *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The adoption of these standards did not have a material effect on these statements.

As of the year ended June 30, 2014, GASB issued Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As part of GASB 68 the County will be required to record its share of the Maryland State Retirement and Pension System's (SRPS) net funded pension liability. The County's share of the unfunded liability will be calculated by dividing the County's contribution to SRPS by the total contributions to SRPS multiplied by SRPS' unfunded liability. Currently SRPS' total unfunded liability and total contributions are not known. The County is analyzing the effects of these pronouncements, which is expected to be material, and plans to adopt them as applicable by their effective date.

GASB also issued Statement No. 69, entitled *Government Combinations and Disposals of Government Operations*. This Statement is anticipated to not have a material effect on the County's financial statement upon implementation.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

Accrued Bond Interest	\$ 9,911,752
Agricultural Preservation Installments	59,029,269
Bonds Payable	478,542,366
Notes Payable	1,314,020
Landfill Closure Liability	53,138,524
Compensated Absences	<u>27,878,184</u>
	\$ <u>629,814,115</u>

**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	\$ 44,998,619
Depreciation	<u>(23,633,046)</u>
	<u>\$ 21,365,573</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

Contributed Assets	\$ 5,086,220
Trade in Value of Assets	75,500
Loss on Disposal of Assets	(115,658)
Increase in Property Tax Deferred Revenue	332,264
Decrease in Income Tax Deferred Revenue	676,272
Decrease in Deferred Loans Receivable	(441,047)
Decrease in Deferred Special Assessments	(90,688)
Decrease in Restitution Deferred Revenue	(2,882,957)
Decrease in Deferred Revenues from First Vehicle Service	(334,659)
	<hr/>
	\$ 2,305,247

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	\$ (36,197)
Amortization of Bond Premium	3,315,050
Amortization of Deferred Loss	(939,452)
Issuance of Bonds Payable	(33,180,257)
Bond Premium	(2,373,456)
Principal Payments on General Obligation Debt	33,888,884
	<hr/>
	\$ 674,572

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

Increase in Compensated Absences Liability	\$ (20,524)
Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method used in the Fund Statements	(402,931)
Increase in Landfill Closure/Solid Waste Expenses	(12,803,761)
	<hr/>
	\$ (13,227,216)

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, supplemental appropriations adopted in the General Fund were \$8,459,626; \$996,659 in the Highways Fund; \$16,858 in the Parks and Recreation Fund; \$85,536 in the Storm Water Management Fund; and \$927,478 in the Water and Sewer Fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers. Transfers between departments require the County Council's approval and are only completed after April 1.

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

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

The capital budget reflects appropriations for the Capital Projects Fund at the individual project level. Expenditures and encumbrances may not legally exceed appropriations at that level and unencumbered appropriations lapse at the completion or abandonment of individual projects. The County Council and the County Executive must approve all transfers of appropriations between projects. For the year-ended June 30, 2014, supplemental appropriations adopted in the Capital Project Fund were \$700,000.

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, 2014

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, 2014, the changes in fund balances are reconciled as follows:

	<u>General Fund</u>	<u>Highways Fund</u>	<u>Agricultural Land Preservation</u>
Basis of Budgeting - Net Change in Fund Balances	\$ -	\$ -	\$ 1,538,147
Basis Adjustments:			
Revenue for Budgetary, not GAAP Purposes	(8,546,933)	(8,101,853)	-
Encumbrances Adjustment	(223,643)	1,220,929	-
Expenditures for Budgetary, not GAAP Purposes	8,546,933	8,101,853	-
Expenditures for GAAP, not for Budgetary Purposes	(746,343)	24,126	(259)
Fund Balance Appropriated for Budget not GAAP	<u>(15,556,833)</u>	<u>(3,720,331)</u>	<u>-</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ (16,526,819)</u>	<u>\$ (2,475,276)</u>	<u>\$ 1,537,888</u>

As of June 30, 2014, the ending fund balances are reconciled as follows:

	<u>General Fund</u>	<u>Highways Fund</u>	<u>Agricultural Land Preservation</u>
Basis of Budgeting - Fund Balances	\$ 73,015,416	\$ 9,507,399	\$ 53,152,863
Basis Adjustments:			
Encumbrances	2,615,266	2,101,921	-
Expenditures for GAAP, not for Budgetary Purposes	<u>(2,842,205)</u>	<u>(285,249)</u>	<u>(1,372)</u>
GAAP Basis - Fund Balances	<u>\$ 72,788,477</u>	<u>\$ 11,324,071</u>	<u>\$ 53,151,491</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 carry amount of combined deposits was \$403,445 and the collected bank balance was \$1,477,997. The uninsured balances were fully collateralized by securities placed with the respective bank escrow agents and held in the County's name at the Federal Reserve. At June 30, 2014, 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	\$	219,408,562
Cash and Investments		39,583
Restricted Assets - Cash and Investments		69,057,033
Pension Trust Funds - Exhibit 10		
Equity in Pooled Cash and Investments		806,409
Total Investments		70,831,781
Other Post Employment Benefit Trust Fund - Exhibit 10		
Equity in Pooled Cash and Investments		1,922,931
Total Investments		77,740,710
Private Purpose Trust Funds - Exhibit 10		
Equity in Pooled Cash and Investments		1,464,539
Total Investments		1,003,569
Agency Funds - Exhibit 10		
Equity in Pooled Cash and Investments		2,158
Total Investments		11,703,152
Total All Equity in Pooled Cash		453,980,427
Less: Investments - Primary Government, page 46		<u>(453,576,982)</u>
The Carrying Amount of Combined Deposits	\$	<u>403,445</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$12,208,651. 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, except for \$23,251 of the Harford County Public Library's cash which was exposed to custodial credit risk.

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	\$ 22,338,367
Harford Center, Inc.	1,375,183
Harford Community College	24,541,206
Harford Community College restricted	8,352,710
Harford County Public Library	<u>5,905,736</u>
Total Component Unit Cash & Investments	<u>62,513,202</u>
Less: Investments--Component Units; page 48	<u>(50,304,551)</u>
Cash in the Bank	<u><u>\$ 12,208,651</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2014, the County had the following investments and maturities.

Investment Type		Investment Maturities (Years)		
Pooled Investments	Fair Value	Less than 1	1 - 5	5+
¹ Federal Agencies	\$ 85,070,573	\$ 15,096,323	\$ 69,974,250	\$ -
MLGIP	53,177,345	53,177,345	-	-
Repurchase Agreements	80,007,778	80,007,778	-	-
Mutual Funds	4,985,041	4,985,041	-	-
Subtotal	223,240,737	153,266,487	69,974,250	-
 Non-Pooled Investments				
MLGIP	20,431,933	20,431,933	-	-
² U.S. Stripped Treasuries	48,625,100	2,048,324	35,416,400	11,160,376
³ Trust Fund Annuity Contract	1,003,570	36,953	225,264	741,353
MLGIP - Fiduciary Funds	11,703,151	11,703,151	-	-
Benefits and Pension Funds:				
³ Short-Term Investments	2,064,853	2,064,853	-	-
³ Equities	108,257,105	108,257,105	-	-
³ Fixed Income Funds	6,904,500	6,904,500	-	-
US Government Agencies	6,888	-	5,213	1,675
Corporate Bonds	15,625,725	1,267,227	10,782,312	3,576,186
² US Treasury Obligations	15,713,420	-	8,681,683	7,031,737
Subtotal	230,336,245	152,714,046	55,110,872	22,511,327
Total	\$ 453,576,982	\$ 305,980,533	\$ 125,085,122	\$ 22,511,327

¹ These Agencies mature in Fiscal Years 2014 and 2015, but are callable monthly, quarterly, and semi-annually until maturity; it is not anticipated that these Agencies will be called.

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

³These investments are unrated.

Investments Other than Pension, Length of Service Award Program, and Other Post-Employment Benefits:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy prohibits investment of operating funds in securities maturing more than one year from the date of purchase, unless matched to a specific cash flow. Only Agricultural Land Preservation Funds will be invested in U.S. Stripped Treasuries to coincide with the maturity dates on installment purchase agreements; up to thirty years in length. Because the mutual bond funds and the MLGIP funds as of June 30, 2014 have a weighted average maturity of less than 2 months, they are presented as investments maturing in less than one year.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Credit Risk: In order to control credit risk, State statutes, which have been incorporated into the County's investment policy, authorize the County to invest only in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the MLGIP, money market mutual funds, commercial paper, and repurchase agreements secured by direct government or agency obligations. As of June 30, 2014, the County's investments in Federal agency obligations, including repurchase agreements, backed by Federal agency obligations, were rated Aaa by Moody's Investor Service; the MLGIP and the money market mutual funds were rated AAAm by Standard and Poor's.

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying all certificates of deposit, repurchase agreements, and reverse repurchase agreements have a market value of at least 102 percent of the cost plus accrued interest of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all investments, in the government's name. As of June 30, 2014, the County's investments were not exposed to custodial credit risk.

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

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

Credit Risk: The investment manager is allowed substantial discretion within a broad framework of approved investment choices. Equity holdings may be selected from those listed on the major securities markets. The Manager(s) may invest in commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, deposit accounts (with the custodian's bank) which 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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

COMPONENT UNITS

As of June 30, 2014, total investments of the component units, in the amount of \$50,304,551, was distributed by type as follows:

	MLGIP	Other Investments		Total
Harford County Public Schools	\$ 15,160,016	\$ -	\$ 15,160,016	
Harford Center, Inc.	-	559,198	559,198	
Harford Community College	21,821,033	7,734,520	29,555,553	
Harford County Public Library	5,029,784	-	5,029,784	
	<hr/> \$ 42,010,833	<hr/> \$ 8,293,718	<hr/> \$ 50,304,551	

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 AAA by Standard and Poor's.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

B. RECEIVABLES

a. TAXES AND OTHERS

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

	<u>General</u>	<u>Highways</u>	<u>Grants</u>	<u>Capital Project</u>
Property Taxes	\$ 3,568,558	\$ 479,972	\$ -	\$ -
Interest Accrual	405	-	-	-
Service Billings	2,446,722	146,399	47,358	15,000
Restitution Receivable	-	-	150,685	-
Miscellaneous	-	-	-	-
Gross Receivables	<u>6,015,685</u>	<u>626,371</u>	<u>198,043</u>	<u>15,000</u>
Less: Allowance for Uncollectible	<u>(2,370,952)</u>	<u>(283,378)</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 3,644,733</u></u>	<u><u>\$ 342,993</u></u>	<u><u>\$ 198,043</u></u>	<u><u>\$ 15,000</u></u>

	<u>Non-major</u>	<u>Water and</u>	<u>Total</u>
	<u>Governmental</u>	<u>Sewer</u>	
Property Taxes	\$ -	\$ -	\$ 4,048,530
Interest Accrual	-	1,992,072	1,992,477
Service Billings	7,758	5,205,005	7,868,242
Restitution Receivable	-	-	150,685
Miscellaneous	-	419	419
Gross Receivables	<u>7,758</u>	<u>7,197,496</u>	<u>14,060,353</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>(106,697)</u>	<u>(2,761,027)</u>
	<u><u>\$ 7,758</u></u>	<u><u>\$ 7,090,799</u></u>	<u><u>\$ 11,299,326</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

b. 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:

	General	Highways	Capital Projects	Total
Income Taxes	\$ 7,115,741	\$ -	\$ -	\$ 7,115,741
Property Taxes Receivable	1,094,658	165,775	-	1,260,433
Special Assessments Receivable	-	-	593,138	593,138
	<u><u>\$ 8,210,399</u></u>	<u><u>\$ 165,775</u></u>	<u><u>\$ 593,138</u></u>	<u><u>\$ 8,969,312</u></u>

c. UNEARNED REVENUE

	General	Grants	Capital Projects	Total
Build America Bonds Subsidy	\$ 637,346	\$ -	\$ -	\$ 637,346
Grant Drawdown in Excess of Expenditures	-	2,594,127	-	2,594,127
Grant Loans Receivable	-	2,155,086	-	2,155,086
Prepaid Property Taxes	72,522	-	-	72,522
Prepaid Contribution-Capital Projects	-	-	586,678	586,678
Solid Waste Prepaid Fees	933,180	-	-	933,180
Walk-in Assessment Escrow	12,441	-	-	12,441
	<u><u>\$ 1,655,489</u></u>	<u><u>\$ 4,749,213</u></u>	<u><u>\$ 586,678</u></u>	<u><u>\$ 6,991,380</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2014, was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 247,679,364	\$ 7,205,651	\$ -	\$ 254,885,015
Development Rights	120,094,050	600,000	-	120,694,050
Construction in Process	<u>27,218,973</u>	<u>30,623,363</u>	<u>(9,174,177)</u>	<u>48,668,159</u>
Total Capital Assets, not being depreciated or amortized	<u>394,992,387</u>	<u>38,429,014</u>	<u>(9,174,177)</u>	<u>424,247,224</u>
Capital Assets, being depreciated or amortized:				
Buildings	163,655,681	166,104	-	163,821,785
Improvements other than buildings	84,597,797	5,003,835	(32,640)	89,568,992
Machinery and Equipment	49,234,182	1,134,196	(971,125)	49,397,253
Vehicles	43,139,984	4,358,031	(4,115,254)	43,382,761
Intangibles	526,761	282,429	-	809,190
Infrastructure	<u>194,159,285</u>	<u>9,960,907</u>	<u>(469,685)</u>	<u>203,650,507</u>
Total Capital Assets, being depreciated or amortized	<u>535,313,690</u>	<u>20,905,502</u>	<u>(5,588,704)</u>	<u>550,630,488</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(50,369,613)	(3,965,474)	-	(54,335,087)
Improvements other than buildings	(62,784,281)	(4,146,449)	32,640	(66,898,090)
Machinery and Equipment	(44,594,051)	(1,413,822)	958,304	(45,049,569)
Vehicles	(27,410,857)	(4,661,192)	4,012,417	(28,059,632)
Intangibles	(80,921)	(83,747)	-	(164,668)
Infrastructure	<u>(82,521,436)</u>	<u>(9,362,362)</u>	<u>469,685</u>	<u>(91,414,113)</u>
Total Accumulated Depreciation or Amortization	<u>(267,761,159)</u>	<u>(23,633,046)</u>	<u>5,473,046</u>	<u>(285,921,159)</u>
Total Capital Assets, being depreciated or amortized, net	<u>267,552,531</u>	<u>(2,727,544)</u>	<u>(115,658)</u>	<u>264,709,329</u>
Governmental Activities Capital Assets, net	\$ <u>662,544,918</u>	\$ <u>35,701,470</u>	\$ <u>(9,289,835)</u>	\$ <u>688,956,553</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

Business-type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 2,027,385	\$ 20,052	\$ (3,000)	\$ 2,044,437
Construction in Process	65,317,927	22,834,830	(4,194,365)	83,958,392
Total Capital Assets, not being depreciated or amortized	<u>67,345,312</u>	<u>22,854,882</u>	<u>(4,197,365)</u>	<u>86,002,829</u>
Capital Assets, being depreciated or amortized:				
Buildings	232,996,307	-	(31,259)	232,965,048
Improvements other than buildings	293,707,307	2,933,740	(2,183,332)	294,457,715
Machinery and Equipment	7,361,931	816,572	(120,960)	8,057,543
Vehicles	4,367,116	551,665	(431,282)	4,487,499
Intangibles	212,488	165,324	-	377,812
Total Capital Assets, being depreciated or amortized	<u>538,645,149</u>	<u>4,467,301</u>	<u>(2,766,833)</u>	<u>540,345,617</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(86,115,413)	(5,333,609)	31,259	(91,417,763)
Improvements other than buildings	(78,729,369)	(4,842,643)	719,279	(82,852,733)
Machinery and Equipment	(4,689,786)	(270,630)	82,015	(4,878,401)
Vehicles	(3,145,181)	(374,694)	430,932	(3,088,943)
Intangibles	(33,991)	(35,684)	-	(69,675)
Total Accumulated Depreciation or Amortization	<u>(172,713,740)</u>	<u>(10,857,260)</u>	<u>1,263,485</u>	<u>(182,307,515)</u>
Total Capital Assets, being depreciated or amortized, net	<u>365,931,409</u>	<u>(6,389,959)</u>	<u>(1,503,348)</u>	<u>358,038,102</u>
Business-type Activities Capital Assets, net	<u>\$ 433,276,721</u>	<u>\$ 16,464,923</u>	<u>\$ (5,700,713)</u>	<u>\$ 444,040,931</u>

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

Governmental Activities:	
County Council	\$ 8,969
General Government	1,424,738
Judicial	2,605
Libraries	911,273
Parks and Recreation	2,670,361
Public Safety	2,788,319
Public Works	14,657,848
Social Services & Health	<u>1,168,933</u>
Total Depreciation or Amortization Expense - Governmental Activities	<u>\$ 23,633,046</u>
Business-type Activities	
Water and Sewer	<u>\$ 10,857,260</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

COMPONENT UNITS

Harford County Public Schools: Capital Asset Activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Reclassifications</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in Process	<u>16,526,507</u>	<u>16,861,809</u>	<u>(11,009,218)</u>	<u>22,379,098</u>
Total Capital Assets, not being depreciated	<u>26,199,449</u>	<u>16,861,809</u>	<u>(11,009,218)</u>	<u>32,052,040</u>
Capital Assets, being depreciated				
Land Improvements	15,181,925	1,011,686	1,145,047	17,338,658
Buildings and Improvements	671,499,871	1,518,631	9,864,171	682,882,673
Furniture and Equipment	<u>37,764,192</u>	<u>3,769,222</u>	<u>(545,376)</u>	<u>40,988,038</u>
Total Capital Assets, being depreciated	<u>724,445,988</u>	<u>6,299,539</u>	<u>10,463,842</u>	<u>741,209,369</u>
Accumulated Depreciation				
Land Improvements	(4,834,024)	(731,420)	-	(5,565,444)
Buildings and Improvements	(134,652,653)	(12,968,970)	-	(147,621,623)
Furniture and Equipment	<u>(23,393,499)</u>	<u>(3,090,242)</u>	<u>545,376</u>	<u>(25,938,365)</u>
Total Accumulated Depreciation	<u>(162,880,176)</u>	<u>(16,790,632)</u>	<u>545,376</u>	<u>(179,125,432)</u>
Total Capital Assets, being depreciated, net	<u>561,565,812</u>	<u>(10,491,093)</u>	<u>11,009,218</u>	<u>562,083,937</u>
Total Capital Assets, net	<u>\$ 587,765,261</u>	<u>\$ 6,370,716</u>	<u>\$ -</u>	<u>\$ 594,135,977</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Equipment - Other	\$ 278,294	\$ 26,176	\$ (1,824)	\$ 302,646
Equipment - Transportation	845,152	-	(57,926)	787,226
Leasehold Improvements	<u>457,960</u>	<u>-</u>	<u>-</u>	<u>457,960</u>
Total Capital Assets, being depreciated	<u>1,581,406</u>	<u>26,176</u>	<u>(59,750)</u>	<u>1,547,832</u>
Accumulated Depreciation:				
Capital Assets	<u>(1,055,870)</u>	<u>(97,710)</u>	<u>32,595</u>	<u>(1,120,985)</u>
Total Capital Assets, net	<u>\$ 525,536</u>	<u>\$ (71,534)</u>	<u>\$ (27,155)</u>	<u>\$ 426,847</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

Harford Community College: Capital Asset Activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,564,162	\$ -	\$ -	\$ 3,564,162
Construction in Process	<u>1,156,392</u>	<u>12,898,102</u>	<u>(204,499)</u>	<u>13,849,995</u>
Total Capital Assets, not being depreciated	<u>4,720,554</u>	<u>12,898,102</u>	<u>(204,499)</u>	<u>17,414,157</u>
Capital Assets, being depreciated				
Buildings and Improvements	113,658,381	2,214,520	(260,000)	115,612,901
Furniture and Equipment	9,580,356	414,131	(1,286,640)	8,707,847
Vehicles	671,215	88,133	-	759,348
Library Books	<u>1,497,181</u>	<u>111,517</u>	<u>(58,402)</u>	<u>1,550,296</u>
Total Capital Assets, being depreciated	<u>125,407,133</u>	<u>2,828,301</u>	<u>(1,605,042)</u>	<u>126,630,392</u>
Accumulated Depreciation:				
Buildings and Improvements	(26,448,254)	(3,366,448)	78,000	(29,736,702)
Furniture and Equipment	(6,725,183)	(586,173)	1,193,151	(6,118,205)
Vehicles	(379,027)	(70,396)	-	(449,423)
Library Books	<u>(1,115,065)</u>	<u>(56,536)</u>	<u>58,402</u>	<u>(1,113,199)</u>
Total Accumulated Depreciation	<u>(34,667,529)</u>	<u>(4,079,553)</u>	<u>1,329,553</u>	<u>(37,417,529)</u>
Total Capital Assets, being depreciated, net	<u>90,739,604</u>	<u>(1,251,252)</u>	<u>(275,489)</u>	<u>89,212,863</u>
Total Capital Assets, net	<u>\$ 95,460,158</u>	<u>\$ 11,646,850</u>	<u>\$ (479,988)</u>	<u>\$ 106,627,020</u>

Harford County Public Library: Capital Asset Activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Improvements to Buildings	\$ 1,278,028	\$ 85,775	\$ -	\$ 1,363,803
Circulating Materials	6,728,164	2,310,391	(2,435,856)	6,602,699
Furniture and Equipment	2,259,274	137,705	(9,218)	2,387,761
Computer Equipment	1,837,908	341,169	(25,917)	2,153,160
Vehicles	359,575	-	-	359,575
Copier Equipment	147,483	-	-	147,483
Total Capital Assets, being depreciated	<u>12,610,432</u>	<u>2,875,040</u>	<u>(2,470,991)</u>	<u>13,014,481</u>
Accumulated Depreciation:				
Improvements to Buildings	(554,668)	(83,489)	-	(638,157)
Circulating Materials	(3,482,380)	(2,221,811)	2,435,856	(3,268,335)
Furniture and Equipment	(1,872,983)	(129,314)	8,687	(1,993,610)
Computer Equipment	(1,367,292)	(227,662)	25,486	(1,569,468)
Vehicles	(274,798)	(22,681)	-	(297,479)
Copier Equipment	(81,549)	(29,497)	-	(111,046)
Total Accumulated Depreciation	<u>(7,633,670)</u>	<u>(2,714,454)</u>	<u>2,470,029</u>	<u>(7,878,095)</u>
Total Capital Assets, net	<u>\$ 4,976,762</u>	<u>\$ 160,586</u>	<u>\$ (962)</u>	<u>\$ 5,136,386</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 2014, rental expenditures approximated \$3,628,152. 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, 2014:

Year ending June 30	Amount
2015	\$ 3,256,659
2016	2,504,938
2017	2,065,010
2018	1,248,809
2019	421,692
2020-2021	<u>305,971</u>
Total Minimum Payments Required	<u>\$ 9,803,079</u>

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, 2014, these interfund balances are:

	Due From	Due To
Primary Government:		
Capital Projects Fund	\$ -	\$ 1,648,661
Component Units:		
Harford County Public Schools	1,584,265	-
Harford Community College	46,786	-
Harford County Public Library	17,610	-
	<u>\$ 1,648,661</u>	<u>\$ 1,648,661</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INTERFUND TRANSFERS

