

HARFORD COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



BARRY GLASSMAN, COUNTY EXECUTIVE

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2018



Prepared by:

*Department of the Treasury
Harford County, Maryland*

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

*Rick Pernas, CPA
Harford County Deputy Treasurer*



HARFORD
COUNTY

WELCOMES YOU!

**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 County’s Proportionate Share of the Net Pension Liability – Maryland State Retirement and Pension System	113
Schedule of County Contributions – Maryland State Retirement and Pension System	114
Schedule of Pension Plan Investment Returns – Maryland State Retirement and Pension System	115
Schedule of Changes in the Sheriff’s Office Pension System Net Pension Liability & Related Ratios	116
Schedule of County Contributions – Sheriff’s Office Pension System	117
Schedule of Pension Plan Investment Returns – Sheriff’s Office Pension System	118
Schedule of Changes in the Length of Service Award Program for Volunteer Firemen - Net Pension Liability & Related Ratios	119
Schedule of County Contributions – Length of Service Award Program for Volunteer Firemen	120
Schedule of Pension Plan Investment Returns – Length of Service Award Program for Volunteer Firemen	121
Schedule of Changes in the Other Post Employment Benefit (OPEB) Net Pension Liability and Related Ratios	122
Schedule of County Contributions - Other Post Employment Benefit (OPEB) Trust Fund	123

(Continued)

HARFORD COUNTY, MARYLAND
TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (continued)

Schedule of Pension Plan Investment Returns – Other Post Employment Benefit (OPEB) Trust Fund	124
Combining and Individual Fund Financial Statements & Schedules	
Combining Statements – Non-major Governmental Funds	
Special Revenue and Debt Service Funds	
Combining Balance Sheet	127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	128
Fiduciary Funds	
Combining Statement of Fiduciary Net Position; Private Purpose Trust Funds	130
Combining Statement of Changes in Fiduciary Net Position; Private Purpose Trust Funds	131
Statement of Changes in Assets and Liabilities; Agency Fund	132
Schedules	
General Fund	
Schedule of Revenues and Other Financing Sources - Budgetary (Non-GAAP) Basis	136
Schedule of Expenditures, Encumbrances and Other Financing Uses – Budgetary (Non-GAAP) Basis	141
Special Revenue Fund	
Schedule of Revenues and Other Financing Sources - Budgetary (Non-GAAP) Basis; Highways Fund	146
Schedule of Expenditures, Encumbrances and Other Financing Uses – Budgetary (Non-GAAP) Basis; Highways Fund	148
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance – Budget Basis (Non-GAAP) vs. Actual; Parks and Recreation Fund	149
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance – Budget Basis (Non-GAAP) vs. Actual; Stormwater Management Fund	150
Debt Service Fund	
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balances – Budget Basis (Non-GAAP) vs. Actual; Debt Service Fund	152
Capital Projects Funds	
Schedule of Appropriations, Expenditures and Encumbrances – Budgetary (Non-GAAP) Basis	154
Enterprise Fund	
Schedule of Capital Projects, Appropriations, and Expenditures	163

STATISTICAL SECTION

Net Position by Component (accrual basis of accounting)	166
Changes in Net Position (accrual basis of accounting)	167
Fund Balances, Governmental Funds (modified accrual basis of accounting)	169
Changes in Fund Balances, Governmental Funds (modified accrual basis of accounting)	170
Debt Service as a Percentage of Non-capital Expenditures	171
Assessed Value and Actual Value of Taxable Property	172
Direct and Overlapping Property Tax Rates	173
Principal Taxpayers	174
Property Tax Levies and Collections	175

(Continued)

HARFORD COUNTY, MARYLAND
TABLE OF CONTENTS

(Continued)

STATISTICAL SECTION (continued)

Ratios of General Bonded Debt Outstanding	176
Ratios of Outstanding Debt by Type	177
Legal Debt Margin Information	178
Bond Coverage – Water and Sewer	179
Demographic Statistics	180
Principal Employers	181
Capital Asset and Infrastructure Asset Statistics by Function / Program	182
Operating Indicators by Function	184
Full-time Equivalent Government Employees by Function	186

Introductory Section

BARRY GLASSMAN
HARFORD COUNTY EXECUTIVE

BILLY BONIFACE
DIRECTOR OF ADMINISTRATION



ROBERT F. SANDLASS, JR.
TREASURER

September 24, 2018

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, 2018, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County annually issue a report of its financial position and activity, and that an independent firm of licensed Certified Public Accountants selected by the County Council audit this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

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

The County's financial statements have been audited by CliftonLarsonAllen, LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2018 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, 2018, 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.