Transfers are used to, (1) move general fund revenues to provide matching funds for various grant programs, (2) move operating fund revenues into the capital project fund as paygo monies, (3) move revenues from capital project funds to the general fund to pay debt service, and (4) move interest revenue earned in the capital project fund to the operating funds per management policy (5) move general fund revenues to provide a contribution to stormwater management fund. The interfund transfers for the current fiscal year are:

Transfers Out	Transfers In		
	General Fund	Highways Fund	Grant Fund
General Fund	\$ -	\$ -	\$ 3,114,058
Highways Fund	-	-	-
Grant Fund	121,223	-	-
Capital Projects Fund	13,950,612	33,224	-
Total Transfers In	\$ 14,071,835	\$ 33,224	\$ 3,114,058

Transfers Out	Capital Project Fund	Stormwater Mgmt Fund	Total
General Fund	\$ 17,201,062	\$ 279,802	\$ 20,594,922
Highways Fund	9,480,762	-	9,480,762
Grant Fund	-	-	121,223
Capital Projects Fund	-	-	13,983,836
Total Transfers In	\$ 26,681,824	\$ 279,802	\$ 44,180,743

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2013		Principal Repayments & Reductions	Balance June 30, 2014	Due Within One Year
Governmental activities:					
Agricultural Land Preserv.	\$ 61,104,712	\$ -	\$ (2,075,443)	\$ 59,029,269	\$ 2,767,557
Bonds Payable					
General Obligation Bonds	461,065,859 ¹	35,553,713	(32,077,206) ³	464,542,366	30,121,141
Special Obligation Bonds	14,000,000	-	-	14,000,000	-
Capital Lease Obligations	1,294,584	-	(1,294,584)	-	-
Notes Payable	3,070,721	-	(1,756,701)	1,314,020	701
Landfill Closure/Solid Waste Liabilities	40,334,763	16,258,570 ⁴	(3,454,809)	53,138,524	8,193,027
Compensated Absences	27,857,660	1,049,485	(1,028,961)	27,878,184	8,934,225
Est. Liab. For Claims in Pro.	<u>5,701,320</u>	<u>1,049,408</u>	<u>(959,481)</u>	<u>5,791,247</u>	<u>1,347,968</u>
Governmental activities -					
Long-term Liabilities	<u>\$ 614,429,619</u>	<u>\$ 53,911,176</u>	<u>\$ (42,647,185)</u>	<u>\$ 625,693,610</u>	<u>\$ 51,364,619</u>
Business-type activities:					
Capital Lease Obligations	\$ 193,444	\$ -	\$ (193,444)	\$ -	\$ -
Bonds Payable	134,180,449 ¹	7,307,575 ²	(9,441,378) ³	132,046,646	8,269,283
Compensated Absences	<u>3,225,709</u>	<u>35,798</u>	<u>(31,496)</u>	<u>3,230,011</u>	<u>1,198,338</u>
Business-type activities -					
Long-term Liabilities	<u>\$ 137,599,602</u>	<u>\$ 7,343,373</u>	<u>\$ (9,666,318)</u>	<u>\$ 135,276,657</u>	<u>\$ 9,467,621</u>

¹ Governmental activities beginning balance for Bonds Payable - General Obligation Bonds have been increased by \$12,836,002 due to implementing GASB 65 which defines deferred loss on refunding as a deferred outflow of resources instead of an offset of long-term liabilities. Business-type activities beginning balance for Bonds Payable have been increased by \$1,904,224 due to implementing GASB 65 which defines deferred loss on refunding as a deferred outflow of resources instead of an offset of long-term debt and defines deferred gain on refunding as a deferred inflow of resources instead as a liability.

² Business-type activities include a 2014 premium of \$487,832.

³ Includes amortization of premium of \$3,315,050 for Governmental activities. Business-type activities include amortization of premium of \$894,997.

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

Agricultural Land Preservation long-term debt has typically been liquidated in the Agricultural Land Preservation special revenue fund. Governmental compensated absences typically have been liquidated in the General and other governmental funds. Special Obligation Bonds will be liquidated in the Beechtree TIF Debt Service Fund. Claims liabilities typically have been liquidated in the Self-Insurance fund. The debt limit for the primary government at June 30, 2014, was \$1,692,437,934 and the legal debt margin was \$1,226,581,548.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

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

	Beginning Balance	Changes	Ending Balance	Due Within One Year
<u>Harford County Public Schools</u>				
Capital Leases	\$ 10,016,647	\$ -	\$ 10,016,647	\$ 371,258
Compensated Absences	27,626,056	317,388	27,943,444	4,948,998
OPEB	<u>162,782,929</u>	<u>37,180,000</u>	<u>199,962,929</u>	<u>-</u>
	<u>\$ 200,425,632</u>	<u>\$ 37,497,388</u>	<u>\$ 237,923,020</u>	<u>\$ 5,320,256</u>
<u>Harford Community College</u>				
Compensated Absences	\$ 1,161,742	\$ 3,450	\$ 1,165,192	\$ 99,002
OPEB	<u>133,221</u>	<u>25,000</u>	<u>158,221</u>	<u>-</u>
	<u>\$ 1,294,963</u>	<u>\$ 28,450</u>	<u>\$ 1,323,413</u>	<u>\$ 99,002</u>
<u>Harford County Public Library</u>				
Capital Lease	\$ 72,921	\$ (30,745)	\$ 42,176	\$ 31,709
Compensated Absences	397,174	21,600	418,774	2,967
OPEB	<u>8,343,458</u>	<u>1,557,754</u>	<u>9,901,212</u>	<u>-</u>
	<u>\$ 8,813,553</u>	<u>\$ 1,548,609</u>	<u>\$ 10,362,162</u>	<u>\$ 34,676</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. AGRICULTURAL LAND PRESERVATION INSTALLMENTS

PRIMARY GOVERNMENT

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. The primary source of revenue for repayment of the indebtedness is a transfer tax of one-half of one percent on all transfers of real property in the County. Under the terms of the installment contracts, which range in length from ten to twenty years, the County pays the property owner annual interest and minimal portions of the installment purchase price for the term of the agreement. The final principal payment is made with a stripped-coupon U.S. Treasury obligation purchased at settlement and held to maturity. The interest rate of the stripped-coupon U.S. Treasury obligation is the interest rate used for the installment purchase agreement. Interest rates on securities owned at June 30, 2014, range from 2.68 percent to 8.45 percent. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2014, are as follows:

AGRICULTURAL LAND PRESERVATION INSTALLMENTS

Year Ending June 30	Principal	Interest	Total Requirement
2015	\$ 2,767,557	\$ 3,037,241	\$ 5,804,798
2016	7,044,823	2,852,384	9,897,207
2017	7,439,417	2,402,529	9,841,946
2018	18,250,162	1,930,011	20,180,173
2019	4,709,028	1,011,555	5,720,583
2020	1,164,272	770,321	1,934,593
2021	660,227	701,566	1,361,793
2022	213,237	667,076	880,313
2023	2,025,890	658,490	2,684,380
2024	1,290,054	559,418	1,849,472
2025	446,033	489,486	935,519
2026	761,526	469,799	1,231,325
2027	476,318	435,009	911,327
2028	672,699	413,348	1,086,047
2029	3,641,701	382,635	4,024,336
2030	91,896	218,667	310,563
2031	91,896	215,975	307,871
2032	5,655,803	213,278	5,869,081
2033	1,626,730	49,821	1,676,551
	\$ 59,029,269	\$ 17,478,609	\$ 76,507,878

For the year ended June 30, 2014, total principal and interest incurred related to agricultural land preservation installment was \$2,075,443 and \$3,149,941, respectively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTE 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 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 2005, 2007, 2009, 2010, 2012, 2013, and 2014 allocated to school projects are payable in the first instance from recordation and transfer tax revenues and impact fees. Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Funds, area connection charges, benefit and surcharge assessments, and recordation taxes. As of June 30, 2014, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:		Originally Issued	Outstanding as of June 30, 2014
Water Quality Loan of 1999 - 2.52% - due serially to 2018	\$ 4,585,000	\$ 776,926	
Public Improvement Bond of 2005 - 3.0% - 5.0% - due serially to 2024	35,905,000	3,724,675	
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	95,900,000	27,500,000	
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	21,738,036	6,649,380	
Public Improvement Bond of 2009 - 4.0% - 5.0% - 2.25% due serially to 2029	96,100,000	84,888,333	
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	18,175,686	
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	48,945,600	
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	36,363,500	
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	6,931,393	6,830,988	
Public Improvement Bond of 2013 - 3.0% - 5.0% due serially to 2033	30,000,000	28,500,000	
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	59,750,398	59,338,244	
Public Improvement Bond of 2014 - 2.0% - 5.0% due serially to 2034	<u>33,180,257</u>	<u>33,180,257</u>	
Total Bonds Outstanding	592,808,041	430,943,209	
Premium	49,635,194	33,599,157	
Total	<u>\$ 642,443,235</u>	<u>\$ 464,542,366</u>	

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2014, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2015	\$ 30,121,141	\$ 18,527,171	\$ 48,648,312
2016	30,954,825	17,179,152	48,133,977
2017	30,233,026	15,831,670	46,064,696
2018	28,958,235	14,508,366	43,466,601
2019	28,391,961	13,292,238	41,684,199
2020-2024	133,768,238	47,176,946	180,945,184
2025-2029	106,012,742	21,378,155	127,390,897
2030-2034	42,503,041	2,958,228	45,461,269
Premium	33,599,157	-	33,599,157
	<u>\$ 464,542,366</u>	<u>\$ 150,851,926</u>	<u>\$ 615,394,292</u>

For the year ended June 30, 2014, total principal and interest incurred related to general obligation bonds was \$28,762,156 and \$18,195,160, respectively.

Business-Type Activities:

	Originally Issued	Outstanding as of June 30, 2014
State of MD Water Quality Loan dated February 1999 - 2.39% - due serially to 2019	\$ 1,200,000	\$ 369,362
State of MD Water Quality Loan dated September 1999 - 2.52% - due serially to 2018	11,585,000	1,963,073
Public Improvement Bond of 2005 - 3% - 5.0% - due serially to 2024	6,510,000	675,325
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	24,695,000	7,000,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	4,251,964	1,300,620
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	21,111,667
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	439,314
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	17,054,400
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	13,636,500
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	2,043,607	2,014,012
Public Improvement Bond of 2013 - 3.0% - 5.0% - due serially to 2033	10,000,000	9,630,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	14,909,602	14,806,757
Public Improvement Bond of 2014 - 2.0% - 5.0% - due serially to 2034	6,819,743	6,819,743
Total Bonds Outstanding	171,541,959	123,326,153
Premium	11,937,345	8,720,493
Total	\$ 183,479,304	\$ 132,046,646

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2014, are as follows:

Year Ending June 30	Principal	Interest	Total Requirement
2015	\$ 8,269,283	\$ 5,259,560	\$ 13,528,843
2016	8,187,283	4,889,604	13,076,887
2017	7,970,805	4,556,085	12,526,890
2018	8,047,360	4,217,959	12,265,319
2019	7,455,442	3,891,625	11,347,067
2020-2024	36,891,762	14,304,279	51,196,041
2025-2029	32,162,258	6,820,233	38,982,491
2030-2034	14,341,960	1,011,159	15,353,119
Premium	8,720,493	-	8,720,493
	\$ 132,046,646	\$ 44,950,504	\$ 176,997,150

For the year ended June 30, 2014, total principal and interest incurred related to business-type activities was \$8,546,381 and \$4,431,471, respectively.

2. Special Obligations Bonds

PRIMARY GOVERNMENT

As of June 30, 2014, there was \$14,000,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment district. This debt is included in the primary government's long term debt on the Statement of Net Position. In the future, these bonds will be paid from incremental property tax revenue and/or special district tax on the district. No special assessment receivables are due as of June 30, 2014. These bonds do not have Harford County, Maryland's full faith and credit pledged.

	Originally Issued	Outstanding as of June 30, 2014
Governmental activities:		
Special Obligation Bond of 2011 7.5% - due serially to 2041	\$ 14,000,000	\$ 14,000,000

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES– CONTINUED

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2014, are as follows:

Year Ending June 30	Principal	Interest	Total Requirement
2015	\$ -	\$ 1,050,000	\$ 1,050,000
2016	-	1,050,000	1,050,000
2017	-	1,050,000	1,050,000
2018	30,000	1,048,875	1,078,875
2019	50,000	1,045,875	1,095,875
2020-2024	670,000	5,118,000	5,788,000
2025-2029	1,665,000	4,693,313	6,358,313
2030-2034	3,170,000	3,804,375	6,974,375
2035-2039	5,405,000	2,222,812	7,627,812
2040-2041	3,010,000	231,000	3,241,000
	\$ 14,000,000	\$ 21,314,250	\$ 35,314,250

For the year ended June 30, 2014, no principal was incurred related to Special Obligation Bonds. Total interest incurred related to Special Obligation Bonds was \$1,050,000.

d. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities: The lease purchase agreement entered into with PNC Bank for vehicles was paid off during the year ended June 30, 2014.

For the year ended June 30, 2014, total principal and interest incurred related to capital lease was \$1,294,584 and \$52,056, respectively. The interest rate applicable to the PNC capital lease is 3.12 percent.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Business-Type Activities: The lease purchase agreement entered into with PNC Bank for vehicles was paid off in FY14.

For the year ended June 30, 2014, total principal and interest incurred related to capital leases was \$193,444 and \$3,336, respectively. The interest rate applicable to the lease payment is 3.12 percent.

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	1,844,907
Net Book Value	<u><u>\$ 9,007,488</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 698,803
2016	823,822
2017	823,822
2018	823,822
2019	823,822
2020-2030	<u><u>9,062,042</u></u>
Total minimum lease payments	13,056,133
Less: Amount representing interest	<u><u>(3,039,486)</u></u>
Present value minimum lease payments	<u><u>\$ 10,016,647</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford County Public Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2017. The assets and liabilities under these leases are recorded at the lower of the minimum lease payments or the fair value of the assets and amortized over the life of the lease term, typically ranging from 3-5 years. Included in property and equipment are assets under these leases with a cost of \$147,483 as of June 30, 2014. Depreciation of assets under capital leases is included in depreciation expense. The depreciation relating to the leases was \$29,497 for the year ended June 30, 2014. Accumulated depreciation relating to the leases was \$111,046 as of June 30, 2014. Future minimum lease payments under capital leases are as follows:

Year Ending June 30	Amount
2015	\$ 34,530
2016	10,932
2017	<u>575</u>
Total minimum lease payments	46,037
Less: Amount representing interest	<u>(3,861)</u>
Present value minimum lease payments	<u><u>\$ 42,176</u></u>

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Government activities:

	Principal Balance June 30, 2014	Annual Rate/ Payment Frequency	Payment Began	Date Matures
Paca Ltd., Inc.	\$ 1,300,000	5.75%/Annually	09/2008	09/2018
Stuart Terrace	<u>14,020</u>	0.00%/Annually	07/2009	07/2033
	<u><u>\$ 1,314,020</u></u>			

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

Year Ending June 30	Principal	Interest	Total Requirement
2015	\$ 701	\$ 74,750	\$ 75,451
2016	701	74,750	75,451
2017	701	74,750	75,451
2018	701	74,750	75,451
2019	1,300,701	74,750	1,375,451
2020-2024	3,505	-	3,505
2025-2029	3,505	-	3,505
2030-2034	3,505	-	3,505
	<u><u>\$ 1,314,020</u></u>	<u><u>\$ 373,750</u></u>	<u><u>\$ 1,687,770</u></u>

For the year ended June 30, 2014, total principal and interest incurred related to notes payable was \$1,756,701 and \$161,935, respectively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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 (HWDC) is issued by the State and is subject to renewal every five years. Federal and State laws and regulations require the County to place a final cover on the Harford Waste Disposal Center when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a thirty-year period after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB Statement No. 18 requires the County to measure and recognize a portion of these closure and post-closure care costs each period based on landfill capacity used as of each balance sheet date.

As of June 30, 2014, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Position:

		Beginning Balance	Additions (Deductions)	Current Year Ending Balance
Cumulative Liability for Open Landfills	\$ 18,442,971	\$ 4,258,570		\$ 22,701,541
Estimated Liability for Closed Landfills	13,661,240	(438,773)		13,222,467
Waste Exchange Landfill Liability	8,230,552	(3,016,036)		5,214,516
Waste to Energy Liability	-	12,000,000		12,000,000
	<u>\$ 40,334,763</u>	<u>\$ 12,803,761</u>		<u>\$ 53,138,524</u>

The Cumulative Liability for the Open Landfill represents the cost, based on use of 94.3 percent of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$1,408,626 as the remaining estimated capacity is used. As of June 30, 2014, it is estimated that the landfill has approximately 12 months before permitted space is filled. This estimate does not include cells currently under construction and projected to be open Spring of 2015.

The Cumulative liability for open landfills as of June 30, 2014 is \$22,701,541. Harford County has a landfill capping capital project with a remaining balance of \$6,641,122 resulting from prior appropriations to begin the closure of the older cells and has assigned fund balance of \$16,060,419 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Harford County, Maryland; Baltimore County, Maryland and Northeast Maryland Waste Disposal Authority entered into an agreement January 16, 2008, entitled “Municipal Solid Waste Disposal Agreement” and subsequently amended January 28, 2010. Baltimore County agrees to accept municipal solid waste from Harford County under the terms of this agreement. Once the expansion of the Harford County Waste Disposal Center has been permitted, Baltimore County will deliver to Harford County in an amount equal to 130 percent of the waste received from Harford County. Harford County opened its new cell in September 2011 and began accepting waste from Baltimore County. The chart below outlines the current tonnages under the Municipal Solid Waste Disposal Agreement:

	<u>As of June 30, 2014</u>
Municipal Solid Waste tonnage delivered to Baltimore County	166,577
Tonnage converted to 130% of waste received by	
Baltimore County (166,585 x 30%)	<u>49,973</u>
Tonnage to be delivered to Harford County by	
Baltimore County	216,550
Actual tonnage delivered by June 30, 2014	<u>(124,897)</u>
Tonnage to be delivered in the future	<u><u>91,653</u></u>

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 we have recorded a long term liability for the estimated cost of \$12,000,000 to restore the land to its original state.

g. PRIOR PERIOD DEFEASANCE OF DEBT

PRIMARY GOVERNMENT

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, 2014, \$83.2 million of bonds outstanding are considered defeased.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

G. FUND BALANCE – GOVERNMENTAL ACTIVITIES

	General	Highways	Grants	Agricultural Land Preservation	Capital Projects	Non-major Governmental Funds	Total
Nonspendable:							
Inventory	\$ -	\$ 1,519,258	\$ -	\$ -	\$ -	\$ -	\$ 1,519,258
Prepaid	872,050	-	-	-	-	-	872,050
Long Term Rec.	327,495	-	-	-	-	-	327,495
Sub-total	1,199,545	1,519,258	-	-	-	-	2,718,803
Restricted for:							
Harf. Co. Public Schools	-	-	-	-	1,955,920	-	1,955,920
Bond Proceeds	3,817,684	454,672	-	-	6,257,410	-	10,529,766
Beechtree Debt Service	-	-	-	-	-	2,051,207	2,051,207
Gen. Fund Det. Ctr.	800,569	-	-	-	-	-	800,569
Dedicated Revenues	-	642,710	-	-	-	-	642,710
Parks and Rec	-	-	-	-	403,329	-	403,329
Grants	-	-	6,385,091	-	-	-	6,385,091
Sub-total	4,618,253	1,097,382	6,385,091	-	8,616,659	2,051,207	22,768,592
Committed to:							
Development Rights	-	-	-	48,625,100	-	-	48,625,100
Sub-total	-	-	-	48,625,100	-	-	48,625,100
Assigned to:							
Approp. of Fund Bal.	-	-	-	-	1,948,841	244,323	2,193,164
Fiscal Stabilization Fund	25,132,432	2,279,504	-	-	-	-	27,411,936
Encumbrances	2,615,266	2,101,921	-	-	40,255,611	16,153	44,988,951
Other Post Emp. Benef.	6,428,466	863,729	-	-	-	86,662	7,378,857
Landfill Closure Costs	16,060,419	-	-	-	-	-	16,060,419
WTE Plant Closure	4,000,000	-	-	-	-	-	4,000,000
Income Tax	2,577,900	-	-	-	-	-	2,577,900
Healthcare Consortium	1,740,444	224,433	-	-	-	5,437	1,970,314
Highways	-	3,237,844	-	-	-	-	3,237,844
Ag. Preservation	-	-	-	4,526,391	-	-	4,526,391
Capital Projects	-	-	-	-	871,781	-	871,781
Non-major P&R Fund	-	-	-	-	-	267,015	267,015
Sub-total	58,554,927	8,707,431	-	4,526,391	43,076,233	619,590	115,484,572
Unassigned:							
Total Fund Balances	\$ 72,788,477	\$ 11,324,071	\$ 6,385,091	\$ 53,151,491	\$ 51,692,892	\$ 2,670,797	\$ 198,012,819

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 \$5,791,247 reported in the fund as of June 30, 2014, 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, 2014. 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
2012	\$ 4,489,344	\$ 2,003,818	\$ (1,185,463)	\$ 5,307,699
2013	5,307,699	1,476,219	(1,082,598)	5,701,320
2014	5,701,320	1,049,408	(959,481)	5,791,247

COMPONENT UNITS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, the County estimates that no material liabilities will result from such audits.

The County had \$196,086,308 authorized but unobligated capital project appropriations as of June 30, 2014, in the governmental capital fund and \$74,971,331 in the water and sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit F-1 and G-1.

C. CHANGE IN ACCOUNTING PRINCIPLE

PRIMARY GOVERNMENT

Net positions of governmental activities and business-type activities have been restated by negative \$2,401,879 and negative \$804,183, respectively, due to the write off of previous bond issuance costs which were being amortized over the life of the bonds. With the implementation of GASB Statement No. 65, the County is required to expense these amounts as the bonds are issued and to apply this change retroactively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

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

D. ARBITRAGE REBATE REQUIREMENTS

PRIMARY GOVERNMENT

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of the Consolidated Public Improvement Bonds of 2005, 2007, 2009, 2010, 2012, 2013 and 2014. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The filing of this computation and payment to the Internal Revenue Service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report as of June 30, 2014.

E. 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, 2014, there were 10 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding, for the 9 bonds issued after July 1, 1996, is \$88.8 million as of June 30, 2014. The aggregate principal amount payable for the 1 series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$2.4 million.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION – CONTINUED

F. RETIREMENT PLANS

a. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

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

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

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Primary Government	\$ 12,028,235	\$ 10,626,050	\$ 12,627,664
Component Units:			
Harford County Public Schools	9,735,249	7,967,776	2,946,759
Harford Community College	82,478	67,473	82,281
Harford County Public Library	166,245	144,609	186,779

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

b. LENGTH OF SERVICE AWARD PROGRAM – VOLUNTEER FIREMEN

The County instituted and began administering a single employer defined benefit length of service award program, or LOSAP, for volunteer firemen and ambulance personnel on January 31, 1975. The plan issues a publicly available financial report that includes financial statements and required supplementary information. GASB Statement No. 67, entitled *Financial Reporting for Pension Plans* was implemented for this separately issued financial report. The report may be obtained by writing to Harford County Government, Treasurer's Office, 220 South Main Street, Bel Air, Maryland 21014, by calling 410-638-3316 or by visiting the website at www.harfordcountymd.gov.

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

Based on County statutes, the firemen and ambulance personnel are eligible to participate upon reaching the age of 55 and accumulating "50 (fifty) points", which are determined in accordance with a specific point system. Benefits vest upon 25 years of service credit. The plan generally provides \$5,000 burial benefits and certain benefits for disability. Regular benefits are calculated at \$12 per month for each of the first 25 years of service plus \$6 per month for each year in excess of 25. The maximum benefit is \$450 per month. Normal form of benefit is a life annuity for the volunteer with a 50 percent survivor benefit for the spouse of the volunteer.

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

Retirees and beneficiaries currently receiving benefits	401
Terminated plan members entitled to, but not yet receiving benefits	281
Active plan members	<u>1,169</u>
Total	<u><u>1,851</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

The County instituted and began administering a single employer defined benefit pension plan, the Sheriff’s Office Pension System (the SOPS) effective July 1, 1997, for certain law enforcement and correctional employees of the Office of the Sheriff of Harford County. The SOPS issues a publicly available financial report that includes financial statements and required supplementary information. GASB Statement No. 67, entitled *Financial Reporting for Pension Plans* was implemented for this separately issued financial report. The report may be obtained by writing to Harford County Government, Office of the Treasurer, 220 South Main Street, Bel Air, Maryland 21014, by calling 410-638-3316, or by visiting the website at www.harfordcountymd.gov.

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

Plan Description: Harford County Bill No. 97-20 assigns the authority to establish and amend the benefit provisions of the plan to the government by county ordinance. The SOPS provides retirement, disability and death benefits to plan members and their beneficiaries. Effective July 1, 2013, per Bill 13-9, the annual limit to the COLA for benefits based on service earned after June 30, 2013 will be based on the plan’s investment rate for the plan year beginning two years prior to the effective date of the COLA up to a maximum of 2.5%. For benefits based on services earned prior to June 30, 2013, the cost of living increase of the CPI-U is limited to 3 percent applied each July 1 for all participants in pay status for the requisite 12 months.

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

Retirees and beneficiaries currently receiving benefits	73
Terminated plan members entitled to, but not yet receiving benefits	7
Active plan members	<u>123</u>
Total	<u><u>203</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

d. RETIREMENT PLAN – HARFORD COUNTY GOVERNMENT MATCHING CONTRIBUTION PLAN

Effective January 1, 2014 Harford County Government has 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.

e. PENSION PLANS – COMPONENT UNITS

Harford Center, Inc.: The Center participates in a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees of the Center. Employees may make contributions to the Plan up to a maximum amount allowed by the Internal Revenue Code. Plan expenses were \$7,825 for the year ended June 30, 2014. No contributions were made to the plan during the year ended June 30, 2014.

G. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

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

Plan Description: The County's OPEB Plan is established by the Administrative Policy on Retiree Medical Benefits (APRMB) of Harford County, Maryland, effective July 1, 1994, as amended. The APRMB defines the terms, including eligibility and benefits, of the retiree health and welfare benefits provided by the County. Employees of the County who retire from active County service with a pension benefit under the Maryland State Retirement System or the Sheriff's Office Pension System may receive a subsidy toward the purchase of group health insurance. Any employee (except Sheriff personnel) hired after July 1, 2010 automatically go into the new Post Employment Health Plan (PEHP) as described below.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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%	

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

The Sheriff's Office employees are also eligible for 90% subsidy for in-line-of-duty retirements with a minimum of 5 years of service. Membership in the plan consisted of the following as of the most recent actuarial valuation, dated December 20, 2011:

Plan Participants		
Retirees (Pre-Medicare)	267	*
Retirees (Medicare Age)	365	*
Active Employees	<u>1,154</u>	
Total	<u><u>1,786</u></u>	

*includes spouses

On July 27, 2010, Harford County, Maryland signed a Retiree Healthcare Side Agreement with the AFSCME Local 1802, Council 67 and MCEA Chapter 610. This agreement states that any employee hired after July 1, 2010, will be placed in a Post Employment Health Plan (PEHP) in lieu of the retiree health care subsidy offered by the County. Employees hired prior to July 1, 2010 were offered a one-time election from the current retiree health care subsidy to the PEHP, to the extent permitted under the Internal Revenue Code and Regulations. These changes do not apply to any Sheriff's Office personnel. The retirees under this plan may also continue the same medical, dental, vision and life insurance coverage they are entitled to receive (including family coverage) as active employees. The difference will be that the retiree will pay the entire group rate price per insurance plan out of the funds received through the PEHP. The County has negotiated with the Union representatives that 10% of eligible employees' average salaries will be placed in the PEHP until otherwise specified.

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

Funding Policy: The County is not required by law or contractual agreement to provide funding for retiree benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County may contribute to the Trust Fund those amounts that the County Council appropriates. All contributions and all earnings and other additions, less payments, constitute the assets of the Trust Fund; which must be held for the exclusive benefit of participants covered by the APRMB. The Trust may be, but is not required to be, the sole source of funding for the employers share of the cost of benefits to be provided under APRMB. The County contributed \$13,381,000 ARC during fiscal year 2014; the retirees paid \$823,286 toward the cost of their benefits. The Trust reimbursed the County for the County's share of retiree's premiums of \$4,609,256. In addition the hidden subsidy, actuarially estimated at \$869,000 for fiscal year 2014, transferred from the Trust to the County, leaving the Trust Net Position of \$79,663,641.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

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

Trust Net Position as of July 1, 2013	\$ 61,506,497
County Contribution	13,381,000
Net Appreciation in Fair Value of Investments	9,408,570
Interest and Dividends	1,156,977
Retirees Contributions	823,286
Payment for County's Share of Premiums	(4,609,256)
Payment for Retirees' Share of Premiums	(823,286)
Payment for Administrative and Investment Expenses	(311,147)
Estimated Hidden Subsidy Transfer	<u>(869,000)</u>
Trust Net Position as of June 30, 2014	<u><u>\$ 79,663,641</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 \$1,661,562 contributed to this plan and a total of 359 employees are currently enrolled as of June 30, 2014.

Employees may also elect to have the dollar value of their use or lose annual leave placed into a PEHP account. The total funds contributed under this method are \$277,886 for 131 employees. The Post Employee Health Plan will be administered by a third party in individual accounts which will grow tax-free for health care expenses after an employee leaves the County.

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

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2014, were as follows:

Annual Required Contribution	\$ 13,381,000
Contributions made	<u>(13,381,000)</u>
Net OPEB Obligation,	
Beginning and End of the Year	<u><u>\$ -</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 the fiscal year ended June 30, 2014, and the two preceding years were as follows:

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 13,132,000	100%	NONE
6/30/2013	13,757,000	100%	NONE
6/30/2014	13,381,000	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, 2014. 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)	(1)/(2) Funded Ratio	(2) - (1) Unfunded AAL (UAAL)	(5) Covered Payroll	((2-1)/5) UAAL as a Percentage of Covered
7/1/2011	\$ 41,278,000	\$ 163,606,000	25.2%	\$ 122,328,000	\$ 90,197,076	135.6%
7/1/2012	51,226,000	175,328,000	29.2%	124,102,000	89,914,394	138.0%
7/1/2013	59,117,000	180,067,000	32.8%	120,950,000	93,886,784	128.8%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The annual required contribution for the current year was determined as part of the November 9, 2012 actuarial evaluation using the projected unit credit method; it is being amortized over a period of 30 years on a closed basis. The actuarial assumptions include an 7.5 percent investment rate of return compounded annually. The funding method is level percentage of projected payroll. Payroll is assumed to increase at 3.5 percent per annum. This assumption is used to determine the level percentage of payroll amortization factor. For fiscal year 2014, the inflation rate is 2.9 percent. The annual healthcare costs trend rate is 7.5 percent initially, reduced by decrements to an ultimate rate of 4.6 percent.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

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

Medical Benefits – Retirees are eligible for continued membership in one of the school system's group medical plans provided that they have at least 10 years service with the Harford County Public Schools and are under 65 years of age. The school system pays either 85% or 90% of these medical insurance premiums, based on the plan chosen by the retiree. The school system pays 90% of the insurance premiums for Medicare supplemental insurance for retirees age 65 and older. The medical benefits paid by the Harford County Public Schools for the year ended June 30, 2014 was \$19,791,029. As of June 30, 2014, 2,217 of approximately 2,411 eligible retirees were receiving benefits.

Dental Benefits – The Harford County Public Schools pays 90% of dental insurance premiums for retirees with at least 10 years service. The dental benefits paid by the Harford County Public Schools for the year ended June 30, 2014, was \$1,011,166. As of June 30, 2014, 2,256 of approximately 2,411 eligible retirees were receiving benefits.

Life Insurance Benefits – The Harford County Public Schools pays 90% of the life insurance premiums for retirees with at least 10 years of service. The amount of insurance coverage is reduced to \$20,000 upon retirement to \$10,000 five years after retirement. The life insurance benefits paid by the Harford County Public Schools for the year ended June 30, 2014, was \$52,015. As of June 30, 2014, 2,101 of approximately eligible retirees were receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

The Harford County Public Schools' annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Harford County Public Schools' annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan, and changes in the Harford County Public Schools' net OPEB obligation:

Annual required contribution	\$ 60,023,000
Interest on net OPEB obligation	6,918,000
Amortization of net OPEB obligation	<u>(7,816,000)</u>
Annual OPEB cost (expense)	59,125,000
Contributions made	<u>(21,945,000)</u>
Increase in net OPEB obligation	37,180,000
Net OPEB obligation - beginning of year	<u>162,782,929</u>
Net OPEB obligation - end of year	<u><u>\$ 199,962,929</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

The Harford Community College (the College) sponsors post-employment medical benefits under a single employer defined benefit plan. Any full-time employee of Harford Community College is eligible to participate in the plan. The College allows access to the plan if the retiree: a) retires or becomes disabled with an immediate benefit from the State Retirement and Pension System of Maryland or b) meets the minimum age eligibility requirement to begin distribution from the Maryland Optional Retirement Plan and c) has been actively participating within the College sponsored health plan for at least the most recent ten (10) full consecutive years and d) has at least 10 years of employment service. Disabled participants must reach retirement eligibility. Dependents and surviving spouses of participants are allowed access to the plan but must also pay the full premium. A closed group of retirees receives an annual subsidy of \$4,800 as part of a retirement widow benefit program. As of June 30, 2014, there were 7 eligible and participating retirees receiving an annual subsidy. As of June 30, 2014, there were 42 participants out of 321 total participants receiving benefits.

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

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

As of June 30, 2014, the College's annual required contribution; contributions made and net OPEB obligation were:

Annual required contribution	\$ 97,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	<u>(5,000)</u>
Annual OPEB cost (expense)	97,000
Contributions made	<u>(72,000)</u>
Increase in net OPEB obligation	25,000
Net OPEB obligation - beginning of year	<u>133,221</u>
Net OPEB obligation - end of year	<u><u>\$ 158,221</u></u>

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

Employees who retire from Harford County Public Library who are eligible to participate in the State Pension Plan are eligible for medical insurance during retirement. Retirees who are eligible for this subsidy must elect coverage at the time of retirement. Retirees may not elect to discontinue and re-enroll at a later date. Currently, 62 retirees who meet eligibility requirements for employer subsidized health insurance are enrolled in the retiree medical and dental plans.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – OTHER INFORMATION– CONTINUED

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	\$ 1,846,000
Interest on net OPEB obligation	292,021
Adjustment to annual required contribution	<u>(363,000)</u>
Annual OPEB cost (expense)	1,775,021
Contributions made	<u>(217,267)</u>
Increase in net OPEB obligation	1,557,754
Net OPEB obligation - beginning of year	<u>8,343,458</u>
Net OPEB obligation - end of year	<u><u>\$ 9,901,212</u></u>

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

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

Schedule 1

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) <u>Projected Unit Credit</u>	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((2-1)/5)
7/1/2011	\$ 41,278,000	\$ 163,606,000	25.2%	\$ 122,328,000	\$ 90,197,076	135.6%
7/1/2012	51,226,000	175,328,000	29.2%	124,102,000	89,914,394	138.0%
7/1/2013	59,117,000	180,067,000	32.8%	120,950,000	93,886,784	128.8%

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

Schedule 2

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 13,132,000	100%
2013	13,757,000	100%
2014	13,381,000	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	07/01/2012
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level Percentage of Projected Payroll
Remaining amortization factor	16
Asset valuation method	Market Value
Actuarial assumptions:	
Discount Rate	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/or the Oakington Peninsula.

Stormwater Management Special Revenue Fund – This fund was established to account for the stormwater remediation fees assessed against each property in the County. All funds collected will be dedicated to pay for stormwater remediation projects and related expenses. Such projects include stream restorations, stormwater management pond retrofits, educational outreach, and operating funds for Water Resources.

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

HARFORD COUNTY, MARYLAND
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

Exhibit A-1

	Special Revenue			Debt Service		Total Non-major Governmental Funds	
	Parks and Recreation		Stormwater Management	Beechtree TIF			
ASSETS							
Equity in Pooled Cash and Investments	\$ 583,015		\$ 98,414	\$ 123,698		\$ 805,127	
Cash and Investments	450		-	-		450	
Taxes and Accounts Receivable (Net)	6,746		1,012	-		7,758	
Deposit with Trustee	-		-	1,927,509		1,927,509	
TOTAL ASSETS	\$ 590,211		\$ 99,426	\$ 2,051,207		\$ 2,740,844	
LIABILITIES							
Accounts Payable	\$ 25,256		\$ 6,974	\$ -		\$ 32,230	
Payable to State of Maryland	251		-	-		251	
Accrued Expenditures	9,170		22,031	-		31,201	
Escrow Accounts	6,365		-	-		6,365	
Total Liabilities	41,042		29,005	-		70,047	
FUND BALANCES							
Restricted	-		-	2,051,207		2,051,207	
Assigned	549,169		70,421	-		619,590	
Total Fund Balances	549,169		70,421	2,051,207		2,670,797	
TOTAL LIABILITIES AND FUND BALANCES	\$ 590,211		\$ 99,426	\$ 2,051,207		\$ 2,740,844	

HARFORD COUNTY, MARYLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2014

Exhibit A-2

	Special Revenue		Debt Service		Total	
	Parks and Recreation		Beechtree TIF		Non-major Governmental	
	Stormwater Management	Funds	Funds	Funds	Funds	Funds
REVENUES						
Taxes	\$ -	\$ 1,048,941	\$ 1,116,429	\$ 2,165,370		
Revenues from Other Agencies	-	4,000	-	4,000		
Investment Income	1,251	620	1,441	3,312		
Charges for Current Services	858,795	-	-	858,795		
Miscellaneous	1,386	-	-	1,386		
Total Revenues	861,432	1,053,561	1,117,870	3,032,863		
EXPENDITURES						
Current:						
Parks, Recreation and National Resources	830,092	-	-	830,092		
Public Works	-	1,262,942	-	1,262,942		
Debt Service:						
Interest	-	-	1,050,000	1,050,000		
Administrative Costs	-	-	10,813	10,813		
Total Expenditures	830,092	1,262,942	1,060,813	3,153,847		
(Deficiency) Excess of Revenues over Expenditures	31,340	(209,381)	57,057	(120,984)		
OTHER FINANCING SOURCES (USES)						
Transfers In	-	279,802	-	279,802		
Total Other Financing Sources (Uses)	-	279,802	-	279,802		
Net Change in Fund Balances	31,340	70,421	57,057	158,818		
Fund Balances - Beginning	517,829	-	1,994,150	2,511,979		
Fund Balances - Ending	\$ 549,169	\$ 70,421	\$ 2,051,207	\$ 2,670,797		

Fiduciary Funds

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

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

Firemen's Length of Service Award Program (LOSAP) – This trust fund was established to account for the LOSAP for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

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

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

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

Agency Funds

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

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

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2014

Exhibit B-1

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 463,640	\$ 342,769	\$ 806,409
Investments, at Fair Value			
Cash Equivalents	645,293	272,847	918,140
Fixed Income Fund	11,370,640	8,513,915	19,884,555
Equities and Equivalents	36,103,612	13,925,474	50,029,086
Total Investments	<u>48,119,545</u>	<u>22,712,236</u>	<u>70,831,781</u>
Total Assets	<u>48,583,185</u>	<u>23,055,005</u>	<u>71,638,190</u>
LIABILITIES			
Accounts Payable	16,513	12,743	29,256
Total Liabilities	<u>16,513</u>	<u>12,743</u>	<u>29,256</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
(Schedules of funding progress and employer contributions are presented in the "Required Supplementary Information", (Schedule 1)	<u>\$ 48,566,672</u>	<u>\$ 23,042,262</u>	<u>\$ 71,608,934</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2014

Exhibit B-2

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ADDITIONS			
Contributions			
Employee Contributions	\$ 451,766	\$ -	\$ 451,766
Employer Contributions	2,376,590	-	2,376,590
Plan Sponsor Contributions	-	1,934,886	1,934,886
Total Contributions	<u>2,828,356</u>	<u>1,934,886</u>	<u>4,763,242</u>
Investment Earnings			
Net Appreciation in Fair Value of Investments	6,499,869	2,508,418	9,008,287
Interest and Dividends	758,200	411,681	1,169,881
Total Investment Earnings	<u>7,258,069</u>	<u>2,920,099</u>	<u>10,178,168</u>
Less Investment Expense	169,105	101,970	271,075
Net Investment Income	<u>7,088,964</u>	<u>2,818,129</u>	<u>9,907,093</u>
Total Additions	<u>9,917,320</u>	<u>4,753,015</u>	<u>14,670,335</u>
DEDUCTIONS			
Administrative Expenses	53,240	15,129	68,369
Benefits	<u>2,576,248</u>	<u>1,510,673</u>	<u>4,086,921</u>
Total Deductions	<u>2,629,488</u>	<u>1,525,802</u>	<u>4,155,290</u>
Change in Net Position	<u>7,287,832</u>	<u>3,227,213</u>	<u>10,515,045</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Net Position--Beginning of the Year	\$ 41,278,840	\$ 19,815,049	\$ 61,093,889
Net Position--End of the Year	<u>\$ 48,566,672</u>	<u>\$ 23,042,262</u>	<u>\$ 71,608,934</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2014

Exhibit B-3

	BVL Cooperating Parties Group	Bar Library	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 1,196,928	\$ 267,611	\$ 1,464,539
Accounts Receivable	-	18,760	18,760
Investments	1,003,569	-	1,003,569
Total Assets	<u>2,200,497</u>	<u>286,371</u>	<u>2,486,868</u>
LIABILITIES			
Accounts Payable	15,680	6,304	21,984
Due to Beneficiaries	1,003,569	-	1,003,569
Total Liabilities	<u>1,019,249</u>	<u>6,304</u>	<u>1,025,553</u>
NET POSITION			
Held in Trust	<u>\$ 1,181,248</u>	<u>\$ 280,067</u>	<u>\$ 1,461,315</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2014

Exhibit B-4

	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS			
Contributions and Donations	\$ 114,593	\$ 126,790	\$ 241,383
Interest and Dividends	2,709	541	3,250
Total Additions	<u>117,302</u>	<u>127,331</u>	<u>244,633</u>
DEDUCTIONS			
Contractual Services	102,669	135,914	238,583
Total Deductions	<u>102,669</u>	<u>135,914</u>	<u>238,583</u>
Change in Net Position	14,633	(8,583)	6,050
NET POSITION			
Net Position-Beginning of Year	1,166,615	288,650	1,455,265
Net Position-End of Year	<u>\$ 1,181,248</u>	<u>\$ 280,067</u>	<u>\$ 1,461,315</u>

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2014

Exhibit B-5

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
PASS-THROUGH GRANTS				
ASSETS				
Equity in Pooled Cash	\$ _____ -	\$ 2,532,983	\$ 2,530,825	\$ 2,158
Total Assets	<u>\$ _____ -</u>	<u>\$ 2,532,983</u>	<u>\$ 2,530,825</u>	<u>\$ 2,158</u>
LIABILITIES				
Due to Beneficiary	\$ _____ -	\$ 2,532,983	\$ 2,530,825	\$ 2,158
Total Liabilities	<u>\$ _____ -</u>	<u>\$ 2,532,983</u>	<u>\$ 2,530,825</u>	<u>\$ 2,158</u>
HEALTH CARE CONSORTIUM				
ASSETS				
Investments	\$ 11,362,160	\$ 3,850,710	\$ 3,509,718	\$ 11,703,152
Total Assets	<u>\$ 11,362,160</u>	<u>\$ 3,850,710</u>	<u>\$ 3,509,718</u>	<u>\$ 11,703,152</u>
LIABILITIES				
Due to Beneficiary	\$ 11,362,160	\$ 3,850,710	\$ 3,509,718	\$ 11,703,152
Total Liabilities	<u>\$ 11,362,160</u>	<u>\$ 3,850,710</u>	<u>\$ 3,509,718</u>	<u>\$ 11,703,152</u>
TOTAL ALL AGENCY FUNDS ASSETS				
Equity in Pooled Cash	\$ _____ -	\$ 2,532,983	\$ 2,530,825	\$ 2,158
Investments	<u>\$ 11,362,160</u>	<u>\$ 3,850,710</u>	<u>\$ 3,509,718</u>	<u>\$ 11,703,152</u>
Total Assets	<u>\$ 11,362,160</u>	<u>\$ 6,383,693</u>	<u>\$ 6,040,543</u>	<u>\$ 11,705,310</u>
LIABILITIES				
Due to Beneficiary	\$ 11,362,160	\$ 6,383,693	\$ 6,040,543	\$ 11,705,310
Total Liabilities	<u>\$ 11,362,160</u>	<u>\$ 6,383,693</u>	<u>\$ 6,040,543</u>	<u>\$ 11,705,310</u>

Governmental Funds

General Fund

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

Special Revenue Funds

Parks and Recreation Special Revenue Fund - 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 – This fund was established to account for the stormwater remediation fees assessed against each property in the County. All funds collected will be dedicated to pay for stormwater remediation projects and related expenses. Such projects include stream restorations, stormwater management pond retrofits, educational outreach, and operating funds for water resources.

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.

Capital Projects Fund

General County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities of all major and non-major governmental funds as well as the Harford County Public Schools, Harford Community College and Harford County Public Library.