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 254,560. The County provides a full range of municipal services, including Public Safety, Public Works, Social Services, Parks and Recreation, Judicial, Agricultural Preservation and general administrative services. The County also provides funds that support public schools, the community college and libraries through its component units. The component units of the County are Harford County Public Schools, Harford Center, Inc., Harford Community College and Harford County Public Library. Additional information on the component units can be found in note 1A.

Harford County's annual operating and capital budget represents a comprehensive financial plan for the County effective each year on the first day of July. The proposed budget is submitted each year by the County Executive to the County Council and published to the public on April 15. The County Council conducts budget hearings with departments, the Harford County Public Schools and other component units and conducts public hearings prior to approving the budget and the tax rates by June 15 of each year. No expenditure of County funds may be made in excess of appropriation at the department level. A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the three major governmental funds which adopted an annual budget, the general, highways and agricultural land preservation funds, and can be found in Exhibit 6 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy: Harford County's convenient location on the I-95 corridor in northeastern Maryland offers easy access to prominent research institutions such as the U.S. Army Aberdeen Proving Ground, Johns Hopkins, and the University of Maryland. Desirable location combined with the County's highly skilled work force and progressive, business-friendly environment; serve to provide the draw for a wide variety of companies and industry sectors to Harford County.

The County's largest revenue source remains real property taxes. The fiscal year 2018 taxable assessable base resulted in an increase over the fiscal year 2017 assessable base of 2.16%. The estimated increase in property taxes from fiscal year 2018 to fiscal year 2019 is 1.75% or \$4,633,000. The increase is due to the properties known as "Group 3" being reassessed. These properties are reassessed by the State Department of Assessments and Taxation every three years and account for one-third of the more than two million real property accounts in the state. The 2018 assessments for "Group 3" properties were based on an evaluation of 63,322 sales that occurred within the group over the last three years. If the

reassessment resulted in a property value being adjusted, any increase in value will be phased-in equally over the next three years, while any decrease in value will be fully implemented in the 2018 tax year. For the 2018 assessment, 68.9% of “Group 3” residential properties saw an increase in property value. In Harford County, residential assessments increased by 3.6% and commercial assessments increased by 6.5% since their last assessment in December of 2015. This is the sixth year of positive assessment growth in Harford County.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels, and personal income. Income tax revenue has shown increases beginning in 2012 through 2018 using the modified accrual basis of accounting. The year over year increase for 2015 to 2016, 2016 to 2017 and 2017 to 2018 was 7.0%, 2.6%, and 2.6%. Income tax is budgeted at \$226,700,000 for fiscal year 2019.

Long-term financial planning: The County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. The County received the highest rating from all three bond rating agencies for its general obligation bonds sold on January 23, 2018.

Fiscal year 2019 budget, including all funds, is \$901,837,025 and increase of 10.2% or \$83,349,925 from fiscal year 2018. The total 2019 General Fund Operating Budget is \$571,655,000 and the Capital Budget, excluding the Water and Sewer Capital Fund is \$142,740,000.

County Executive Glassman has reinvested in the workforce, invested in education and strengthened our communities without raising taxes.

Capital budget in fiscal year 2019 includes significant funding toward essential road, bridge, water and sewer infrastructure and stormwater repair projects.

In an effort to continue reinvesting in our workforce, County Executive Glassman proposed a 2% COLA increase for all county employees plus a merit-based annual salary increase of \$2,000 per qualifying County employee. Equivalent increases for the States’ Attorney and Circuit Court employees have also been proposed. An increase in funding equivalent to 3% was also proposed for employees in the Harford County Public Library and \$2.8 million was allotted to fully fund the Sheriff’s Office request for salary increases, totaling over \$5.3 million over the last two years.