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014

Exhibit C-1

		ESTIMATED REVENUES		ACTUAL REVENUES		VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
		ORIGINAL	FINAL			
TAXES						
911 Program Fee	\$	1,586,000	\$ 1,586,000	\$ 1,638,236	\$	52,236
Admissions and Amusement Tax		506,500	506,500	544,792		38,292
Corporate Property/Current Year		11,800,000	11,800,000	12,050,112		250,112
Corporate Property/Prior Years		(100,000)	(100,000)	(236,949)		(136,949)
Business Personal Property/Current Year		211,000	211,000	302,913		91,913
Business Personal Property/Prior Years		(100)	(100)	(75,286)		(75,186)
County Service Charge		-	-	155		155
Delinquent Tax Costs		92,000	92,000	118,971		26,971
Heavy Equipment Receipts Tax - Corporate		120,500	120,500	224,009		103,509
Impact Fees		2,500,000	2,500,000	2,612,400		112,400
Income Taxes/Current Year		186,200,000	186,200,000	185,338,454		(861,546)
Income Taxes/Prior Years		4,400,000	4,400,000	4,707,824		307,824
Interest on Delinquent Taxes		860,000	860,000	836,116		(23,884)
Mobile Home Excise Tax		217,000	217,000	209,190		(7,810)
Payment in Lieu of Taxes		298,500	298,500	275,063		(23,437)
Penalty		856,500	856,500	786,185		(70,315)
Railroad and Public Utilities		11,560,000	11,560,000	11,556,246		(3,754)
Real Property - Full Year Levy		227,545,104	227,545,104	228,027,371		482,267
Real Property - Half Year Levy		568,056	568,056	383,381		(184,675)
		449,221,060	449,221,060	449,299,183		78,123
Less: Tax Credits and Uncollectibles						
Ag. Preservation Incentive/Easements		(1,378,000)	(1,378,000)	(1,309,704)		68,296
Enterprise Zone Tax Credit		(942,000)	(942,000)	(903,845)		38,155
Homeowner's Tax Credit - County		(363,000)	(363,000)	(344,824)		18,176
Community Association Credit		(7,400)	(7,400)	(6,069)		1,331
Conservation Land Tax Credit		(1,500)	(1,500)	(1,500)		-
Discounts Allowed on Taxes		(1,610,000)	(1,610,000)	(1,538,500)		71,500
Habitat For Humanity Tax Credit		(5,000)	(5,000)	(6,000)		(1,000)
Historical Tax Credit		(8,000)	(8,000)	(4,092)		3,908
Homestead Tax Credit - County		(178,667)	(178,667)	(143,134)		35,533
Landfill Proximity Credit		(70,000)	(70,000)	(68,151)		1,849
Solar/Geothermal Energy Tax Credit		(500,000)	(500,000)	(499,263)		737
Surviving Spouse - Fallen Hero Tax Credit		(4,100)	(4,100)	(3,177)		923
Uncollectible Property Taxes		(150,000)	(150,000)	(252,417)		(102,417)
		(5,217,667)	(5,217,667)	(5,080,676)		136,991
Total Taxes		444,003,393	444,003,393	444,218,507		215,114

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014

(continued)

Exhibit C-1

	ESTIMATED ORIGINAL	REVENUES FINAL	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
REVENUES FROM OTHER AGENCIES				
Build America Bond Interest Credit	1,278,814	1,278,814	1,264,391	(14,423)
Jury Compensation	171,200	171,200	153,555	(17,645)
Medicare D Subsidy	189,500	189,500	269,076	79,576
Police Protection	1,265,300	1,265,300	2,064,011	798,711
Stormwater Management - Town	4,000	4,000	-	(4,000)
Total Revenues from Other Agencies	<u>2,908,814</u>	<u>2,908,814</u>	<u>3,751,033</u>	<u>842,219</u>
INVESTMENT INCOME	<u>305,800</u>	<u>305,800</u>	<u>247,092</u>	<u>(58,708)</u>
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	15,000	15,000	16,434	1,434
Administrative Fee - Cobra Insurance	1,200	1,200	1,247	47
Auto Commute - County Employees	12,800	12,800	10,952	(1,848)
Bad Check Fee	3,000	3,000	3,175	175
Board of Prisoners	114,200	114,200	109,829	(4,371)
Building Plan Review	900	900	90	(810)
Building Reinspection Fee	2,300	2,300	1,900	(400)
Child Custody	10,800	10,800	8,402	(2,398)
Commissions	151,500	151,500	139,232	(12,268)
Community Work Service	19,600	19,600	22,077	2,477
Concept Plans	1,600	1,600	6,766	5,166
Design Review	1,700	1,700	943	(757)
Detention Center Commissary	239,100	239,100	274,950	35,850
Election Fees	500	500	2,742	2,242
Electrical Reinspection Fees	2,100	2,100	2,892	792
Extension Preliminary Plan Approval	600	600	425	(175)
False Burglar Alarm Service Charges	73,300	73,300	79,060	5,760
False Fire Alarm Service Charges	29,300	29,300	17,400	(11,900)
Final Plats	16,800	16,800	21,300	4,500
Flying Point and Mariner Park Revenue	14,600	14,600	10,625	(3,975)
Food Service Licenses	107,900	107,900	108,715	815
Forest Conservation Plan Review	4,400	4,400	40,614	36,214
Forest Stand Delineation Review	1,200	1,200	14,175	12,975
Harford Cable Network	18,600	18,600	14,076	(4,524)
Hazardous Material Spill Cleanup	15,100	15,100	23,380	8,280
Household Waste - Private Vehicle Charge	455,400	455,400	423,063	(32,337)
Inmate Fees for Medical Services	2,900	2,900	5,947	3,047
GIS - Plotting Service	700	700	1,097	397
GIS - Screen Dump	200	200	295	95
GIS - Topographic Maps	200	200	-	(200)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014

(continued)

Exhibit C-1

	ESTIMATED ORIGINAL	REVENUES FINAL	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
Ground Floor Fees (OED)	-	-	5,027	5,027
Mechanical Reinspection Fee	500	500	250	(250)
Mechanical Violation Fee	800	800	1,100	300
Miscellaneous Revenue - Planning & Zoning	2,000	2,000	3,278	3,278
Miscellaneous Revenue - Sheriff's Office	62,200	62,200	85,954	23,754
Noxious Weed	800	800	5,402	4,602
Onsite Inspection Fees	100	100	18,533	18,433
Percolation Tests	24,100	24,100	22,850	(1,250)
Photographs	300	300	552	252
Plumbing Reinspection Fees	1,300	1,300	810	(490)
Police Reports	9,400	9,400	8,390	(1,010)
Public Swimming Pool & Spa Permit	19,200	19,200	18,400	(800)
Publications	-	-	10	10
Recycled Batteries	3,600	3,600	4,864	1,264
Recycled Scrap Metal	239,100	239,100	146,359	(92,741)
Reproduction	3,700	3,700	4,052	352
Sanitation Construction Permit Fee	13,500	13,500	5,856	(7,644)
Sanitation Permits	7,400	7,400	6,710	(690)
Sale of Compost - Scarboro	30,200	30,200	23,673	(6,527)
Sale of Mulch - Scarboro	94,300	94,300	79,529	(14,771)
Sale of Plans and Specifications	600	600	-	(600)
Sale of Promotional Items	900	900	1,206	306
Sheriff's Fees	380,000	380,000	391,226	11,226
Sheriff's Licenses	11,100	11,100	11,305	205
Site Plans	11,500	11,500	27,454	15,954
Social Security Payments-Inmates	22,800	22,800	32,600	9,800
Subdivision Plans	18,200	18,200	46,157	27,957
Subdivision Plat Review	6,300	6,300	7,200	900
Tax Lien Certification	160,000	160,000	194,500	34,500
Tax Lien Filing Fees	-	-	1,755	1,755
Tax Sale Auctioneer Fees	-	-	5,310	5,310
Telephone Service	22,500	22,500	19,652	(2,848)
Tipping Fee Solid Waste	3,300,000	3,300,000	4,079,515	779,515
Tire Disposal Fees	1,150	1,150	1,137	(13)
Weekend Prisoner Revenue	96,300	96,300	133,879	37,579
Well Sampling	26,900	26,900	23,690	(3,210)
Work Release Revenue	64,600	64,600	65,609	1,009
WTE - Credit	(280,400)	(280,400)	(209,450)	70,950
WTE - Permitted Materials	350,000	350,000	439,694	89,694

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014

(continued)

Exhibit C-1

	ESTIMATED ORIGINAL	REVENUES FINAL	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
WTE - Recovered Materials	26,300	26,300	27,906	1,606
WTE - Renewable Energy Credits	-	-	14,560	14,560
WTE - Steam Sales	3,500,000	3,500,000	3,717,910	217,910
WTE - Tipping Fees	4,450,000	4,450,000	3,925,746	(524,254)
WTE - Tire Disposal	375,000	375,000	326,392	(48,608)
Zoning Appeals	15,700	15,700	10,200	(5,500)
 Total Charges for Current Services	 14,389,450	 14,389,450	 15,100,555	 711,105
MISCELLANEOUS				
Contributions & Donations	-	-	25,000	25,000
Edgewood Community Center	12,400	12,400	14,646	2,246
Grant Unemployment	46,800	46,800	44,581	(2,219)
Interest on Miscellaneous Invoices	22,400	22,400	(50,462)	(72,862)
Miscellaneous Revenue	134,800	134,800	311,792	176,992
Over and Short	5,300	5,300	20,241	14,941
Parole and Probation	-	-	3,802	3,802
Postage	229,300	229,300	217,121	(12,179)
Recovery from Capital Projects	16,500	16,500	13,102	(3,398)
Recovery from Self Insurance Fund	1,727,100	1,727,100	1,090,839	(636,261)
Recovery from Traffic Safety	1,292,456	1,292,456	821,129	(471,327)
Recovery from Transportation	2,000,000	2,000,000	2,000,000	-
Reimbursement from Highways	2,249,729	2,249,729	2,249,729	-
Reimbursement from Water and Sewer Fund	2,110,431	2,110,431	2,110,431	-
Rental Income	250,000	250,000	246,918	(3,082)
Sale of Usable Property	128,000	128,000	260,748	132,748
 Total Miscellaneous	 10,225,216	 10,225,216	 9,379,617	 (845,599)
LICENSES AND PERMITS				
Auctioneers Licenses	5,600	5,600	6,350	750
Beer, Wine and Liquor Licenses	10,800	10,800	8,096	(2,704)
Building Inspection Services	90,000	90,000	68,866	(21,134)
Building Penalty	6,400	6,400	3,450	(2,950)
Building Permits	400,000	400,000	458,691	58,691
Cable TV	1,691,000	1,691,000	2,112,365	421,365
Dog Licenses	82,000	82,000	50,399	(31,601)
Electrical Board of Examiners	38,000	38,000	33,920	(4,080)
Electrical Inspections	295,000	295,000	316,351	21,351
Electrical Postcard Permits	500	500	50	(450)
Electrical Penalty	4,400	4,400	4,150	(250)
Forest Harvest Permit	1,100	1,100	1,550	450

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014
(continued)

Exhibit C-1

	ESTIMATED ORIGINAL	REVENUES FINAL	ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
LICENSES AND PERMITS (continued)				
Kennel Licenses	900	900	-	(900)
Massage Licenses	100	100	225	125
Marriage Licenses	12,000	12,000	13,198	1,198
Marriage Licenses/Spouse Abuse	32,000	32,000	44,071	12,071
Mechanical Licenses	14,000	14,000	29,750	15,750
Mechanical Permits	164,800	164,800	184,620	19,820
Mobile Home Park Licenses	10,400	10,400	9,600	(800)
Pawnbrokers Licenses	600	600	800	200
Pet Shop/Grooming Licenses	900	900	1,300	400
Plumbing Licenses	45,000	45,000	45,335	335
Plumbing Penalty	1,900	1,900	2,300	400
Plumbing Permits	289,000	289,000	270,500	(18,500)
Plumbing Postcard Permits	39,500	39,500	23,850	(15,650)
Refuse Licenses	6,550	6,550	7,100	550
Solicitors Licenses	300	300	938	638
Taxi Cab Licenses	3,500	3,500	4,033	533
Towing Licenses	5,900	5,900	5,650	(250)
Traders Licenses	223,300	223,300	232,164	8,864
 Total Licenses and Permits	 3,475,450	 3,475,450	 3,939,672	 464,222
FINES AND FORFEITURES				
Court Fines	33,000	33,000	(5,914)	(38,914)
Dog License Fines	8,100	8,100	7,330	(770)
Parking Fines	42,000	42,000	34,848	(7,152)
Parking Fines - County Lots	19,200	19,200	9,545	(9,655)
 Total Fines and Forfeitures	 102,300	 102,300	 45,809	 (56,491)
OTHER FINANCING SOURCES				
Appropriated Fund Balance	21,976,465	30,436,091	15,556,833	(14,879,258)
Operating Transfers In				
Capital Projects	13,886,000	13,886,000	13,886,000	-
Grants	396,900	396,900	121,223	(275,677)
Pooled Interest	54,100	54,100	64,612	10,512
 Total Operating Transfers In	 14,337,000	 14,337,000	 14,071,835	 (265,165)
Premium on Issuance of Bonds	-	-	2,120,824	2,120,824
 Total Other Financing Sources	 36,313,465	 44,773,091	 31,749,492	 (13,023,599)
 Total General Fund Revenues and Other Financing Sources	 \$ 511,723,888	 \$ 520,183,514	 \$ 508,431,777	 \$ (11,751,737)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 152,120	\$ 152,514	\$ 129,806	\$ 22,708
County Council Office	1,246,382	1,285,704	1,151,578	134,126
Harford Cable Network	727,801	751,422	702,785	48,637
Office of County Auditor	346,582	346,975	323,083	23,892
People's Counsel	271,016	259,329	203,191	56,138
Total County Council	2,743,901	2,795,944	2,510,443	285,501
GENERAL GOVERNMENT				
Office of the County Executive				
Constituent Services	392,668	416,363	342,949	73,414
County Executive	962,619	971,916	775,936	195,980
Chief of Staff	451,547	457,790	403,816	53,974
Agricultural Affairs	379,012	388,721	333,186	55,535
Director of Administration				
Administration	581,430	625,819	598,454	27,365
Budget & Management Research	701,532	740,735	702,996	37,739
Central Services	598,928	607,552	576,529	31,023
Facilities & Operations	3,781,157	3,910,866	3,757,588	153,278
Risk Management	1,603,984	1,628,339	1,581,093	47,246
Sustainability Office	258,124	253,384	188,708	64,676
Department of Procurement				
Procurement Operations	922,391	953,392	905,731	47,661
Property Management	3,318,521	3,345,756	3,189,277	156,479
Department of the Treasury				
Bureau of Accounting	1,772,631	1,883,972	1,861,368	22,604
Bureau of Revenue Collections	911,641	952,286	920,312	31,974
Office of the Treasurer	626,090	654,108	650,902	3,206
Solid Waste Accounting	101,795	109,997	106,295	3,702
Department of Law	2,043,809	2,172,813	2,120,132	52,681
Department of Planning & Zoning				
Comprehensive Planning and Special Projects	1,427,426	1,529,655	1,488,706	40,949
Current Planning	1,721,265	1,819,013	1,728,232	90,781
Office of the Director	499,403	534,073	480,741	53,332
Department of Personnel				
Human Resources	753,250	788,898	689,253	99,645
Personnel Matters	552,776	1,552,776	1,241,271	311,505
Office of Information and Communication Technology	5,866,211	5,997,380	5,863,686	133,694
Elections				
Election Expense	708,100	708,100	325,604	382,496
Supervisor of Elections	1,304,247	1,304,247	944,906	359,341

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014

(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
GENERAL GOVERNMENT (continued)				
Economic Development				
Office of Economic Development	2,140,921	2,224,979	2,170,289	54,690
Tourism & Marketing	135,274	135,314	133,960	1,354
Benefits	5,267,380	5,267,380	4,751,858	515,522
Insurance	1,010,872	1,010,872	1,010,872	-
Miscellaneous				
Appropriations to Towns	3,574,846	3,574,846	3,574,846	-
Appropriations to State	1,040,000	1,040,000	914,545	125,455
Contingency Reserve	100,000	100,000	-	100,000
Humane Society	650,000	650,000	650,000	-
Maryland School for the Blind	80,000	80,000	58,546	21,454
Total General Government	46,239,850	48,391,342	45,042,587	3,348,755
EDUCATION-PRIMARY THRU COMMUNITY COLLEGE				
Harford County Public Schools	221,300,729	221,300,729	221,300,729	-
Harford Community College	14,961,612	14,961,612	14,961,612	-
Total Education-Primary thru Community College	236,262,341	236,262,341	236,262,341	-
HARFORD CENTER				
	553,036	553,036	553,036	-
JUDICIAL				
Circuit Court	1,431,148	1,503,931	1,436,029	67,902
Community Work Service	341,646	352,540	311,380	41,160
Family Court Services Division	567,341	581,185	560,343	20,842
Grand Jury	11,575	11,575	10,300	1,275
Jury Commissioner	188,484	194,973	189,534	5,439
Jury Services	192,350	192,350	185,275	7,075
Juvenile Master	194,949	199,186	186,235	12,951
Family Justice Center	270,479	315,956	314,876	1,080
State's Attorney	5,008,457	5,269,082	5,072,633	196,449
Total Judicial	8,206,429	8,620,778	8,266,605	354,173
LIBRARIES				
	16,158,310	16,158,310	16,158,310	-

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2014

(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
PARKS, RECREATION AND NATURAL RESOURCES				
Department of Parks and Recreation				
Director	782,077	841,267	840,096	1,171
Parks and Facilities	6,349,643	6,595,589	6,506,724	88,865
Recreational Services	2,711,682	2,870,485	2,775,720	94,765
Conservation of Natural Resources				
Soil Conservation	394,122	417,475	397,957	19,518
Extension Service	245,256	245,256	244,944	312
Total Parks, Recreation and Natural Resources	<u>10,482,780</u>	<u>10,970,072</u>	<u>10,765,441</u>	<u>204,631</u>
PUBLIC SAFETY				
Sheriff's Office				
Commissary Account	723,275	729,380	461,871	267,509
Correctional Services	21,900,878	22,392,360	21,342,547	1,049,813
Court Services	5,136,596	5,419,679	5,168,458	251,221
Administration	7,186,536	8,419,689	8,218,904	200,785
Patrol	25,620,947	26,420,487	26,129,479	291,008
Investigation	8,097,706	8,790,914	8,324,853	466,061
Department of Inspections, Licenses and Permits				
Animal Control	618,909	635,488	606,949	28,539
Building Services	1,007,519	1,063,438	1,027,184	36,254
Director of DILP	535,556	562,537	551,815	10,722
Electrical Services	608,644	656,314	634,736	21,578
Manufactured Homes/Abandoned Property	243,204	254,695	239,780	14,915
Plumbing Services	572,218	604,126	590,899	13,227
Emergency Operations				
911 Emergency Communications	6,040,552	6,283,392	5,940,634	342,758
Administration	4,103,582	4,263,269	4,158,541	104,728
Rescue Support	40,370	40,370	-	40,370
Special Operations & Technical Services	2,752,619	2,792,124	2,631,359	160,765
Volunteer Fire Companies	6,724,642	6,681,314	6,681,314	-
HAZMAT Response Team	370,969	367,969	329,169	38,800
Total Public Safety	<u>92,284,722</u>	<u>96,377,545</u>	<u>93,038,492</u>	<u>3,339,053</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, 2014

(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
PUBLIC WORKS				
Department of Public Works				
Solid Waste Management	4,599,190	4,798,621	4,516,586	282,035
Closed Landfills - Post Closure Costs	138,275	136,025	119,718	16,307
Environmental Affairs	10,000	10,000	6,225	3,775
Recycling	1,579,555	1,628,949	1,412,068	216,881
Scarboro Remediation	42,060	47,110	46,832	278
Waste Energy	9,326,813	9,326,813	8,613,568	713,245
Total Public Works	<u>15,695,893</u>	<u>15,947,518</u>	<u>14,714,997</u>	<u>1,232,521</u>
SOCIAL SERVICES				
Department of Community Services				
Director	719,573	745,729	707,179	38,550
Office of Drug Control	980,998	1,013,219	979,885	33,334
Emergency Assistance	160,684	168,030	163,201	4,829
Community Development	1,462,968	1,483,303	1,312,556	170,747
Office on Aging	1,355,639	1,443,671	1,358,638	85,033
Transportation	1,269,142	1,289,771	884,246	405,525
NMARC Activity	1,745,694	1,745,694	1,745,694	-
Housing Agency				
Housing Services	524,311	554,058	544,552	9,506
Department of Health				
Addictions Services	532,887	532,887	532,887	-
Community Mental Health	119,533	119,533	119,533	-
Health Department	3,375,898	3,375,898	2,670,165	705,733
Total Social Services	<u>12,247,327</u>	<u>12,471,793</u>	<u>11,018,536</u>	<u>1,453,257</u>
DEBT SERVICE				
Debt Service - Principal	31,042,324	31,042,324	31,017,730	24,594
Debt Service - Interest	19,177,589	19,177,589	18,257,116	920,473
Debt Service - Administration Costs	770,000	770,000	231,221	538,779
Total Debt Service	<u>50,989,913</u>	<u>50,989,913</u>	<u>49,506,067</u>	<u>1,483,846</u>
OTHER FINANCING USES				
Operating Transfers Out				
Capital Projects	16,465,526	17,251,062	17,201,062	50,000
Grants	3,114,058	3,114,058	3,114,058	-
Stormwater Management	279,802	279,802	279,802	-
Total Other Financing Uses	<u>19,859,386</u>	<u>20,644,922</u>	<u>20,594,922</u>	<u>50,000</u>
Total Expenditures and Other Financing Uses	<u>\$ 511,723,888</u>	<u>\$ 520,183,514</u>	<u>\$ 508,431,777</u>	<u>\$ 11,751,737</u>

Special Revenue Fund

HARFORD COUNTY, MARYLAND
Schedule Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Non-major Parks and Recreation Special Revenue Fund
For The Year Ended June 30, 2014

Exhibit D-1

	Budgeted Amounts			Variance With Final Budget Positive (Negative)	
	Original	Final	Actual Amounts		
REVENUES					
Investment Income	\$ 500	\$ 500	\$ 1,251	\$ 751	
Charges for Current Services	850,500	850,500	858,795	8,295	
Miscellaneous	-	-	1,386	1,386	
Total Revenues	851,000	851,000	861,432	10,432	
EXPENDITURES					
Parks, Recreation and Natural Resources	884,233	901,091	795,757	105,334	
Total Expenditures	884,233	901,091	795,757	105,334	
Excess of Revenues Over Expenditures	(33,233)	(50,091)	65,675	115,766	
OTHER FINANCING SOURCES					
Appropriated Fund Balance	33,233	50,091	-	(50,091)	
Total Other Financing Sources	33,233	50,091	-	(50,091)	
Net Change in Fund Balances	\$ -	\$ -	\$ 65,675	\$ 65,675	
Fund Balance - Beginning			468,296		
Prior Year Encumbrances Cancelled			8,212		
Fund Balance - Ending			\$ 542,183		

HARFORD COUNTY, MARYLAND
Schedule Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Stormwater Management Fund
For The Year Ended June 30, 2014

Exhibit D-2

	Budgeted Amounts			Variance With Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)	
				Final Budget	Positive (Negative)
REVENUES					
Taxes	\$ 1,065,725	\$ 1,065,725	\$ 1,048,941	\$ (16,784)	
Revenue from Other Agencies	-	-	4,000	4,000	
Investment Income	-	-	620	620	
Total Revenues	<u>1,065,725</u>	<u>1,065,725</u>	<u>1,053,561</u>	<u>(12,164)</u>	
EXPENDITURES					
Public Works	1,259,991	1,345,527	1,240,911	104,616	
Total Expenditures	<u>1,259,991</u>	<u>1,345,527</u>	<u>1,240,911</u>	<u>104,616</u>	
(Deficiency) Excess of Revenues Over Expenditures	(194,266)	(279,802)	(187,350)	92,452	
OTHER FINANCING SOURCES					
Transfers In	194,266	279,802	279,802	-	
Total Other Financing Sources	<u>194,266</u>	<u>279,802</u>	<u>279,802</u>	<u>-</u>	
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>92,452</u>	<u>\$ 92,452</u>	
Fund Balance - Beginning				-	
Fund Balance - Ending			\$ <u>92,452</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, 2014

Exhibit E-1

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 1,099,000	\$ 1,099,000	\$ 1,116,429	\$ 17,429
Investment Income	1,000	1,000	1,441	441
Total Revenues	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,117,870</u>	<u>17,870</u>
EXPENDITURES				
Debt Service	1,100,000	1,100,000	1,060,813	39,187
Total Expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,060,813</u>	<u>39,187</u>
Net Change in Fund Balances	\$ <u> </u> <u> </u>	\$ <u> </u> <u> </u>	57,057	\$ <u> </u> <u> </u>
Fund Balance - Beginning			<u>1,994,150</u>	
Fund Balance - Ending			\$ <u> </u> <u> </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, 2014

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY			
Reforestation Proceeds	\$ 680,000	\$ 349,076	\$ 330,924
Facilities Repair Program	8,562,852	7,665,846	897,006
Treasury Computer Enhancements	175,000	158,071	16,929
* Emergency Needs 2006	1,245,776	-	1,245,776
Watershed Restoration/Improvements 2006	1,728,228	907,120	821,108
County Facility System Security Access/Fuel Dispensing	855,000	729,715	125,285
Site Acquisition	20,757,761	15,464,741	5,293,020
* Bynum Ridge Stream Stabilization	285,000	259,946	25,054
Stormwater Enhancement	825,000	460,660	364,340
Woodbridge Retrofit & Stream Restoration	1,260,000	531,249	728,751
* Grande View Farms Lake Repairs	300,000	300,000	-
Harford County Southern Resource Annex (Southern Precinct)	21,874,760	11,147,961	10,726,799
Sunnyview Stream Restoration	1,260,000	260,089	999,911
Courthouse Building Repairs	4,634,900	286,309	4,348,591
* Enterprise Resources System	25,000	-	25,000
Reforestation Proceeds-Critical Area	100,000	62,058	37,942
Watershed Stream Assessment Studies	925,000	900,683	24,317
* Woodland Run Stream Restoration	700,000	1,706	698,294
Gordon Street/Bel Air Academy	420,000	209,847	210,153
Wheel Creek Watershed Restoration	3,314,607	2,286,456	1,028,151
Edgewood Plaza Retrofit & Stream Restoration	210,000	188	209,812
Citizens Care Center	2,000,000	171,127	1,828,873
Humane Society	7,050,000	303,603	6,746,397
One Maryland Broadband	5,250,000	193,000	5,057,000
Safeguarding Business Operations	9,150,400	4,579,276	4,571,124
Bynum Run at St Andrews Way Stream Restoration	847,026	177,402	669,624
* Deer Creek Watershed Restoration	400,000	399,821	179
Fleet Replacement	3,540,000	3,536,642	3,358
Refresh Program	2,085,000	1,573,494	511,506
Joppatowne Area Watershed Restoration	750,000	591,731	158,269
Plumtree Run Watershed Restoration	443,452	4,105	439,347
Sams Branch Watershed Restoration	752,922	137,885	615,037
Stormwater Pollution Prevention	461,395	351,544	109,851
HMAN (Harford County Metro Area Network)	12,000,000	11,649,891	350,109
Bel Air Parking Garage	645,000	565,438	79,562
Board of Education-Debt Service	18,258,301	18,258,301	-
Countywide Facilities Master Plan Study	1,950,000	1,915,575	34,425
Efficiency Capital Investment Projects	360,000	180,383	179,617
GIS	250,000	250,000	-
Lily Run Watershed Restoration	725,000	65	724,935
Repairs to 45 South Main Street Building	100,000	99,489	511
TIF-James Run	14,614,036	-	14,614,036
Board of Education-Debt Service	13,600,000	13,600,000	-

(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, 2014

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY (continued)			
45 South Main-Add Emergency Power System	600,000	5,750	594,250
Hosanna School	240,000	230,343	9,657
Underground/Aboveground Storage Tank Management	50,000	27,640	22,360
Maintenance/Repair of Dams	95,000	34,433	60,567
MD 924 Small Area Corridor Plan	300,000	-	300,000
Havre de Grace Opera House Renovations	500,000	-	500,000
Maintenance/Repair of Dams	895,000	677,365	217,635
Total General County	168,051,416	101,496,024	66,555,392
EDUCATION			
Fire Alarm/Emergency Communications	825,000	607,275	217,725
Furniture & Equipment	955,000	718,653	236,347
Joppatowne Elementary Modernization	13,550,811	11,811,863	1,738,948
Deerfield Elementary Modernization/Replacement	22,484,525	21,746,665	737,860
School Buses Fiscal Year 2002	8,743,198	8,000,483	742,715
Athletic Fields Repair/Renovations	277,000	268,883	8,117
New High School/Middle School	60,322,094	56,797,184	3,524,910
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	682,887	442,113
Integrated Business Systems	403,000	318,394	84,606
New Elementary Capital/Vale Rd/Red Pump Elementary	30,325,819	28,001,866	2,323,953
Textbook Refresh (Math)	6,210,000	2,399,771	3,810,229
ADA Improvements	500,000	180,212	319,788
HVAC Major Repairs	5,752,362	3,927,846	1,824,516
Edgewood High School Replacement	83,581,790	81,722,940	1,858,850
Roofing Replacement	1,236,530	938,560	297,970
Youth's Benefit Elementary School	8,510,600	2,299,368	6,211,232
North Harford Middle School Repairs	50,000	32,200	17,800
Homestead Wakefield Elementary School Modernization	133,454	32,454	101,000
Campus Hills Elementary School	900,000	839,860	60,140
Havre de Grace High School HVAC	5,339,397	5,339,397	-
Septic Pre-Treatment for Code Upgrade	2,167,926	842,513	1,325,413
Forest Hill Annex Electrical Upgrades	400,000	344,527	55,473
William Paca Elementary School Air Conditioning	5,800,000	3,930,057	1,869,943
Youth's Benefit Elementary School Primary Building Air Conditioning	4,800,000	2,488,735	2,311,265
Jarrettsville Elementary School Air Conditioning	2,941,500	2,913,319	28,181
Magnolia Middle School HVAC	3,512,554	1,525,351	1,987,203
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
Energy Efficiency Initiative Projects	114,316	-	114,316

(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, 2014

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
EDUCATION (continued)			
Fallston High School HVAC Project	3,993,940	1,191,964	2,801,976
Havre de Grace High School Replacement	3,700,000	-	3,700,000
Joppatowne High School Systemic Project	7,400,000	-	7,400,000
Music Equipment Refresh Program	50,000	25,849	24,151
Music Technology Lab	150,000	147,579	2,421
Norrisville Elementary School HVAC	1,720,000	202,376	1,517,624
North Harford Elementary School Comprehensive HVAC	1,175,000	957,942	217,058
Playground Equipment	350,000	118,023	231,977
Roof Replacements 14	272,041	19,986	252,055
Stadium Upgrades-Joppatowne High School	300,000	190	299,810
Aberdeen High School Stadium/Weight Room Upgrades	1,600,000	215,907	1,384,093
Homestead Wakefield Electrical Support for Technology	250,000	250,000	-
Joppatowne High School Weight Room Repairs	250,000	18,340	231,660
Security Initiative	640,000	505,539	134,461
Environment Compliance Project	1,247,619	1,050,395	197,224
North Harford High School Modernization	31,873,132	31,560,459	312,673
Technology	4,751,467	4,723,683	27,784
Bel Air High School Modernization/Replacement	<u>78,185,348</u>	<u>78,150,782</u>	<u>34,566</u>
Total Education	410,875,307	359,398,956	51,476,351
FIRE/SAFETY			
Fire, EMS & Law Enforcement CAD	2,450,000	2,434,100	15,900
* UHF Radio System Replacement	23,601,693	23,599,257	2,436
* Work Release/Study/Detention Center Expansion	32,018,131	32,004,463	13,668
Computer Equipment/Networks	2,241,742	1,914,354	327,388
New Emergency Operations Center Complex	36,444,525	31,588,055	4,856,470
* Volunteer Fire Company Facility Repairs	2,750,000	2,750,000	-
Susquehanna Hose Company House #3 Expansion	810,000	810,000	-
911 State Fee Fund	3,100,000	207,616	2,892,384
700 Mhz Wireless Radio System Equipment	17,693,992	15,569,970	2,124,022
Bel Air Substation at Patterson Mill	2,868,400	2,857,867	10,533
* Narrowbanding Public Safety Commission	1,266,350	1,266,350	-
Norrisville Station	750,000	59,254	690,746
Public Safety Communication in School Buildings	200,000	145,827	54,173
Joppa Magnolia Fire Station Expansion	700,000	-	700,000
TRT Equipment	110,000	-	110,000
Total Fire/Safety	127,004,833	115,207,113	11,797,720
COMMUNITY COLLEGE			
New Allied Health and Nursing Building	7,161,000	6,675,000	486,000
Edgewood Hall Renovations	272,000	76,593	195,407
Total Community College	<u>7,433,000</u>	<u>6,751,593</u>	<u>681,407</u>

(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, 2014

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
LIBRARY			
Jarrettsville Library	5,884,000	5,841,309	42,691
Facility Maintenance & Repairs	252,647	102,735	149,912
Whiteford Library Expansion	4,238,200	4,215,879	22,321
Facility Renovations	250,000	26,544	223,456
Aberdeen Library Feasibility Study	56,000	46,360	9,640
Darlington Feasibility Study	56,000	33,845	22,155
Havre de Grace Library Expansion	535,000	432,927	102,073
Technology	409,100	242,209	166,891
Total Library	11,680,947	10,941,808	739,139
LANDFILL			
* Air Pollution Control	12,850,000	11,648,956	1,201,044
* Waste to Energy Repairs	1,300,000	896,247	403,753
Tollgate Landfill Gas System	1,034,679	136,377	898,302
* Tollgate Yard Trim Recycling Center	100,000	74,233	25,767
Harford County Waste Disposal Center Compost Area Facilities	90,000	29,958	60,042
Harford Waste Disposal Center Landfill Capping	7,050,000	6,990,434	59,566
Former Spencers Landfill Closure	6,700,000	690,134	6,009,866
Solid Waste Transfer Station	3,700,000	2,915,618	784,382
Full Cost Accounting Study	300,000	300,000	-
Waste to Energy Facility Closure	400,000	-	400,000
* 814 Philadelphia Road Structure Demolition	100,000	34,955	65,045
Environmental Studies	1,320,900	1,119,501	201,399
Future Expansion	20,570,353	20,237,714	332,639
Total Landfill	55,515,932	45,074,127	10,441,805
PARKS and RECREATION			
Smith Property/Edgeley Grove	4,325,000	3,194,341	1,130,659
Bush River Dredging & Disposal Material Placement Site	3,030,000	2,139,882	890,118
Prospect Mill Park	1,430,000	1,223,207	206,793
Churchville Complex Development	8,556,830	3,318,585	5,238,245
* Facility Renovations 2005	1,110,000	667,279	442,721
* Friends Pond Rehabilitation	500,000	424,986	75,014
Heavenly Waters Park	1,820,000	926,681	893,319
Shucks Road Regional Sports Complex	8,110,415	5,087,910	3,022,505
Edgewood Recreation Park	1,155,000	910,186	244,814
Fallston Youth/Senior Center	10,325,000	7,447,102	2,877,898
* Magnolia Complex Development	2,055,000	1,585,766	469,234
* Tennis/Multipurpose Courts	1,180,000	933,122	246,878

(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, 2014

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS and RECREATION (continued)			
* Havre de Grace Field Development	1,510,000	1,170,937	339,063
Athletic Field Improvements	9,350,000	6,756,434	2,593,566
Indoor Recreation Facility	400,000	135,444	264,556
Joppatowne Area Dredging	990,000	421,874	568,126
Tudor Hall Rehabilitation	500,000	136,930	363,070
Vale Road Elementary School Facility	1,600,000	911,033	688,967
Bleacher Renovations	310,000	155,697	154,303
Darlington Park Development	1,575,000	99,516	1,475,484
Mariner Point Park Renovations	261,000	4,230	256,770
Nuttal Avenue Park Development	500,000	45,020	454,980
* Swan Harbor Farm Improvements	183,000	26,748	156,252
Belcamp Park Improvements	325,000	279,456	45,544
Broad Creek Boat Launch Ramp	649,000	53,444	595,556
Cedar Lane Sports Complex Improvements	1,761,000	105,102	1,655,898
Churchville Center Renovations	400,000	117,537	282,463
Eden Mill Park Rehabilitation	775,000	521,469	253,531
Facility Renovations	410,000	301,886	108,114
Natural Turf Improvements	800,000	204,851	595,149
Park Improvements	400,000	121,731	278,269
Park Land Acquisition	2,206,000	2,094,262	111,738
Playground Equipment	1,055,000	380,000	675,000
Anita C. Leight Center Improvements	375,000	79,359	295,641
Emmorton Rec and Tennis Center Improvements	520,000	377,366	142,634
* Havre de Grace Yacht Basin Dredging	525,000	342,814	182,186
Tennis/Multipurpose Courts	390,000	375,698	14,302
Equestrian Center Improvements	325,000	108,458	216,542
Backstop Renovations	95,000	16,607	78,393
Emily Bayliss Graham Park	950,000	2,250	947,750
Gunpowder River Dredging	1,254,000	505,828	748,172
Jarrettsville Complex Restrooms	350,000	258,129	91,871
Oakington Farms	1,900,000	420,085	1,479,915
Parking Lot Paving	149,000	130,299	18,701
Rockfield Park Improvements	100,000	15,500	84,500
Trails and Linear Parks	150,000	1,100	148,900
David Craig Park Development	75,000	-	75,000
Edgewood Rec and Community Center	100,000	40,222	59,778
Northern Regional Park	1,000,000	458,465	541,535
Water and Land Trails (North Park)	800,000	-	800,000
ADA Improvements	50,000	1,309	48,691
Debris-Derelict Boats	50,000	-	50,000
Disc Golf Course	50,000	-	50,000

(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, 2014

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS and RECREATION (continued)			
Fallston Maintenance Shop	50,000	11,500	38,500
Fallston Recreation Complex Improvements	125,000	15,291	109,709
McFaul Activity Center	250,000	2,472	247,528
Robert Copenhaver Park Improvements	75,000	41,686	33,314
SWM Pond Repair and Renovation	100,000	-	100,000
* Debris-Derelict Boats	50,000	34,227	15,773
Total Parks and Recreation	79,415,245	45,141,313	34,273,932
HIGHWAYS-ROADS			
* Cape Knoll Road Acceptance	150,000	108,273	41,727
Glen Elyn Culvert and Ponds Repair	392,500	392,500	-
New Roads and Storm Drains 2002	1,266,740	742,976	523,764
Tollgate Road/West Ring Factory-Plumtree	3,143,439	1,460,309	1,683,130
Facilities Repair Program	1,107,000	800,401	306,599
Primrose Place	146,000	132,605	13,395
* Robinhood Road/US 40 to Titan Terrace	3,474,045	2,437,367	1,036,678
Hickory II Improvements	823,503	795,015	28,488
Culvert Rehabilitation	4,000,000	3,834,055	165,945
Intersection Improvements	2,227,444	1,623,387	604,057
* Perryman Access-Mitchell Lane	850,000	558,615	291,385
Village of Scot's Fancy-Starmount Lane	750,000	715,128	34,872
* Cedar Lane (MD 136-Cedarday)	2,150,000	1,663,304	486,696
Shucks Road Improvements	600,000	137,192	462,808
Drainage Improvements	1,275,000	1,002,437	272,563
Fuel Dispensing System Upgrade	950,000	202,273	747,727
New Roads and Storm Drains	1,545,000	1,177,151	367,849
Stormdrain Rehabilitation	1,291,231	1,169,383	121,848
* Traffic Signals	200,000	90,399	109,601
* Singer Road Improvements	50,000	27,050	22,950
MD 152/Oakmont Road/Port Lane	921,732	105,455	816,277
* Road Reconstruction and Rehabilitation	6,330,000	4,114,572	2,215,428
Thomas Run Road (MD Route 22-West Medical Hall Road)	550,000	541,131	8,869
* Resurfacing Roadways Fiscal Year 2010	7,706,147	5,479,608	2,226,539
Sidewalks and Handicapped Ramps	665,000	514,404	150,596
Traffic Calming and Road Safety Improvements	450,000	258,098	191,902
* MacPhail Road/Tollgate Road Roundabout	555,000	126,335	428,665
* Road Reconstruction and Rehabilitation	1,600,000	1,599,999	1
Safeguarding Business Operations	1,881,200	1,139,818	741,382
* Road Reconstruction and Rehabilitation	500,000	499,999	1
Schucks Road Culvert Replacement	700,000	22,413	677,587

(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, 2014

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
Resurfacing Roadways	4,983,945	4,947,386	36,559
Fleet Replacement	3,627,000	3,626,998	2
* MD Route 22 Corridor Study	300,000	300,000	-
* Road Reconstruction	500,000	499,999	1
Resurfacing Roadways	5,640,000	5,634,710	5,290
700 MHZ Wireless Radio System Equipment	1,600,000	921,750	678,250
Efficiency Capital Investment Project	75,000	29,061	45,939
Guardrails Fiscal Year 2013	200,000	198,189	1,811
HMAN (Harford County Metro Area Network)	880,000	800,400	79,600
New Roads and Storm Drains	1,375,000	2,600	1,372,400
Refresh Program	238,000	179,505	58,495
Resurfacing Roadways	6,661,509	4,545,018	2,116,491
Sidewalks	1,375,000	876,505	498,495
Moores Mill Road	7,612,113	6,068,003	1,544,110
Carrs Mill Road/Route 152-Grafton Shop	1,195,000	1,166,302	28,698
Wheel Road/Laurel Bush - Fairway Road	7,250,000	6,530,412	719,588
Total Roads	91,763,548	69,798,490	21,965,058
HIGHWAYS-BRIDGES			
Harford Creamery Road Bridge #104	1,280,000	432,258	847,742
* North Avenue/Henderson Road Bridge	1,849,500	1,847,500	2,000
* St Clair Road Bridge #99	1,935,000	1,715,279	219,721
Watervale Road Bridge #63	3,380,000	900,824	2,479,176
Bridge Inspection Program	2,090,000	1,720,642	369,358
Bridge Rehabilitation	2,850,000	2,849,995	5
* Ruffs Mill Road Bridge #190	1,780,000	1,209,015	570,985
Road and Bridge Scour Repairs	900,000	499,917	400,083
Macton Road Bridge #145	1,011,268	946,734	64,534
Snake Lane Bridge #31	195,000	169,740	25,260
Carrs Mill Road Bridge	1,795,000	361,547	1,433,453
Glen Cove Road Bridge #156	150,000	149,999	1
Robinson Mill Road Bridge #154	1,000,000	252,499	747,501
Abingdon Road Bridge #169 Over CSX	730,000	213,089	516,911
Jericho Road Bridge #3	1,500,000	53,530	1,446,470
Chestnut Hill Bridge #40	220,000	26,437	193,563
Phillips Mill Road Bridge #70	385,000	141,313	243,687
Hess Road Bridge #82	1,000,000	159,543	840,457
Prospect Road Bridge #217	175,000	3,060	171,940
Bridge Painting	225,000	-	225,000
Bridge Rehabilitation	250,000	211,993	38,007
Green Road Bridge #122	190,000	108,090	81,910

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2014

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-BRIDGES (continued)			
Bridge Painting	100,000	-	100,000
Fawn Grove Road Bridge #132	175,000	1,088	173,912
Green Road Bridge #119	15,000	14,922	78
New Park Road Bridge #125	140,000	1,054	138,946
Structural Evaluation	420,000	309,681	110,319
Total Bridges	<u>25,740,768</u>	<u>14,299,749</u>	<u>11,441,019</u>
Total Highways	<u>117,504,316</u>	<u>84,098,239</u>	<u>33,406,077</u>
 Total All Projects	 977,480,996	 768,109,173	 209,371,823
 *Less Closed Projects	 (113,984,642)	 (100,699,127)	 (13,285,515)
 Total Capital Project Funds	 <u>\$ 863,496,354</u>	 <u>\$ 667,410,046</u>	 <u>\$ 196,086,308</u>

Enterprise Fund

Water and Sewer Fund

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

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2014

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
SEWER PROJECTS			
Church Creek Pump Station Replacement	\$ 10,074,766	\$ 8,224,814	1,849,952
* Church Creek Pump Station Replacement	25,234	25,234	-
Harford Estates Pump Station Abandonment	5,532,100	3,605,612	1,926,488
Lower Bynum Run	9,599,388	8,147,491	1,451,897
* Lower Bynum Run	40,612	40,612	-
Plumtree Collector Parallel Phase II	100,000	55,964	44,036
Joppatowne Pump Station No.47	4,048,750	259,179	3,789,571
* Joppatowne Pump Station No.47	1,250	1,250	-
Enhanced Nutrient Removal Refinement at Sod Run	57,500,000	40,657,496	16,842,504
Bush Creek Pump Station 4th Pump	27,381,877	7,225,610	20,156,267
* Bush Creek Pump Station 4th Pump	18,123	18,123	-
Utility Protection/Restoration	500,000	212,226	287,774
Infiltration & Inflow	3,400,000	1,374,433	2,025,567
* Bel Air Infiltration & Inflow	500,000	48,325	451,675
Bynum Run Parallel Phase 6 & 7	6,863,964	264,929	6,599,035
* Bynum Run Parallel Phase 6 & 7	35,985	35,985	-
* Bynum Run Parallel Phase 6 & 7	20,051	20,051	-
Enhanced Nutrient Removal at Joppatowne Waste Treatment Plant	5,500,000	3,401,711	2,098,289
Edgewood Interceptor Sewer Parallel	300,000	85,835	214,165
Green Ridge Pump Station Replacement	1,500,000	576,463	923,537
* Infiltration and Inflow	350,000	107,499	242,501
Bill Bass Outfall Sewer Replacement	800,000	679,890	120,110
* Chlorine Replacement Program Water Waste Treatment Plant	660,000	-	660,000
Sod Run Facility Improvements	1,600,000	644,071	955,929
* Sod Run Water Waste Treatment Plant - Sludge Pad Cover	750,763	706,640	44,123
Renewal and Replacement - Sewer	600,000	112,071	487,929
Bill Bass Pump Station Forceemain Replacement	700,384	-	700,384
* Harford Waste Water Treatment Plant Facility Improvements	885,000	2,045	882,955
Oaklyn Manor/Joppa Area Sewer Relief	1,950,300	1,464,277	486,023
Town Center Drive Pump Station	350,000	-	350,000
Total Sewer Projects	141,588,547	77,997,836	63,590,711