The fiscal year 2019 budget included record level funding for Harford County Public Schools. The operating funding for Harford County Public Schools at \$245,815,645 is \$5,229,229 above the Maintenance of Effort requirement. The 2019 budget provides support for teachers with a \$6.4 million increase in funding for instructional salaries. Funding for the continuing construction of the Havre de Grace Middle/High School is also included in fiscal year 2019.

The fiscal year 2019 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highways Fund operating budget to preserve its high credit ratings and provide for emergencies. Any excess unassigned fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, can be appropriated into the next fiscal year as one time funding for that fiscal year.

The Aberdeen Proving Ground, Maryland is Harford County’s number one employer, which accounts for 25.7% of total county employment. Primarily a scientific and technical research and development facility, APG has a workforce with one of the highest concentrations of advanced degrees among military installations in the nation.

The County continues to invest 100 percent of cash held temporarily idle during the year using an equity in pooled cash system. In addition, Agricultural Land Preservation, Capital Project, Sheriff's Office Pension System (SOPS), Volunteer Fireman's Length of Service Award Program (LOSAP), and the Other Post-Employment Benefits (OPEB) trust fund, have cash that is invested separately. For fiscal year 2018, the weighted average yield on investments was 1.31 percent.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the thirty-third 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 thirtieth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2017. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility for another award.

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

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

Respectfully submitted,



Robert F. Sandlass, Jr.
Treasurer



Government Finance Officers Association

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

Presented to

**Harford County
Maryland**

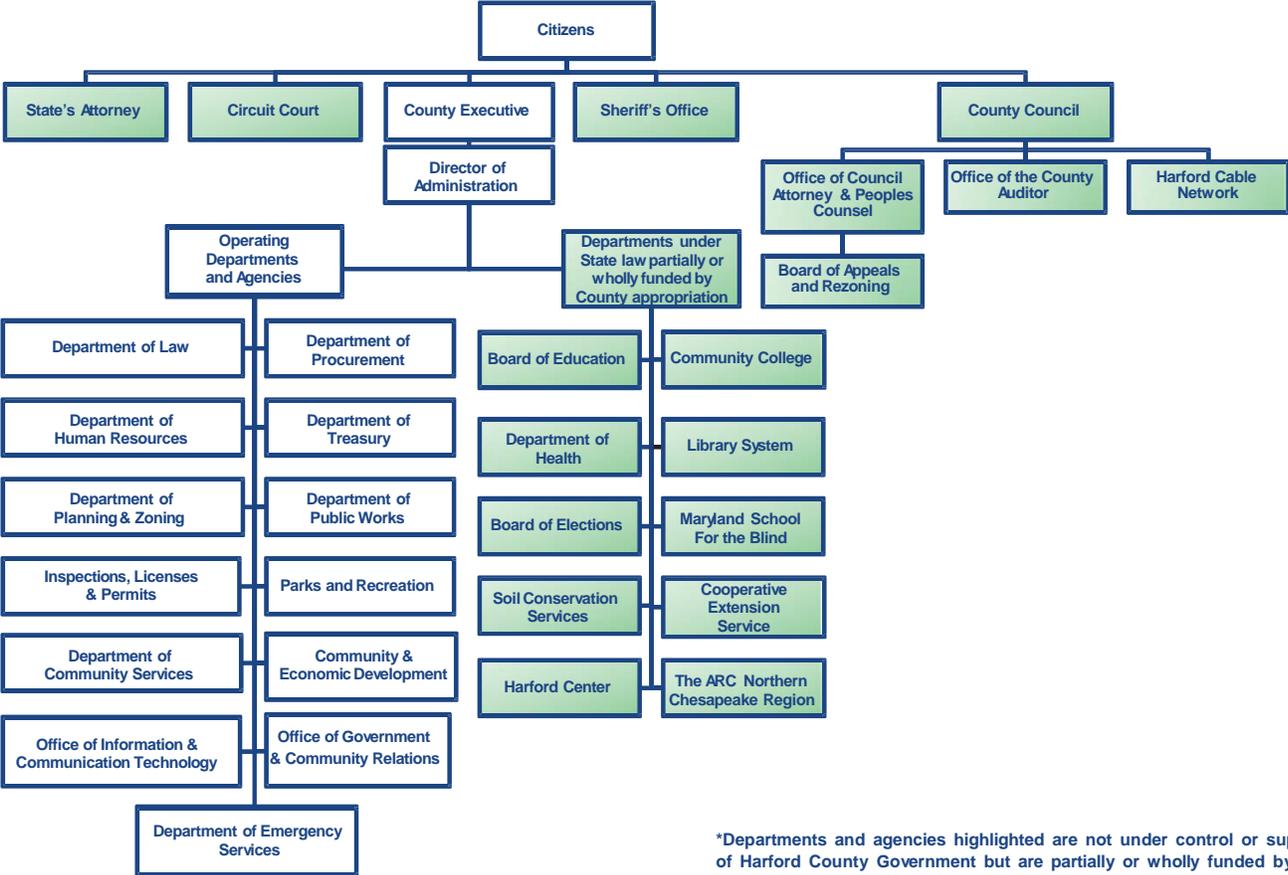
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