WATER PROJECTS

* Inform Asset Management Study-Water	400,000	378,508	21,492
Abingdon Water Treatment Plant Expansion	6,432,237	5,250,566	1,181,671
* Abingdon Water Treatment Plant Expansion	150,000	150,000	-
* Abingdon Water Treatment Plant Expansion	64,516,949	64,516,949	-
* Abingdon Water Treatment Plant Expansion	5,435,814	5,435,814	-
* Chlorine Replacement Program Water Treatment Plant	720,000	667,483	52,517

(continued)

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2014

(continued)

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
WATER PROJECTS (continued)			
Abingdon Road Water Main Parallel	8,298,251	269,791	8,028,460
* Abingdon Road Water Main Parallel	1,749	1,749	-
Route 24 Water Transmission	160,000	71,052	88,948
Tollgate Road Water Main Parallel	1,300,000	7,003	1,292,997
* Tank Painting	365,000	364,999	1
Magnolia Booster Station	200,000	9,345	190,655
Swan Harbor Tank & Transmission	600,000	-	600,000
* Water Construction Unanticipated	300,000	96,323	203,677
* Tank Painting	300,000	293,126	6,874
* City of Baltimore Deer Creek Pump Station	3,700,000	2,879,624	820,376
* City of Baltimore Raw Water Supply	3,300,000	1,166,128	2,133,872
Abingdon Maintenance Storage Protection	200,000	1,768	198,232
* Regional Water Supply Research & Analysis	500,000	-	500,000
* Water Quality Improvements	600,000	206,124	393,876
Renewal and Replacement Water	300,000	-	300,000
* Water Meter Upgrade	1,080,000	1,079,716	284
Water Zone Improvements	150,000	-	150,000
Tank Painting FY14	500,000	-	500,000
Total Water Projects	99,510,000	82,846,068	16,663,932
OTHER PROJECTS			
Site Acquisition Water and Sewer Facilities	800,000	10,073	789,927
* Safeguarding Business Operations	1,982,694	1,282,244	700,450
Safeguarding Business Operations	35,706	35,706	-
Fleet Replacement	1,462,000	1,311,016	150,984
* 700 MHZ Wireless Radio System Equipment	649,000	126,787	522,213
* HMAN	970,000	839,931	130,069
* Refresh Program	252,000	189,127	62,873
* Water and Sewer Rate Study	300,000	120,878	179,122
* Water and Sewer Authority Establishment	2,000,000	19,553	1,980,447
Electrical/Network/Phone	130,000	-	130,000
Fuel Dispensing System Upgrade	60,000	-	60,000
Total Other Projects	8,641,400	3,935,315	4,706,085
Total Water, Sewer and Other Projects	249,739,947	164,779,219	84,960,728
*Less Closed and Capitalized Projects	(90,810,224)	(80,820,827)	(9,989,397)
Total Open Water, Sewer and Other Projects	<u><u>\$ 158,929,723</u></u>	<u><u>\$ 83,958,392</u></u>	<u><u>\$ 74,971,331</u></u>

Statistical Section

*REPLACE WITH
GRAPHICS PAGE*

Statistical Section

*REPLACE WITH
GRAPHICS PAGE*

Statistical Section

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic & Demographic Information

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

Operating Information

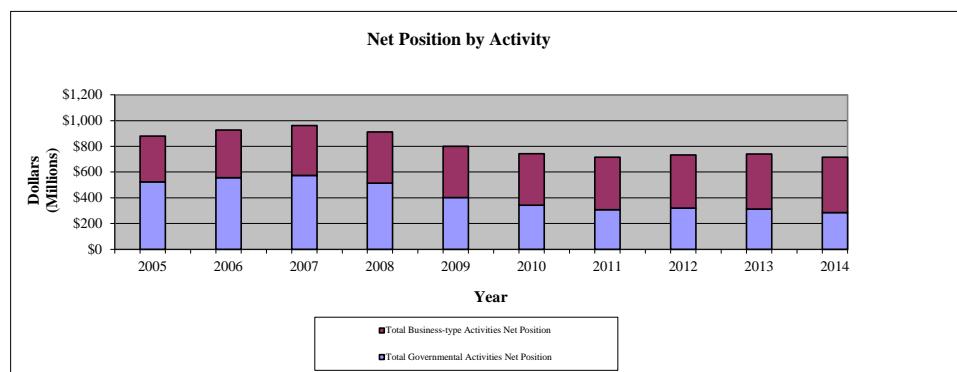
Tables 17 through 19 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Harford County, Maryland

Net Position by Component (accrual basis of accounting)

Table 1
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 373,728,341	\$ 395,170,359	\$ 412,786,546	\$ 464,659,388	\$ 449,571,374	\$ 444,082,892	\$ 422,414,425	\$ 434,233,561	\$ 449,378,060	\$ 436,216,089
Restricted	60,274,990	63,909,160	76,961,572	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598	78,915,495	75,653,146
Unrestricted	91,040,906	96,748,018	83,544,901	(27,463,371)	#####	(178,174,967)	(207,023,969)	(207,432,487)	(214,931,280)	(225,213,903)
Total Governmental Activities Net Position	\$ 525,044,237	\$ 555,827,537	\$ 573,293,019	\$ 513,403,768	\$ 401,523,335	\$ 343,796,741	\$ 307,257,563	\$ 320,549,672	\$ 313,362,275	\$ 286,655,332
Business-Type Activities										
Net Investment in Capital Assets	\$ 229,285,930	\$ 241,947,408	\$ 256,147,742	\$ 264,079,863	\$ 277,437,097	\$ 285,389,182	\$ 290,793,475	\$ 303,842,266	\$ 322,126,658	\$ 332,396,851
Unrestricted	125,501,320	130,235,522	131,468,032	135,343,466	121,551,999	114,501,559	117,859,447	108,369,103	103,828,202	96,967,039
Total Business-type Activities Net Position	\$ 354,787,250	\$ 372,182,930	\$ 387,615,774	\$ 399,423,329	\$ 398,989,096	\$ 399,890,741	\$ 408,652,922	\$ 412,211,369	\$ 425,954,860	\$ 429,363,890
Primary Government										
Net Investment in Capital Assets	\$ 603,014,271	\$ 637,117,767	\$ 668,934,288	\$ 728,739,251	\$ 727,008,471	\$ 729,472,074	\$ 713,207,900	\$ 738,075,827	\$ 771,504,718	\$ 768,612,940
Restricted	60,274,990	63,909,160	76,961,572	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598	78,915,495	75,653,146
Unrestricted	216,542,226	226,983,540	215,012,933	107,880,095	(5,338,552)	(63,673,408)	(89,164,522)	(99,063,384)	(111,103,078)	(128,246,864)
Total Primary Government Net Position	\$ 879,831,487	\$ 928,010,467	\$ 960,908,793	\$ 912,827,097	\$ 800,512,431	\$ 743,687,482	\$ 715,910,485	\$ 732,761,041	\$ 739,317,135	\$ 716,019,222



Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

Table 2
Last Ten Fiscal Years

Expenses (by function)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Government Activities</i>										
Agricultural Preservation	\$ 2,458,011	\$ 3,063,167	\$ 1,967,017	\$ 3,127,195	\$ 5,695,097	\$ 4,249,774	\$ 3,319,578	\$ 3,432,517	\$ 3,601,838	\$ 3,398,295
County Council	1,546,589	1,771,152	1,859,440	2,379,819	2,243,875	2,148,195	2,198,979	2,597,248	2,763,150	2,536,764
General Government	23,164,674	22,934,310	36,207,586	43,776,142	51,703,093	48,547,861	38,564,852	43,655,212	46,041,421	55,642,498
Education-Primary thru Com. College	197,639,393	237,071,869	241,576,927	297,182,465	319,330,062	291,542,340	257,424,328	256,361,884	248,045,564	250,907,788
Harford Center	382,143	432,143	482,143	532,142	582,143	553,036	553,036	553,036	553,036	553,036
Judicial	7,639,916	8,342,616	9,052,442	10,398,970	10,206,733	9,943,671	10,159,127	9,666,237	9,950,169	9,982,512
Libraries	13,838,222	17,313,195	12,894,760	16,406,652	16,809,566	16,446,279	21,721,995	17,359,356	17,314,092	17,271,606
Parks and Recreation	9,950,468	11,255,578	19,323,689	18,980,453	14,431,566	17,598,714	20,811,081	14,416,981	15,697,516	17,520,868
Public Safety	57,134,910	64,446,233	74,225,224	95,946,852	95,086,768	96,984,770	113,230,332	95,202,878	106,668,221	105,436,479
Public Works	43,118,390	66,827,829	56,214,545	73,819,429	60,809,936	74,378,929	63,368,723	61,916,296	60,279,965	77,195,654
Social Services & Health	20,683,885	22,780,840	25,119,209	26,492,857	28,677,264	29,228,702	29,806,456	28,365,201	28,769,204	26,384,324
Unallocated Debt Interest/Other Costs	7,852,493	8,498,206	8,202,236	9,995,430	10,563,561	13,071,359	19,962,786	18,871,700	14,273,378	17,409,320
Total Government Activities, as Restated	<u>385,409,094</u>	<u>464,737,138</u>	<u>487,125,218</u>	<u>599,038,406</u>	<u>616,139,664</u>	<u>604,693,630</u>	<u>581,121,273</u>	<u>552,398,546</u>	<u>553,957,554</u>	<u>584,239,144</u>
<i>Business-type Activities</i>										
Water and Sewer	34,271,051	35,899,779	36,525,841	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124	48,734,923
Total Business-type Activities	<u>34,271,051</u>	<u>35,899,779</u>	<u>36,525,841</u>	<u>40,077,024</u>	<u>40,862,648</u>	<u>41,514,775</u>	<u>41,859,508</u>	<u>42,953,467</u>	<u>50,101,124</u>	<u>48,734,923</u>
Total Primary Government Expenses	\$ 419,680,145	\$ 500,636,917	\$ 523,651,059	\$ 639,115,430	\$ 657,002,312	\$ 646,208,405	\$ 622,980,781	\$ 595,352,013	\$ 604,058,678	\$ 632,974,067
<i>Program Revenues</i>										
<i>Government Activities</i>										
Charges for Services										
General Government	\$ 1,861,049	\$ 1,984,467	\$ 2,087,329	\$ 2,109,440	\$ 2,149,523	\$ 2,407,582	\$ 2,375,772	\$ 2,662,846	\$ 2,778,718	\$ 2,478,640
Public Safety	9,119,711	6,441,809	6,647,023	6,227,490	5,370,147	4,029,330	3,636,934	3,978,388	3,701,079	3,889,979
Public Works	13,706,892	14,678,365	14,754,084	16,734,280	11,573,060	13,345,821	12,048,111	14,151,371	13,570,360	13,843,482
Other Activities	1,257,179	1,302,711	1,300,942	1,340,804	1,170,172	2,194,432	1,373,949	1,511,258	1,553,179	1,456,139
Operating Grants and Contributions	27,829,602	32,667,246	33,674,068	34,867,362	36,473,746	33,788,214	28,476,585	25,216,324	30,926,766	21,717,403
Capital Grants and Contributions	19,323,654	23,626,095	17,680,246	17,557,762	9,210,506	17,130,252	21,112,129	10,270,108	11,878,363	9,982,404
Total Governmental Activities Program Revenue	<u>73,098,087</u>	<u>80,700,693</u>	<u>76,143,692</u>	<u>78,837,138</u>	<u>65,947,154</u>	<u>72,895,631</u>	<u>69,023,480</u>	<u>57,790,295</u>	<u>64,408,465</u>	<u>53,368,047</u>
<i>Business-type Activities</i>										
Charges for Services	20,841,982	22,236,063	22,757,806	24,179,578	24,001,673	24,994,995	26,142,956	25,658,671	26,179,225	28,421,736
Operating Grants and Contributions	-	-	-	-	-	-	512,576	704,699	648,672	444,149
Capital Grants and Contributions	19,016,100	20,539,437	18,600,053	17,661,512	10,366,224	12,941,591	19,384,615	16,181,330	32,698,896	20,089,299
Total Business-type Activities Program Revenue	<u>39,858,082</u>	<u>42,775,500</u>	<u>41,357,859</u>	<u>41,841,090</u>	<u>34,367,897</u>	<u>37,936,586</u>	<u>46,040,147</u>	<u>42,544,700</u>	<u>59,526,793</u>	<u>48,955,184</u>
Total Primary Government Program Revenues	\$ 112,956,169	\$ 123,476,193	\$ 117,501,551	\$ 120,678,228	\$ 100,315,051	\$ 110,832,217	\$ 115,063,627	\$ 100,334,995	\$ 123,935,258	\$ 102,323,231
<i>Net (Expense) Revenue</i>										
Government Activities, as Restated	\$ (312,311,007)	\$ (384,036,445)	\$ (410,981,526)	\$ (520,201,268)	\$ (550,192,510)	\$ (531,797,999)	\$ (512,097,793)	\$ (494,608,251)	\$ (489,549,089)	\$ (530,871,097)
Business-type Activities	5,587,031	6,875,721	4,832,018	1,764,066	(6,494,751)	(3,578,189)	4,180,639	(408,767)	9,425,669	220,261
Total Primary Government Net Expense, as Restated	\$ (306,723,976)	\$ (377,160,724)	\$ (406,149,508)	\$ (518,437,202)	\$ (556,687,261)	\$ (535,376,188)	\$ (507,917,154)	\$ (495,017,018)	\$ (480,123,420)	\$ (530,650,836)

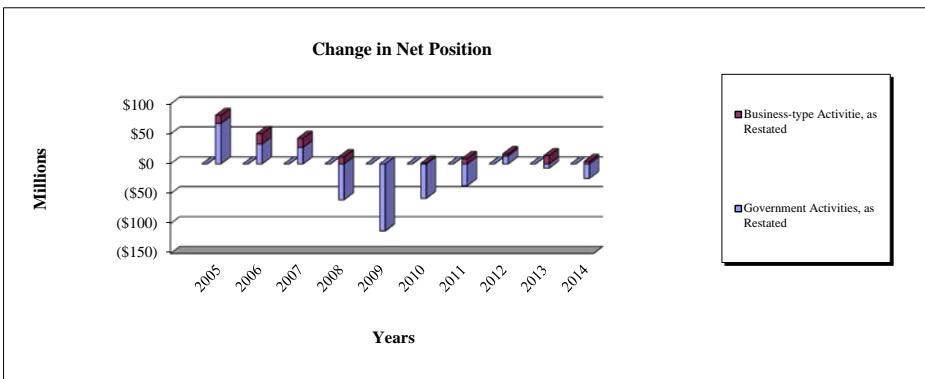
(continued)

Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

Table 2 (continued)
Last Ten Fiscal Years

General Revenues and Other Changes in Net Assets	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Government Activities</i>										
Taxes										
Property Taxes	\$ 180,609,309	\$ 195,158,988	\$ 218,160,400	\$ 243,355,073	\$ 269,385,374	\$ 286,733,047	\$ 290,004,412	\$ 295,910,417	\$ 286,926,355	\$ 285,269,614
Income Taxes	150,378,591	158,656,846	160,292,947	167,483,930	136,159,443	155,948,152	158,374,084	182,590,526	169,703,257	190,722,550
Other Taxes	38,728,179	48,152,486	41,225,896	31,524,076	21,920,852	25,609,883	23,980,727	22,791,891	24,124,916	26,539,923
Investment Earnings	7,754,509	9,566,164	14,410,465	15,068,189	7,883,023	5,094,195	2,113,223	5,607,895	(520,840)	1,532,992
Grants and Contributions	860,767	860,767	909,303	832,651	100,161	132,964	185,216	189,543	239,369	269,076
Miscellaneous	1,733,509	4,738,703	3,491,848	2,048,098	2,863,224	553,164	900,953	810,088	1,888,635	2,231,878
Total Governmental Activities	380,064,864	417,133,954	438,490,859	460,312,017	438,312,077	474,071,405	475,558,615	507,900,360	482,361,692	506,566,033
<i>Business-type Activities</i>										
Other Taxes	3,403,703	3,943,394	3,213,661	2,501,024	1,572,507	1,706,028	1,651,107	1,514,835	1,783,159	1,767,810
Investment Earnings	4,518,202	6,576,565	7,387,165	7,542,465	4,488,011	2,773,806	2,582,713	2,452,379	2,534,663	2,225,142
Miscellaneous							347,722			
Total Business-type Activities	7,921,905	10,519,959	10,600,826	10,043,489	6,060,518	4,479,834	4,581,542	3,967,214	4,317,822	3,992,952
Total Primary Government	\$ 387,986,769	\$ 427,653,913	\$ 449,091,685	\$ 470,355,506	\$ 444,372,595	\$ 478,551,239	\$ 480,140,157	\$ 511,867,574	\$ 486,679,514	\$ 510,558,985
<i>Change in Net Position</i>										
<i>Government Activities, as Restated</i>	\$ 67,753,857	\$ 33,097,509	\$ 27,509,333	\$ (59,889,251)	\$ (111,880,433)	\$ (57,726,594)	\$ (36,539,178)	\$ 13,292,109	\$ (7,187,397)	\$ (24,305,064)
<i>Business-type Activities, as Restated</i>	13,508,936	17,395,680	15,432,844	11,807,555	(434,233)	901,645	8,762,181	3,558,447	13,743,491	4,213,213
Total Primary Government, as Restated	\$ 81,262,793	\$ 50,493,189	\$ 42,942,177	\$ (48,081,696)	\$ (112,314,666)	\$ (56,824,949)	\$ (27,776,997)	\$ 16,850,556	\$ 6,556,094	\$ (20,091,851)



Harford County, Maryland

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

Table 3
Last Ten Fiscal Years; Restated

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Nonspendable:										
Inventory	\$ 1,262,145	\$ 1,445,667	\$ 1,690,366	\$ 1,964,376	\$ 2,079,969	\$ 2,019,073	\$ 2,114,574	\$ 2,025,093	\$ 1,922,189	\$ 1,519,258
Prepaid	131,282	131,282	131,282	131,282	131,282	131,282	131,282	539,162	576,287	872,050
Long-term Receivable	1,759,653	803,569	750,852	695,894	907,399	1,449,301	538,285	471,561	398,743	327,495
	<u>3,153,080</u>	<u>2,380,518</u>	<u>2,572,500</u>	<u>2,791,552</u>	<u>3,118,650</u>	<u>3,599,656</u>	<u>2,784,141</u>	<u>3,035,816</u>	<u>2,897,219</u>	<u>2,718,803</u>
Restricted for:										
Health Department	4,440,320	-	-	-	-	-	-	-	-	-
Harford County Public Schools	37,855,522	2,260,747	11,911,872	13,698,754	17,044,211	6,279,957	13,711,336	8,358,301	2,660,492	1,955,920
Bond Proceeds	55,868	9,080,695	6,103,211	30,562,023	32,377,981	83,110,584	35,468,418	18,814,860	23,809,815	10,529,766
Beechtree Debt Service	-	-	-	-	-	-	-	2,089,432	1,994,150	2,051,207
General Fund Detention Center	-	177,409	386,861	554,510	765,303	952,289	1,010,310	1,010,012	899,169	800,569
Dedicated Revenues	-	-	-	-	-	-	-	-	39,518	642,710
Parks and Recreation	2,131,352	194,914	729,145	1,662	129,104	849,988	594,673	-	457,135	403,329
Grants	-	2,691,037	3,305,701	4,487,913	4,635,607	8,684,777	8,584,742	6,825,412	7,718,401	6,385,091
Lease Purchase Proceeds	5,028	-	8,155,360	1,224,637	-	1,191,984	-	-	-	-
	<u>44,488,090</u>	<u>14,404,802</u>	<u>30,592,150</u>	<u>50,529,499</u>	<u>54,952,206</u>	<u>101,069,579</u>	<u>59,369,479</u>	<u>37,098,017</u>	<u>37,578,680</u>	<u>22,768,592</u>
Committed to:										
Development Rights	21,181,535	19,920,299	22,756,704	32,953,506	37,983,430	42,038,898	43,308,194	51,212,976	48,873,277	48,625,100
	<u>21,181,535</u>	<u>19,920,299</u>	<u>22,756,704</u>	<u>32,953,506</u>	<u>37,983,430</u>	<u>42,038,898</u>	<u>43,308,194</u>	<u>51,212,976</u>	<u>48,873,277</u>	<u>48,625,100</u>
Assigned to:										
Appropriation of Fund Balance	49,156,651	36,573,989	43,543,890	30,124,908	9,754,106	12,031,257	50,646,722	32,774,997	27,863,378	2,193,164
Fiscal Stabilization Fund	22,603,453	24,535,175	26,529,534	27,296,784	25,738,539	25,745,240	27,028,071	27,792,167	28,056,319	27,411,936
Encumbrances	22,333,991	16,743,241	21,392,723	20,053,621	20,999,378	34,889,776	18,868,628	36,579,261	47,352,361	44,988,951
Other Post Employment Benefits	63,350	63,350	8,573,008	5,099,596	63,350	7,390,878	-	9,529,486	7,643,503	7,378,857
Landfill Closure Costs	10,296,512	11,122,509	11,501,927	12,663,965	15,301,157	15,500,786	9,020,231	17,961,438	13,732,971	16,060,419
WTE Plant Closure	-	-	-	-	-	-	-	-	4,000,000	4,000,000
Income Tax	-	-	-	-	-	-	-	-	2,439,735	2,577,900
Healthcare Consortium	-	-	-	-	-	-	-	-	2,112,308	1,970,314
Highways	5,112,485	4,292,902	856,893	9,079,727	14,217,744	14,380,858	11,661,675	6,158,931	2,533,371	3,237,844
Ag Preservation	15,569,317	22,320,467	16,416,611	11,708,279	1,220,005	3,467,777	5,146,399	2,575,330	2,740,326	4,526,391
Capital Projects	25,036,530	44,014,210	23,554,049	13,693,316	-	-	-	-	-	871,781
Non-major P&R Fund	-	25,630	35,737	24,480	76,424	114,506	225,413	334,332	405,112	267,015
	<u>150,172,289</u>	<u>159,691,473</u>	<u>152,404,372</u>	<u>129,744,676</u>	<u>87,370,703</u>	<u>113,521,078</u>	<u>122,597,139</u>	<u>133,705,942</u>	<u>138,879,384</u>	<u>115,484,572</u>
Unassigned:										
	<u>31,738,528</u>	<u>30,801,310</u>	<u>22,826,647</u>	<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>
Total Fund Balance	\$ 250,733,522	\$ 227,198,402	\$ 231,152,373	\$ 223,294,374	\$ 196,378,573	\$ 268,355,274	\$ 235,369,328	\$ 242,994,930	\$ 235,161,678	\$ 198,012,819

Harford County, Maryland

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

Table 4
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 364,815,190	\$ 397,052,086	\$ 422,717,106	\$ 438,882,450	\$ 452,667,810	\$ 466,531,995	\$ 480,666,752	\$ 496,535,537	\$ 495,330,898	\$ 501,523,551
Revenues from Other Agencies	34,682,711	38,652,065	42,139,431	47,211,851	39,468,501	46,537,712	43,118,868	29,749,668	33,686,277	29,595,350
Investment Income	7,554,516	9,233,932	13,985,693	14,564,031	7,658,217	5,043,402	2,079,353	5,581,671	(542,222)	1,503,056
Charges for Current Services	22,175,765	20,657,426	20,936,913	21,348,472	18,410,619	16,194,617	15,688,351	18,136,842	17,374,063	17,832,577
Miscellaneous	2,209,668	2,328,712	4,348,707	3,547,649	3,659,409	3,152,079	3,284,872	2,478,915	3,534,451	2,776,961
Licenses and Permits	3,391,013	3,429,632	3,412,684	3,108,872	2,746,769	3,152,131	3,302,291	3,602,640	3,637,218	3,939,672
Fines and Forfeitures	378,053	320,294	439,781	520,451	293,516	715,952	227,873	340,840	383,513	427,730
Total Revenues	435,206,916	471,674,147	507,980,315	529,183,776	524,904,841	541,327,888	548,368,360	556,426,113	553,404,198	557,598,897
EXPENDITURES										
Agricultural Preservation	4,503,005	3,390,559	6,740,532	23,120,378	14,419,355	1,069,805	188,385	7,417,674	2,486,811	249,145
County Council	1,560,253	1,753,619	1,894,779	2,499,875	2,181,966	2,077,277	2,191,906	2,495,986	2,750,755	2,554,700
General Government	22,637,479	24,667,799	28,921,206	36,931,065	43,946,514	39,126,361	33,984,438	39,610,270	37,250,164	41,960,700
Education-Primary thru Comm. College	166,326,151	189,193,543	204,193,543	215,393,543	222,918,540	226,354,606	225,580,152	232,933,767	234,782,980	236,262,341
Harford Center	382,143	432,143	482,143	532,143	582,143	553,036	553,036	553,036	553,036	553,036
Judicial	7,225,955	7,829,181	8,530,681	9,658,821	9,489,000	9,190,480	9,525,838	9,596,365	9,856,080	9,929,303
Libraries	11,646,499	13,105,781	14,361,956	15,705,461	16,135,917	15,312,147	15,112,147	15,692,144	16,054,666	16,158,310
Parks, Recreation and Natural Resources	7,815,100	8,379,757	9,616,126	11,356,395	11,140,363	10,436,404	10,864,188	10,853,176	11,626,440	11,970,808
Public Safety	56,318,711	63,317,434	69,010,378	88,947,220	86,708,998	89,322,138	94,157,346	91,778,607	98,418,762	98,702,584
Public Works	34,574,637	37,785,746	41,461,050	48,226,571	43,296,084	43,737,049	41,088,647	38,448,739	40,468,362	44,625,171
Social Services	20,177,851	22,063,636	24,183,444	26,433,379	29,229,188	28,775,089	27,393,475	27,337,422	31,740,859	26,067,117
Capital Outlay	73,025,553	92,586,151	86,959,198	139,888,861	146,470,982	118,270,600	89,082,362	61,703,327	53,425,443	84,079,924
Debt Service										
Principal	17,266,837	21,686,606	18,050,332	20,403,260	22,135,758	23,386,490	26,060,395	35,109,464	33,879,261	33,888,884
Interest	10,030,592	10,596,280	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092
Forgiveness of Long-term debt	850,000	-	-	-	-	-	-	-	-	-
Administrative Cost	302,312	159,045	470,370	567,990	685,625	1,210,978	1,197,249	642,797	586,418	287,423
Total Expenditures	434,643,078	496,947,280	525,172,644	652,354,638	663,451,288	624,667,967	596,947,646	597,671,651	596,470,200	629,898,538
Excess (Deficiency) of Revenues Over Expenditures	563,838	(25,273,133)	(17,192,329)	(123,170,862)	(138,546,447)	(83,340,079)	(48,579,286)	(41,245,538)	(43,066,002)	(72,299,641)
OTHER FINANCING SOURCES (USES)										
Transfers In	31,312,152	53,649,718	47,973,433	48,620,080	43,873,509	30,132,690	34,565,953	36,423,583	55,519,578	44,180,743
Transfers (Out)	(31,312,152)	(53,649,718)	(47,973,433)	(48,620,080)	(43,873,509)	(30,132,690)	(33,068,114)	(36,423,583)	(55,519,578)	(44,180,743)
Issuances of Bonds	35,905,000	-	-	95,900,000	96,100,000	143,556,120	14,000,000	40,000,000	30,000,000	33,180,257
Issuances of Refunding Bonds	-	-	-	-	21,738,036	25,161,828	-	6,931,393	59,750,398	-
Premium on Issuance of Bonds	2,908,731	-	-	5,901,161	8,106,323	14,359,593	-	2,347,926	13,638,004	2,373,456
Issuance of Installment Purchase Agreements	929,032	1,554,491	2,669,752	12,537,691	7,065,889	-	-	6,995,127	2,013,095	-
Issuance of Notes and Leases	11,635,000	-	18,231,849	700,000	1,316,999	1,186,000	-	-	-	-
Payment to Escrow Agent for Refunding	-	-	-	-	(22,812,194)	(28,885,874)	-	(7,313,825)	(70,065,844)	-
Total Other Financing Sources(Uses)	51,377,763	1,554,491	20,901,601	115,038,852	111,515,053	155,377,667	15,497,839	48,960,621	35,335,653	35,553,713
Net Change in Fund Balances	\$ 51,941,601	\$ (23,718,642)	\$ 3,709,272	\$ (8,132,010)	\$ (27,031,394)	\$ 72,037,588	\$ (33,081,447)	\$ 7,715,083	\$ (7,730,349)	\$ (36,745,928)

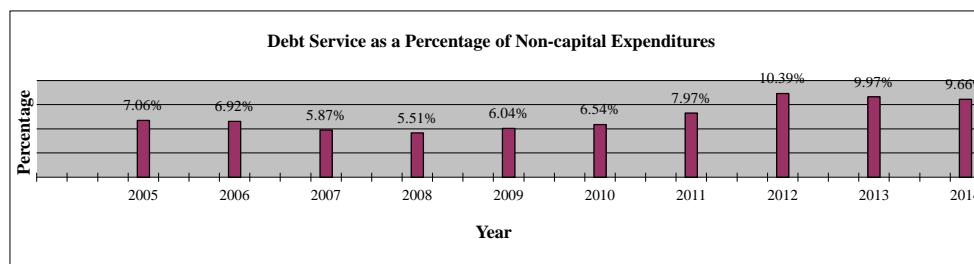
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures

Table 5
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Expenditures	\$ 434,643,078	\$ 496,947,280	\$ 525,172,644	\$ 652,354,638	\$ 663,451,288	\$ 624,667,967	\$ 596,947,646	\$ 597,671,651	\$ 596,470,200	\$ 629,898,538
⁽¹⁾ Less Capital Asset Expenditures	<u>47,847,785</u>	<u>30,601,719</u>	<u>41,900,223</u>	<u>51,462,491</u>	<u>63,496,219</u>	<u>24,528,046</u>	<u>19,300,086</u>	<u>33,395,752</u>	<u>30,214,888</u>	<u>44,998,619</u>
Non-capital Expenditures	\$ 386,795,293	\$ 466,345,561	\$ 483,272,421	\$ 600,892,147	\$ 599,955,069	\$ 600,139,921	\$ 577,647,560	\$ 564,275,899	\$ 566,255,312	\$ 584,899,919
Debt Service Expenditures										
Principal	\$ 17,266,837	\$ 21,686,606	\$ 18,050,332	\$ 20,403,260	\$ 22,135,758	\$ 23,386,490	\$ 26,060,395	\$ 35,109,464	\$ 33,879,261	\$ 33,888,884
Interest	10,030,592	10,596,280	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092
Forgiveness of Long-term debt	850,000									
Administrative Cost	302,312	159,045	470,370	567,990	685,625	1,210,978	1,197,249	642,797	586,418	287,423
Total Debt Service Expenditures	\$ 28,449,741	\$ 32,441,931	\$ 28,817,608	\$ 33,660,926	\$ 36,932,238	\$ 40,442,975	\$ 47,225,726	\$ 59,251,138	\$ 57,055,842	\$ 56,785,399
Principal and Interest as a Percentage of Non-capital Expenditures	<u>7.06%</u>	<u>6.92%</u>	<u>5.87%</u>	<u>5.51%</u>	<u>6.04%</u>	<u>6.54%</u>	<u>7.97%</u>	<u>10.39%</u>	<u>9.97%</u>	<u>9.66%</u>

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



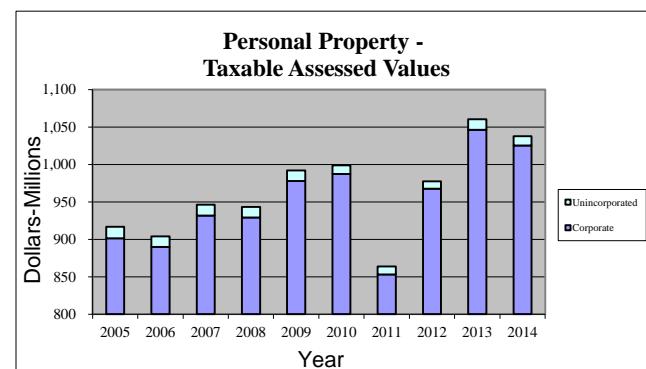
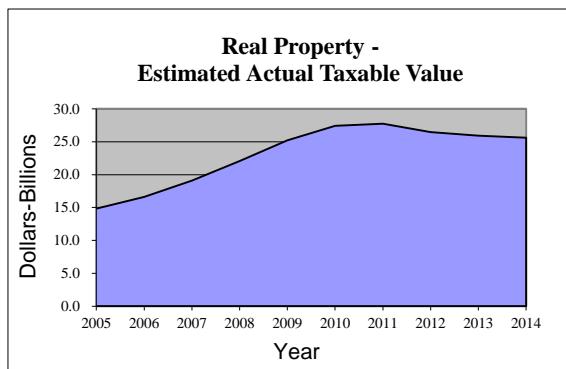
Harford County, Maryland

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 Taxable Assessed Value	
	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	
2005	\$ 16,726,025,577	\$ 1,896,309,164	\$ 14,829,716,413	1.092	\$ 901,577,340	\$ 15,330,820	2.730	\$ 15,746,624,573
2006	18,548,656,553	1,940,013,808	16,608,642,745	1.082	889,899,840	14,181,420	2.705	17,512,724,005
2007	21,102,242,472	2,014,779,364	19,087,463,108	1.082	931,753,570	14,438,670	2.705	20,033,655,348
2008	24,150,504,718	2,085,913,339	22,064,591,379	1.082	929,164,770	14,066,570	2.705	23,007,822,719
2009	27,438,977,269	2,225,139,558	25,213,837,711	1.082	978,058,220	13,982,600	2.705	26,205,878,531
2010	29,765,437,549	2,346,618,410	27,418,819,139	1.064	987,547,770	11,403,430	2.660	28,417,770,339
2011	30,248,925,066	2,506,869,202	27,742,055,864	1.042	853,133,530	10,730,670	2.605	28,605,920,064
2012	28,999,153,255	2,535,432,934	26,463,720,321	1.042	967,854,980	9,828,620	2.605	27,441,403,921
2013	28,565,045,698	2,644,365,574	25,920,680,124	1.042	1,046,509,272	13,921,700	2.605	26,981,111,096
2014	28,304,103,554	2,691,553,831	25,612,549,723	1.042	1,025,199,440	12,700,230	2.605	26,650,449,393



(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)
2005	0.936	0.156	1.092	0.500	0.5500	0.720
2006	0.926	0.156	1.082	0.500	0.5500	0.700
2007	0.926	0.156	1.082	0.500	0.7350	0.680
2008	0.926	0.156	1.082	0.500	0.7150	0.650
2009	0.926	0.156	1.082	0.500	0.7000	0.630
2010	0.908	0.156	1.064	0.500	0.6875	0.610
2011	0.896	0.146	1.042	0.500	0.6875	0.600
2012	0.896	0.146	1.042	0.500	0.6800	0.590
2013	0.896	0.146	1.042	0.500	0.6800	0.580
2014	0.896	0.146	1.042	0.500	0.6800	0.560
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)
2005	2.340	0.390	2.730	1.160	1.400	1.705
2006	2.315	0.390	2.705	1.160	1.400	1.705
2007	2.315	0.390	2.705	1.160	1.700	1.705
2008	2.315	0.390	2.705	1.160	1.700	1.705
2009	2.315	0.390	2.705	1.160	1.700	1.705
2010	2.270	0.390	2.660	1.160	1.700	1.705
2011	2.240	0.365	2.605	1.160	1.700	1.705
2012	2.240	0.365	2.605	1.160	1.700	1.705
2013	2.240	0.365	2.605	1.160	1.700	1.705
2014	2.240	0.365	2.605	1.160	1.700	1.705

(1) Overlapping rates are those of local municipalities that apply to property owners within Harford County. Not all overlapping rates apply to all Harford County property owners.

For example, Town of Bel Air rates apply only to the County property owners whose property is located within that municipality's geographic boundaries.

(2) Assessed against all property within Harford County.

(3) Assessed against all property within Harford County, but not in an incorporated town.

(4) Assessed against all property within these incorporated towns.

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

Harford County, Maryland

Principal Taxpayers

Table 8
Current Fiscal Year and Ten Years Ago

Fiscal Year		2014			Percentage of Total Assessed Valuation	
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes			
Baltimore Gas & Electric Company	Public Utility	\$ 336,192,690	\$ 8,637,458	1.26%		
Exelon Generation Company	Non-Utility Generator	94,266,460	2,455,641	0.35%		
Verizon - Maryland	Public Utility	65,236,540	1,616,625	0.24%		
PEPCO Energy Power Company	Non-Utility Generator	123,442,200	1,286,267	0.46%		
Constellation Power Source Generation Inc.	Non-Utility Generator	54,824,087	1,219,777	0.21%		
MCI Communication Services	Public Utility	42,183,220	1,098,740	0.16%		
Kohl's Department Stores, Inc.	Retailer	49,610,477	693,551	0.19%		
Festival at Bel Air LLC	Shopping Center	59,865,467	623,798	0.22%		
Comcast of Harford County LLC	Cable Provider	22,248,571	555,799	0.08%		
Harford Mall Business Trust	Shopping Center	54,340,300	486,889	0.20%		
		<u>902,210,012</u>	<u>\$ 18,674,545</u>	<u>3.37%</u>		
Total Taxable Assessed Valuation		\$ 26,650,449,393				
Fiscal Year		2005			Percentage of Total Assessed Valuation	
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes			
Baltimore Gas & Electric Company	Public Utility	\$ 276,506,030	\$ 7,481,719	1.76%		
Susquehanna Power Company	Public Utility	88,500,688	2,156,455	0.56%		
Verizon - Maryland	Public Utility	86,621,720	2,243,974	0.55%		
MCI WorldCom	Public Utility	52,736,650	1,439,048	0.33%		
Wells Fargo Northwest	Office/Industrial Ctr	48,000,000	495,317	0.30%		
Harford Mall Business Trust	Shopping Center	46,019,010	436,138	0.29%		
Festival at Bel Air LLC	Shopping Center	45,693,100	451,318	0.29%		
State of Wisconsin Investment Board	Office/Industrial Ctr	39,989,300	415,236	0.25%		
Columbia Gas Transmission	Public Utility	18,008,440	491,591	0.11%		
GPS Maryland, Inc.	Office/Industrial Ctr	17,622,780	481,102	0.11%		
		<u>719,697,718</u>	<u>\$ 16,091,898</u>	<u>4.55%</u>		
Total Taxable Assessed Valuation		\$ 15,746,624,573				

SOURCE: Harford County Department of the Treasury

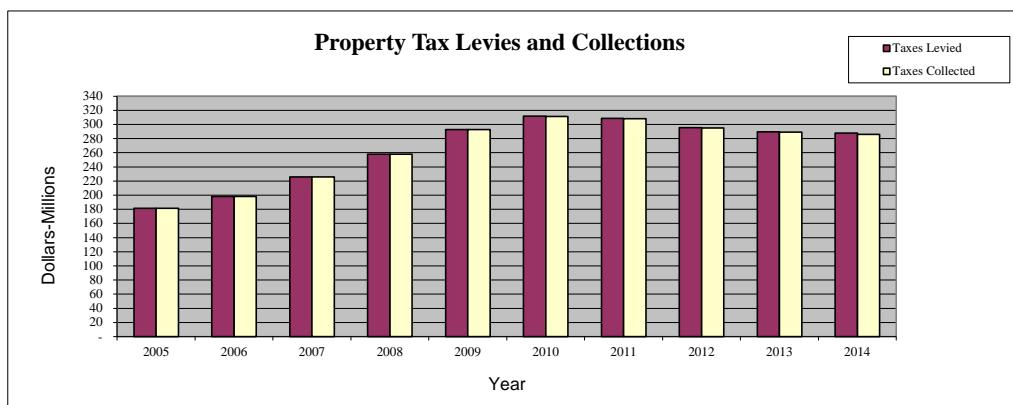
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

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		
2005	\$ 181,818,028	\$ (315,384)	\$ 181,502,644	\$ 181,184,501	99.82%	\$ 170,232	\$ 181,354,733	99.92%	\$ 147,911	0.08%
2006	198,425,279	(115,644)	198,309,635	197,681,023	99.68%	492,731	198,173,754	99.93%	135,881	0.07%
2007	225,865,922	75,096	225,941,018	225,203,456	99.67%	632,034	225,835,490	99.95%	105,528	0.05%
2008	256,925,595	1,105,796	258,031,391	255,936,685	99.19%	1,946,070	257,882,755	99.94%	148,636	0.06%
2009	292,351,782	606,878	292,958,660	290,917,209	99.30%	1,850,180	292,767,389	99.93%	191,271	0.07%
2010	310,635,791	1,171,333	311,807,124	309,581,012	99.29%	1,969,567	311,550,579	99.92%	256,545	0.08%
2011	304,126,005	4,396,769	308,522,774	303,254,570	98.29%	4,935,301	308,189,871	99.89%	332,903	0.11%
2012	295,797,824	(318,905)	295,478,919	293,408,627	99.30%	1,677,056	295,085,683	99.87%	393,236	0.13%
2013	290,142,026	(358,232)	289,783,794	289,161,782	99.79%	229,443	289,391,225	99.86%	392,569	0.14%
2014	287,953,502	-	287,953,502	286,122,040	99.36%	-	286,122,040	99.36%	1,831,462	0.64%



Harford County, Maryland

Ratios of General Bonded Debt Outstanding ⁽¹⁾

Table 10
Last Ten Fiscal Years

Year Ending June 30	Governmental General Obligation Debt ⁽²⁾	Business-type General Obligation Debt	Less Amounts to be Paid with Restricted Resources ⁽³⁾	Net General Bonded Debt	Percentage of Actual Assessed Value of Property ⁽⁴⁾	Per Capita ⁽⁴⁾
2005	\$ 204,436,901	\$ 82,783,768	\$ 121,158,041	\$ 166,062,628	1.05%	697
2006	191,290,866	68,994,713	107,627,411	152,658,168	0.87%	633
2007	198,511,893	60,545,635	100,736,470	158,321,058	0.79%	655
2008	301,845,832	74,514,748	126,944,354	249,416,226	1.08%	1,027
2009	390,165,496	88,379,669	146,485,275	332,059,890	1.27%	1,363
2010	506,690,179	128,412,388	185,512,510	449,590,057	1.58%	1,834
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 ⁽⁵⁾
2014 ⁽⁶⁾	524,885,655	132,046,646	191,075,915	465,856,386	1.75%	1,872 ⁽⁵⁾

(1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included here because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments, surcharges and recordation taxes. See Table 11 for specific information on business-type bonded debt.

(2) All Notes Payable and the 2009 Lease Purchase are backed by the full faith and credit and unlimited taxing authority of the County.

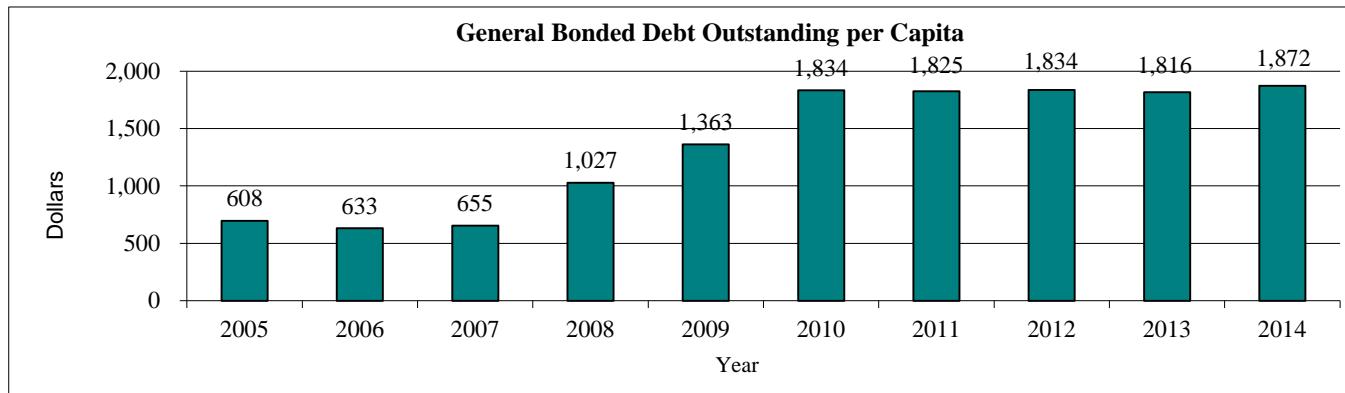
(3) Agricultural Land Preservation debt and Water and Sewer debt are subtracted from the bonded debt because Agricultural Land Preservation debt is paid from dedicated revenues in the Agricultural Land Preservation Special Revenue Fund and Water and Sewer debt is paid from the Water and Sewer Enterprise Fund.

(4) Information from Tables 6 and 15.

(5) Personal income and population information were estimated for fiscal years 2013 and 2014 because data was unavailable.