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

**HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2018**

CERTAIN ELECTED OFFICIALS

County Executive	Barry Glassman
President of the County Council	Richard C. Slutzky
County Council Members	Mike Perrone, Jr. Joseph M. Woods James R. "Capt'n Jim" McMahan Chad Shrodes Patrick S. Vincenti Curtis L. Beulah

CERTAIN APPOINTED OFFICIALS

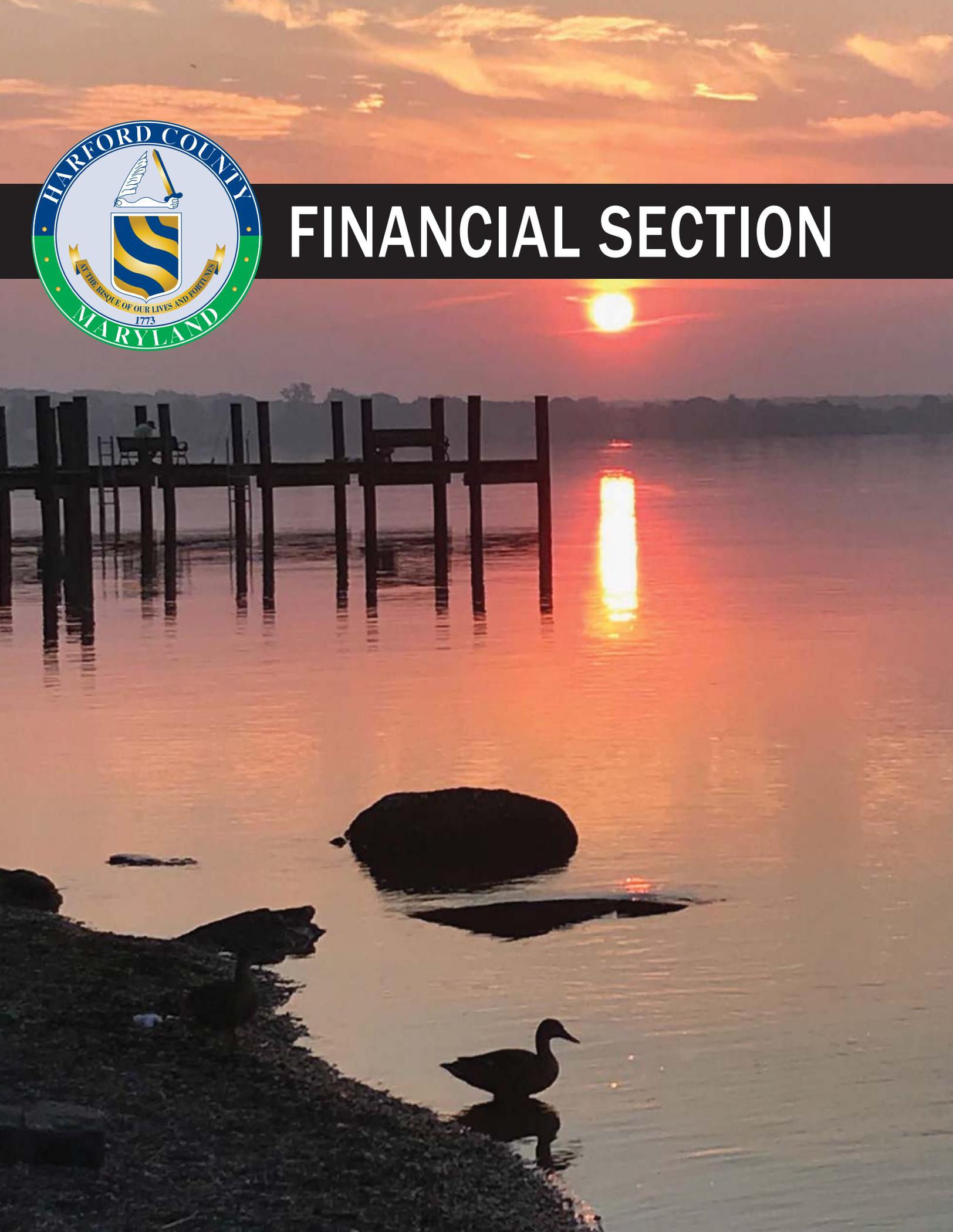
Director of Administration	William "Billy" Boniface
Treasurer	Robert F. Sandlass, Jr.
County Attorney	Melissa Lambert
Deputy Treasurer	Rick Pernas, CPA
Director of Community Services	Amber Shrodes
Director of Emergency Services	Edward Hopkins
Director of Human Resources	James C. Richardson
Director of Inspections, Licenses and Permits	Paul Lawder
Director of Parks and Recreation	Kathy Burley
Director of Planning and Zoning	Bradley Killian
Director of Procurement	Karen Myers
Director of Public Works	Joseph Siemek
Director of Community and Economic Development	Leonard Parrish
Director of Information & Communication Technology	Nicholas Kuba

<u>Independent Public Accountants</u>	<u>Bond Counsel</u>	<u>Financial Advisor</u>
CliftonLarsonAllen, LLP	Miles & Stockbridge P.C.	Davenport & Company
Certified Public Accountants	Baltimore, Maryland	Towson, Maryland
Timonium, Maryland		





FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, 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.

Emphasis of Matter – Change in Accounting Principle

During the fiscal year ended June 30, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of this standard, the County reported a restatement for the change in accounting principle (See Note 5H). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-13, and the required supplementary information on 112-124 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 3, 2018

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, 2018. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The County's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$588.6 million. The unrestricted portion of this is a deficit of \$364.8 million and is composed of an unrestricted deficit in the governmental activities of \$406.1 million and a balance of \$41.3 million unrestricted in the business-type activities.
- The County's net position decreased \$79.7 million during the current fiscal year. The majority of the decrease is due to a prior period adjustment of \$98.1 million due to implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.
- Total net position of the County before the implementation of GASB 75, has increased by \$18.4 million over the prior fiscal year. In the governmental activities, total revenues increased 8.3% while expenses increased 10.7% from the prior fiscal year, resulting in a \$9.1 million increase in net position before the implementation of GASB 75. In the business-type activities, total revenues exceeded total expenditures by \$9.3 million before the implementation of GASB 75.

Fund Level:

- The General Fund had an increase in fund balance of \$14.3 million. The Highways Fund had an increase in fund balance of \$3.4 million.
- Approximately 79.7% of the total governmental fund balance, \$192.5 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 assigned and unassigned.
- Available fund balance for the General Fund was \$106.9 million or 20.6% of total General Fund expenditures. Restricted fund balance of the General Fund was \$7.5 million or 6.5% of total fund balance, leaving \$1.1 million or 0.9% of total fund balance as nonspendable in the General Fund.
- The business-type activities operating revenue fell short of operating expenses resulting in an operating loss of \$5.6 million in the Water and Sewer fund.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: sheriff's office, volunteer fire and rescue, corrections, public works, planning and zoning, landfill, economic development, agricultural preservation, parks and recreation, and general administrative services. The business-type activities of the County include water and sewer operations.