(6) 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

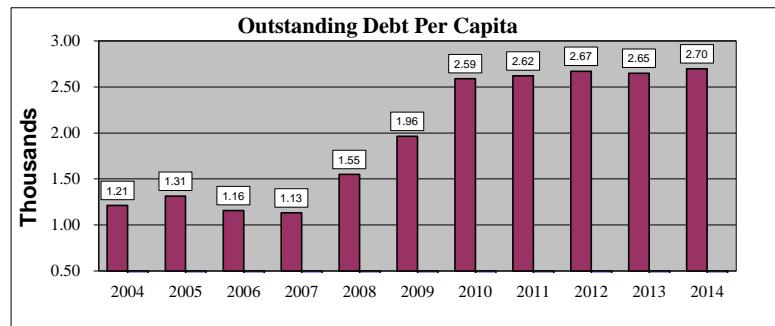
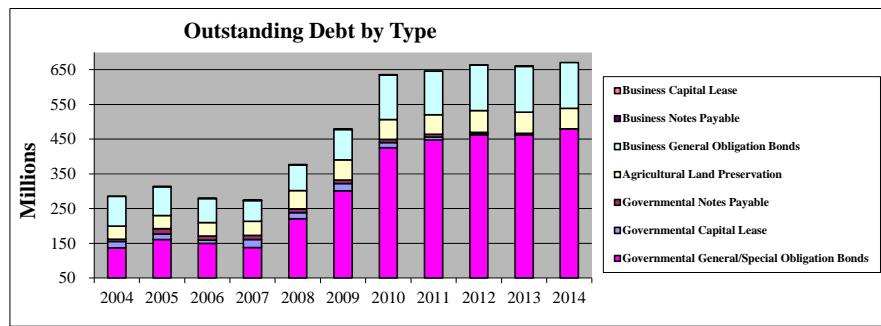
Fiscal Year Ending June 30	Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾	
	General/Special Obligation Bonds	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities	General Obligation Bonds	Notes Payable	Capital Lease Obligation	Total Business-type Activities					
2005	\$ 161,388,248	\$ 14,885,073	\$ 15,814,155	\$ 38,179,497	\$ 230,266,973	\$ 82,783,768	\$ 194,776	\$ -	\$ 82,978,544	\$ 313,245,517	3.40%	1,314		
2006	150,076,668	8,955,750	12,511,500	38,632,698	210,176,616	68,994,713	171,238	-	69,165,951	279,342,567	2.87%	1,158		
2007	138,106,697	22,584,599	11,870,000	40,508,347	213,069,643	60,228,123	138,950	317,512	60,684,585	273,754,228	2.65%	1,133		
2008	221,313,649	17,406,894	10,590,000	52,535,289	301,845,832	74,150,409	105,683	258,656	74,514,748	376,360,580	3.46%	1,550		
2009	301,480,584	20,325,901	10,181,999	58,177,012	390,165,496	88,110,699	71,406	197,564	88,379,669	478,545,165	4.30%	1,964		
2010	425,205,736	14,801,760	9,582,561	57,100,122	506,690,179	128,242,149	36,089	134,150	128,412,388	635,102,567	5.53%	2,590		
2011	447,558,610	8,590,078	7,987,123	56,179,578	520,315,389	125,140,703	-	631,140	125,771,843	646,087,232	5.31%	2,619		
2012	462,132,841	2,941,940	4,871,422	62,058,577	532,004,780	131,235,775	-	380,989	131,616,764	663,621,544	5.10%	2,670		
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	4.94%	⁽³⁾	2,649	⁽³⁾
2014 ⁽⁴⁾	478,542,366	-	1,314,020	59,029,269	538,885,655	132,046,646	-	-	132,046,646	670,932,301	4.89%	⁽³⁾	2,697	⁽³⁾

(1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.

(2) Information from Table 15.

(3) Personal income for fiscal years 2013 and 2014 were estimated because data was unavailable.

(4) 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 reclass as a deferred outflow/inflow of resources.



Harford County, Maryland

Legal Debt Margin Information

Table 12
Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Debt Applicable to the Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a % of Debt Limit
2005	\$ 1,027,319,209	\$ 192,087,477	\$ 835,231,732	18.70%
2006	1,132,130,755	171,543,918	960,586,837	15.15%
2007	1,287,176,622	172,561,296	1,114,615,326	13.41%
2008	1,465,360,184	249,310,543	1,216,049,641	17.01%
2009	1,661,636,386	331,988,484	1,329,647,902	19.98%
2010	1,794,971,828	449,590,057	1,345,381,771	25.05%
2011	1,794,102,982	450,135,811	1,343,967,171	25.09%
2012	1,734,475,759	455,946,203	1,278,529,556	26.29%
2013	1,714,305,453	452,595,162	1,261,710,291	26.40%
2014	1,692,448,434	465,856,386	1,226,592,048	27.53%

Legal Debt Margin Calculation for Fiscal Year 2014

(1) Net Assessed Value-Real Property	\$ 25,612,549,723
(2) Debt Limit=6% of Net Assessed Value - Real Property	\$ 1,536,752,983
(1) Assessed Value--Personal Property	<u>1,037,899,670</u>
(2) Debt Limit=15% of Net Assessed Value - Personal Property	<u>155,684,951</u>
Total Debt Limit	1,692,437,934
(3) Amount of Debt Applicable to Debt Limit	670,932,301
Less Other deductions allowed by law:	
(3) Debt Payable from Special Revenue Fund	(59,029,269)
(3) Debt Payable from Debt Service Fund	(14,000,000)
(3) Debt Payable from Enterprise Revenues	<u>(132,046,646)</u>
Total debt applicable to Debt Limitation	<u>465,856,386</u>
Legal debt margin	\$ 1,226,581,548

(1) Table 6

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

(3) Table 11

Harford County, Maryland

Direct and Overlapping Governmental Activities Debt

Table 13
Current Fiscal Year

Jurisdiction	Total Debt Outstanding	Taxable Assessed Valuation⁽²⁾	% of Assessed Valuation to Countywide Total⁽³⁾	Estimated Share Of Total Direct & Overlapping Debt⁽⁴⁾
Direct				
Harford County	\$ <u>538,885,655</u> ⁽¹⁾	\$ <u>22,261,396,406</u>	83.53%	\$ <u>478,574,302</u>
Overlapping				
Aberdeen	4,668,116	1,405,183,549	5.27%	30,193,782
Bel Air	2,379,772	1,411,321,129	5.30%	30,365,663
Havre de Grace	<u>27,003,488</u>	<u>1,572,548,309</u>	5.90%	<u>33,803,285</u>
<i>Total Overlapping Debt</i>	<u>34,051,376</u>	<u>4,389,052,987</u>	16.47%	<u>94,362,729</u>
Total	\$ <u>572,937,031</u>	\$ <u>26,650,449,393</u>	100.00%	\$ <u>572,937,031</u>

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

(2) Table 6.

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

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

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

Harford County, Maryland

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

Table 14
Last Ten Fiscal Years

Fiscal Year Ending June 30	Gross Revenues (2)	Area Connection Charges	Benefit Assessment	User Assessments and Surcharges	Total Gross Revenues	Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
								Principal	Interest	Total	
2005	\$ 28,763,887	\$ 1,629,350	\$ 980,754	\$ 10,246,968	\$ 41,620,959	\$ 20,860,714	\$ 20,760,245	\$ 9,091,960	\$ 3,354,360	\$ 12,446,320	1.67
2006	32,756,022	1,106,200	878,150	7,792,887	42,533,259	22,735,508	19,797,751	14,094,946	3,192,596	17,287,542	1.15
2007	33,358,632	861,100	632,759	6,968,474	41,820,965	24,600,291	17,220,674	8,918,773	2,593,948	11,512,721	1.50
2008	34,223,067	1,127,600	658,689	8,567,130	44,576,486	28,777,126	15,799,360	10,924,897	2,843,674	13,768,571	1.15
2009	30,062,191	553,400	691,019	5,620,994	36,927,604	29,354,696	7,572,908	10,368,564	2,797,801	13,166,365	0.58
2010	29,474,829	3,714,030	716,553	7,671,946	41,577,358	29,149,190	12,428,168	10,031,325	3,342,871	13,374,196	0.93
2011	31,237,074	4,814,179	746,977	7,985,323	44,783,553	27,598,274	17,185,279	10,346,027	4,993,322	15,339,349	1.12
2012	30,330,584	602,650	772,003	7,187,943	38,893,180	28,395,794	10,497,386	11,036,098	4,754,184	15,790,282	0.66
2013	31,145,719	808,550	860,161	7,205,139	40,019,569	34,875,138	5,144,431	9,388,778	4,407,906	13,796,684	0.37
2014	32,858,837	1,108,397	899,888	8,609,788	43,476,910	33,619,976	9,856,934	8,546,381	4,434,807	12,981,188	0.76

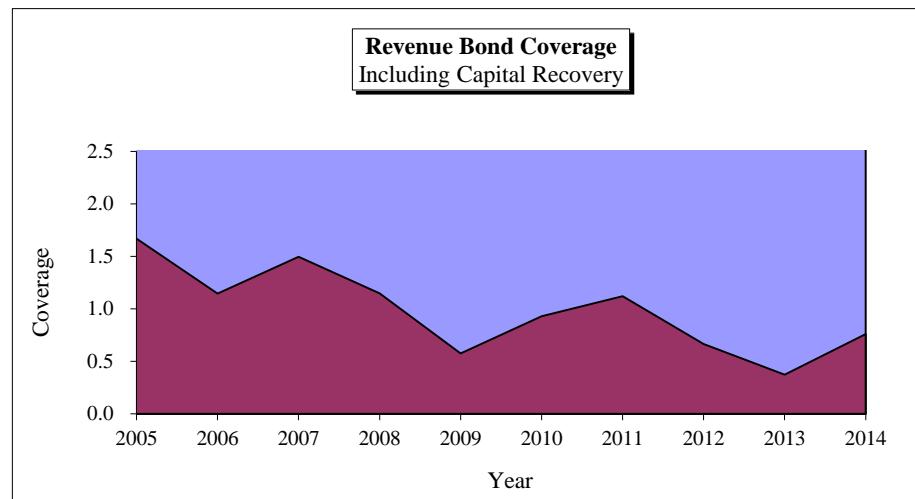
(1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.

(2) Includes Total Operating Revenue, Interest Income, Recordation Tax, Federal Grant and Transfer revenues.

(3) Includes Total Operating Expenses exclusive of Depreciation plus Other Income (Expense).

(4) Includes principal and interest on Water and Sewer bonds net of refunded bonds.

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



Harford County, Maryland

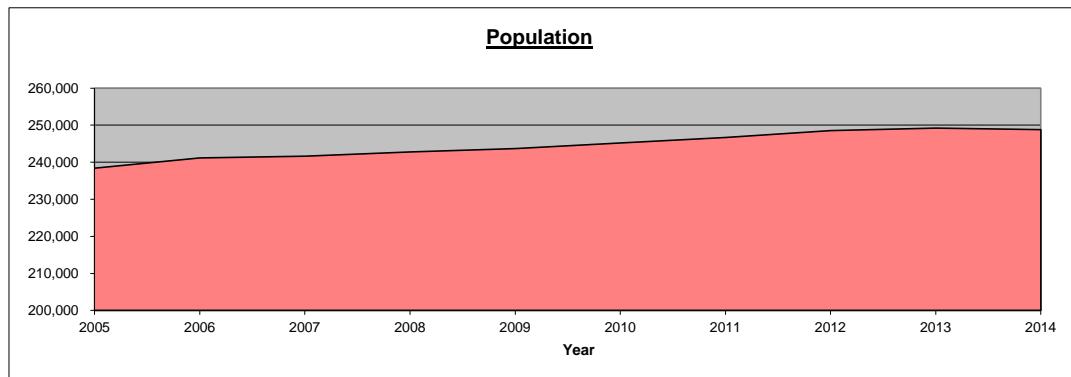
Demographic Statistics

Table 15
Last Ten Fiscal Years

Fiscal Year Ending June 30	Population (1)	Per Capita Income (2)	Personal Income (2) (000's)	Unemployment Rate (3)	School Enrollment (4)	Median Age (5)	Education of Bachelor Degree or Higher (5)
2005	238,402	\$ 38,595	\$ 9,218,447	4.1%	40,313	37.2	27.7%
2006	241,163	\$ 40,609	\$ 9,728,548	3.7%	40,212	37.5	27.6%
2007	241,634	\$ 43,106	\$ 10,319,796	3.8%	39,582	37.7	27.7%
2008	242,779	\$ 45,091	\$ 10,884,557	4.1%	39,175	37.8	27.8%
2009	243,685	\$ 45,893	\$ 11,129,722	7.7%	38,610	38.1	27.6%
2010	245,200	\$ 46,871	\$ 11,492,284	7.3%	38,637	38.1	30.3%
2011	246,681	\$ 49,329	\$ 12,159,148	7.3%	38,394	38.3	30.5%
2012	248,540	\$ 52,351	\$ 13,015,507	7.4%	38,224	39.2	28.9%
2013	249,215	Not Available	Not Available	7.5%	37,868	39.5	31.5%
2014	248,800	Not Available	Not Available	6.0%	37,842	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2014 provided population estimates for FY2005 thru FY2013. Harford County Department of Planning and Zoning provided population estimates for FY2014.
- (2) U.S. Bureau of Economic Analysis Table CAO4, 2012
- (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



Harford County, Maryland

Principal Employers

Table 16
Current Fiscal Year and Ten Years Ago

Fiscal Year	2014		
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	16,221	1	19.00%
Harford County Public Schools	5,256	2	6.16%
Upper Chesapeake Health	3,129	3	3.66%
Harford County Government	1,605	4	1.88%
Rite Aid Mid-Atlantic Customer Support Center	1,167	5	1.37%
Harford Community College	1,029	6	1.21%
Kohl's Distribution Center	905	7	1.06%
Jacobs Technology	865	8	1.01%
Kleins Shoprite	800	9	0.94%
Wegmans Food Markets	499	10	0.58%
Total	31,476		36.87%
Total County Employment (1)	85,379		100%

Fiscal Year	2005		
	Number of Employees (3)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	12,090	1	15.01%
Harford County Public Schools	4,764	2	5.92%
Upper Chesapeake Health System	1,940	3	2.41%
Harford County Government	1,423	4	1.77%
Harford Community College	945	5	1.17%
Rite Aid Mid-Atlantic Customer Support Ctr.	923	6	1.15%
Sverdrup Technology, Inc.	500	7	0.62%
Saks Fifth Avenue	450	8	0.56%
Bechtel National, Inc.	450	9	0.56%
SAIC	420	10	0.52%
Total	23,905		29.69%
Total County Employment (2)	80,527		100%

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) Labor Mkt Analysis performed by Sage Policy Group, Inc.
- (3) Harford County Budget in Brief and Table 11 - Fiscal Year 2005

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agricultural Preservation										
Acres of Farm Land in Preservation Program	23,390	24,078	25,007	32,623	34,387	34,723	35,024	36,563	37,195	37,443
General Government										
Office Buildings	12	12	13	13	13	13	13	13	13	13
Garage	1	1	1	1	1	1	1	1	1	1
Vehicles	40	39	40	40	30	34	42	36	36	27
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	32	32	32	33	33	33
High Schools	8	8	8	9	9	9	9	9	9	9
Middle Schools	8	8	8	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	3	2	2	2	2	2	2	2	1
Libraries	10	11	11	11	11	11	11	11	11	11
Parks and Recreation										
Number of Parks	79	80	83	88	89	91	91	93	93	96
Acres of Land	4,001	4,068	4,150	4,588	4,612	4,640	4,640	4,594	4,473	4,608
Vehicles	91	93	100	100	86	88	86	52	57	50
Public Safety										
Detention Center	1	1	1	1	1	1	1	1	1	1
Number of Stations	3	3	3	3	3	3	3	4	4	4
Number of Patrol Vehicles	171	178	194	197	210	196	191	191	193	217
Number of Other Vehicles	139	137	145	145	148	157	176	174	176	158
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	12	12	10	10	6	6	9	9	11	16
Hazmat Vehicles	6	8	12	12	10	11	10	10	11	11
DILP Vehicles	24	27	30	30	29	23	27	25	25	18
Animal Control Vehicles	15	15	16	16	13	10	7	7	6	4

(continued)

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>(continued)</i>										
Public Works										
Highways										
County Maintained Roads-Paved Miles	974	988	992	994	998	1,000	1,002	1,008	1,011	1,013
County Maintained Roads-Unpaved Miles	50	50	49	48	47	46	46	47	46	46
Office Buildings	4	4	6	6	6	6	6	6	6	6
Equipment Sheds	3	4	4	4	4	4	4	4	4	4
Truck Bay	1	1	1	1	1	1	1	1	1	1
Salt Dome	1	1	2	2	2	2	2	2	2	2
Vehicles	314	314	313	332	371	314	332	296	291	288
Water & Sewer										
Miles of Water Mains and Laterals (2)	749	603	657	661	687	690	691	685	683	689
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	13	13	13	12	12
Miles of Wastewater Mains and Laterals (2)	914	670	746	754	762	765	766	770	776	784
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	52	52	52	53	54	55	55	55	56	53
Waste Disposal										
Waste to Energy Facility	1	1	1	1	1	1	1	1	1	1
Vehicles	17	17	21	19	19	19	20	12	11	12
Landfills										
Buildings	3	3	3	3	3	3	3	3	3	3
Vehicles	73	81	81	88	88	77	59	55	50	45
Social Services & Health										
Senior/Activity Centers	4	4	4	4	4	5	6	6	6	6
Buses	28	31	34	34	34	33	36	31	43	43
Office Buildings	5	5	5	5	5	5	5	5	5	5
Transportation Facility	1	1	1	1	1	1	1	1	1	1
Other Vehicles	6	5	7	11	11	6	13	12	12	13

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

(2) In FY2006 the previous physical survey of mains and laterals was converted to a GIS system creating a difference in the number of miles.

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Agricultural Preservation</u>										
Number of Settlements	10	10	12	20	20	-	-	9	6	-
<u>County Council</u>										
Number of bills introduced	49	40	51	70	42	46	46	67	54	49
Number of bills passed	43	32	40	67	39	39	42	57	52	43
<u>General Government</u>										
<u>Land Use</u>										
Total Acres	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727
Percent Residential	15.00%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	27.27%	27.27%	27.27%
Percent Agricultural	39.40%	36.70%	36.70%	36.70%	36.70%	36.70%	36.70%	29.25%	29.25%	29.25%
Percent Commercial	1.90%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.52%	2.52%	2.52%
<u>Inspections & Permits</u>										
Permits issued	19,332	17,922	20,523	16,582	13,687	11,937	14,019	14,633	15,896	18,293
Com. Construction Permits	84	127	92	85	50	18	348	35	22	15
Res. Construction Permits	2,043	1,483	920	666	494	681	713	577	459	700
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed- Calendar Yr	1,948	2,324	2,368	2,331	2,184	2,162	2,067	2,066	2,188	2,118
<u>District Court</u>										
Number of cases filed-Calendar Yr	8,002	7,661	8,754	7,646	8,320	8,513	8,372	8,202	7,658	7,623
<u>Education</u>										
<u>Board of Education</u>										
Administrators	234	247	253	270	269	275	274	266	260	256
Support	1,684	1,835	1,853	1,919	1,976	1,983	2,105	2,073	2,064	2,018
Teachers/Counselors/Mentors	2,846	2,949	3,076	3,117	3,088	3,092	3,100	3,101	3,045	2,982
Number of Students	40,294	40,212	39,571	39,175	38,610	38,639	38,394	38,224	37,868	37,842
<u>Community College</u>										
Number of credit students	4,958	5,059	5,172	5,437	5,838	6,324	6,482	6,547	6,481	6,201
Faculty	476	481	481	473	473	497	480	474	471	469
Administrators	26	24	31	33	33	33	33	32	32	32
Staff	412	459	374	395	395	411	426	454	461	485
Visiting professors	31	33	35	38	38	41	37	39	42	43
<u>Libraries</u>										
Number of registered borrowers	211,585	225,802	240,112	185,728	201,032	214,116	163,129	175,887	182,000	191,239
Circulation (000)	3,228	3,567	3,990	4,466	4,851	4,699	4,815	4,500	4,111	4,130
Materials Collection (000)	1,021	1,016	1,050	1,051	1,003	1,032	1,025	994	941	941
Library personnel	214	245	247	252	242	236	239	241	241	242

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>(continued)</i>										
Parks and Recreation										
Volunteer recreation councils	20	20	20	20	20	20	21	22	23	22
Number of P&R Volunteers	23,279	22,942	23,078	23,747	29,574	42,731	32,840	25,115	17,659	18,233
Recreation Registrations-Calendar Yr	73,258	78,943	75,605	78,587	77,149	69,382	79,169	84,177	87,796	not available
Public Safety										
Number of volunteers - Fire & EMS	1,520	1,520	1,520	1,520	1,520	1,520	1,483	1,145	1,123	1,169
Fire & EMS responses	23,613	23,423	24,239	28,227	32,132	24,997	26,089	30,952	26,372	26,195
Police responses	159,160	150,656	161,532	160,494	143,618	145,072	145,509	150,711	135,990	137,801
911 calls	98,870	100,270	101,431	102,732	101,959	104,590	106,801	108,865	105,584	99,555
Hazardous material incidents	255	239	246	304	329	208	175	169	163	210
EOC activations/exercises	12	12	19	16	12	17	15	15	26	30
Community policing programs	156	308	340	376	311	349	314	298	298	139
Neighborhood watch programs	56	53	62	53	39	63	59	24	27	33
Public Works										
Solid Waste										
Tons of recycled materials	164,654	180,959	176,865	176,654	187,249	193,487	190,715	165,475	146,800	126,923
Tons of solid waste processed	149,130	168,188	166,029	160,517	143,217	160,742	142,753	141,962	167,500	133,890
Highways										
Number of snow routes	71	72	73	75	75	75	75	75	75	75
Social Services/Health										
Transportation										
Annual Ridership	225,180	242,208	281,991	281,991	291,577	305,523	273,712	299,865	355,978	356,770
Vehicle Miles Traveled	740,250	709,074	737,252	737,252	684,957	772,523	526,957	595,480	709,276	744,346
Water & Sewer Operations										
Daily average water consumption in gal.(000)	10,900	11,600	11,176	11,870	10,500	10,500	11,500	12,100	12,500	12,073
Daily average effluent treatment in gal. (000)	15,000	13,300	12,110	14,000	12,300	12,000	13,000	13,300	12,500	12,073
Number of new accounts added	964	811	421	477	345	315	384	282	343	312

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 19
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Council	19	19	19	20	22	22	22	24	22	28
General Government										
County Executive	4	4	7	7	8	8	12	11	11	11
Administration	87	92	93	100	96	106	92	63	64	65
Procurement	10	10	17	20	20	20	19	16	15	14
Treasury	49	51	51	51	51	52	49	47	48	44
Law	15	16	16	16	16	16	15	15	15	16
Planning & Zoning	39	39	40	40	44	44	43	42	42	41
Human Resources	9	9	10	10	11	10	8	8	9	7
Govt & Community Relations	4	4	5	5	5	5	-	-	-	-
Information & Communication Technology	-	-	-	-	-	-	-	26	27	29
Conservation of Natural Resources	-	-	-	-	-	-	-	4	4	4
Economic Development	10	11	14	13	13	12	12	16	17	17
	227	236	253	262	264	273	250	248	252	248
Judicial										
Judicial	25	26	26	28	28	28	29	29	29	29
State's Attorney	47	50	52	53	52	56	56	57	57	59
	72	76	78	81	80	84	85	86	86	88
Parks and Recreation	74	77	83	96	99	105	106	106	104	102
Public Safety										
Sheriff's Office	436	459	498	498	510	511	514	514	515	525
Emergency Services	81	87	91	92	92	92	91	90	92	94
Inspections, Licenses & Permits	40	42	45	45	45	43	40	40	40	39
	557	588	634	635	647	646	645	644	647	658
Public Works										
Public Works - Administration	21	24	26	30	31	32	24	24	24	24
Public Works - Solid Waste	29	30	32	33	33	33	33	33	34	33
Public Works - Stormwater Management	-	-	-	-	-	-	-	-	-	12
Public Works - Highways	215	213	209	217	217	206	206	207	208	196
Public Works - Water & Sewer	168	169	168	169	170	170	170	170	170	171
	433	436	435	449	451	441	433	434	436	436
Social Services & Health										
Community Services	32	34	36	37	37	33	34	36	38	39
Housing Agency	6	5	7	8	8	8	8	6	6	6
	38	39	43	45	45	41	42	42	44	45
Grand Totals	1,420	1,471	1,545	1,588	1,608	1,612	1,583	1,584	1,591	1,605

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