The government-wide financial statements include not only the County, known as the *primary government*, but also legally separate component units. The County has the following component units; Harford County Public Schools, Harford Center, Inc., Harford Community College and Harford County Public Library. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on Exhibits 1 and 2 of this report.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund Balance Sheet including the Reconciliation to the Statement of Net Position of Governmental Activities and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities, provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains eight individual governmental funds, the General, Highways, Grant, Agricultural Land Preservation, Capital Project, Parks & Recreation, Stormwater Management and Beechtree Tax Increment Financing Funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of Revenues, Expenditures, and Changes in Fund Balances for all eight governmental funds.

The County adopts an annual appropriated budget for its General Fund, Highways Fund, Parks & Recreation Fund, Agricultural Land Preservation Fund and Beechtree Tax Increment Financing Fund. A budgetary comparison statement has been provided for the General Fund, Highways Fund and Agricultural Land Preservation Fund to demonstrate compliance with this budget. The report can be found on Exhibit 6 of the Basic Financial Statements. A budgetary comparison statement for the Parks & Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund can be found on Exhibit D-3, D-4 and E-1, respectively.

Proprietary funds The County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements; the County's Water and Sewer activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The County uses an internal service fund to account for risk management. The basic proprietary fund financial statements can be found on Exhibits 7, 8, and 9 of this report.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits 10 and 11 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 30 to 111 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, \$844.3 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 \$109.1 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 \$364.8 million; business-type activities have a balance of \$41.3 million unrestricted net position while the unrestricted net position for governmental activities is a negative \$406.1 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 \$79.7 million during the current fiscal year. The majority of the decrease is due to a prior period adjustment of \$98.1 million due to implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.

The net position of governmental activities increased \$9.1 million during fiscal year 2018 before the changes in accounting principle. Total expenses for the governmental activities increased \$62.2 million from fiscal year 2017 mostly due to a Claim and Judgement against the County of \$45.9 million, while program revenues increased \$8.9 million and general revenues increased \$41.3 million over fiscal year 2017. Governmental activities general revenues for 2018 showed an increase in property taxes of \$9.8 million, an increase of income taxes of \$22.5 million, an increase of \$1.6 million in recordation taxes, an increase in transfer tax of \$2.9 million, and an increase in investment earnings of \$2.6 million.

The net position of business-type activities increased \$9.3 million during fiscal year 2018 before the change in accounting principle. Charges for services revenue increased \$4.8 million, 12.6%, from fiscal year 2017 to 2018, due to legislation detailing a five year rate adjustment plan that became effective January 1, 2016. Expenses for the business-type activities increased \$1.3 million, 2.6%, from the prior fiscal year.

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

Harford County Government - Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2018	2017*	2018	2017*	2018	2017*
Current & Other Assets	\$ 315,051,900	\$ 278,329,979	\$ 143,408,215	\$ 133,030,951	\$ 458,460,115	\$ 411,360,930
Capital Assets	709,730,658	699,939,804	444,315,360	448,053,744	1,154,046,018	1,147,993,548
Total Assets	<u>1,024,782,558</u>	<u>978,269,783</u>	<u>587,723,575</u>	<u>581,084,695</u>	<u>1,612,506,133</u>	<u>1,559,354,478</u>
Deferred Outflows of						
Resources	<u>55,187,730</u>	<u>54,580,634</u>	<u>5,563,475</u>	<u>5,633,021</u>	<u>60,751,205</u>	<u>60,213,655</u>
Long-term Liabilities	869,453,765	753,797,157	145,214,404	138,073,820	1,014,668,169	891,870,977
Other Liabilities	<u>38,374,396</u>	<u>37,121,395</u>	<u>15,825,200</u>	<u>16,263,350</u>	<u>54,199,596</u>	<u>53,384,745</u>
Total Liabilities	<u>907,828,161</u>	<u>790,918,552</u>	<u>161,039,604</u>	<u>154,337,170</u>	<u>1,068,867,765</u>	<u>945,255,722</u>
Deferred Inflows of						
Resources	<u>13,853,023</u>	<u>4,891,147</u>	<u>1,921,500</u>	<u>1,085,932</u>	<u>15,774,523</u>	<u>5,977,079</u>
Net Investment in						
Capital Assets	518,637,112	475,161,617	325,690,256	328,352,334	844,327,368	803,513,951
Restricted	45,781,073	23,188,672	63,302,643	60,809,692	109,083,716	83,998,364
Unrestricted	<u>(406,129,081)</u>	<u>(261,309,571)</u>	<u>41,333,047</u>	<u>42,132,588</u>	<u>(364,796,034)</u>	<u>(219,176,983)</u>
Total Net Position	<u>\$ 158,289,104</u>	<u>\$ 237,040,718</u>	<u>\$ 430,325,946</u>	<u>\$ 431,294,614</u>	<u>\$ 588,615,050</u>	<u>\$ 668,335,332</u>

*The County implemented GASB Statement No. 75 effective July 1, 2017. The 2017 amounts presented have not been restated to reflect the implementation of GASB 75

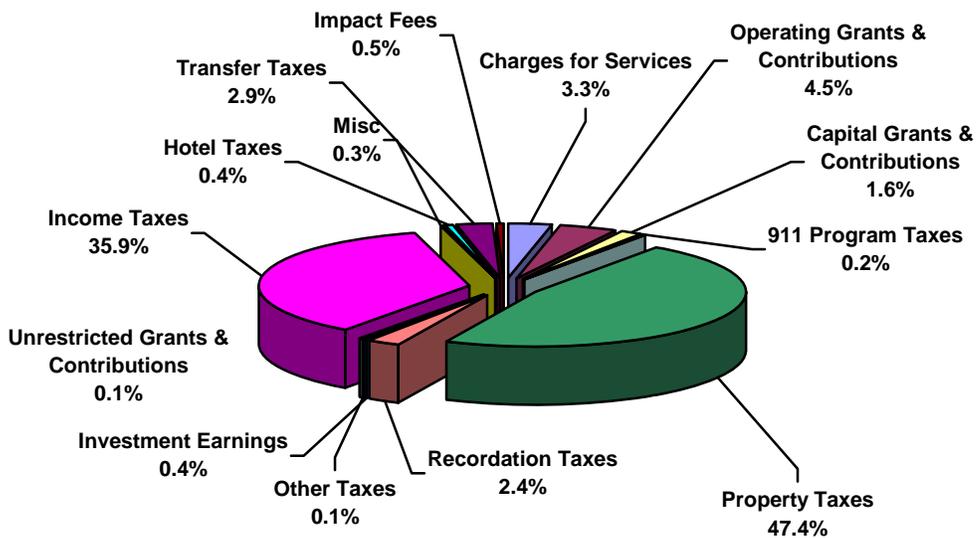
Harford County Government's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for Services	\$ 21,710,009	\$ 19,417,071	\$ 42,795,716	\$ 38,001,859	\$ 64,505,725	\$ 57,418,930
Operating Grants & Contributions	29,056,647	27,728,929	804,406	802,598	29,861,053	28,531,527
Capital Grants & Contributions	10,248,005	5,009,162	15,378,940	15,444,188	25,626,945	20,453,350
General revenues:						
Property Taxes	308,709,856	298,947,432	-	-	308,709,856	298,947,432
Income Taxes	233,759,923	211,253,182	-	-	233,759,923	211,253,182
Impact Fees	3,531,600	2,707,200	-	-	3,531,600	2,707,200
911 Program Taxes	1,790,042	1,734,276	-	-	1,790,042	1,734,276
Recordation Taxes	15,314,546	13,736,943	-	-	15,314,546	13,736,943
Transfer Taxes	18,671,392	15,762,184	-	-	18,671,392	15,762,184
Hotel Taxes	2,278,619	2,341,255	-	-	2,278,619	2,341,255
Other Taxes	760,047	764,580	-	-	760,047	764,580
Investment Earnings	2,788,417	206,364	2,803,118	2,252,552	5,591,535	2,458,916
Unrestricted Grants & Contributions	440,319	407,167	-	-	440,319	407,167
Miscellaneous	1,759,295	685,847	-	-	1,759,295	685,847
Total Revenues	650,818,717	600,701,592	61,782,180	56,501,197	712,600,897	657,202,789
Program Expenses:						
Agricultural Land Preservation	3,283,221	3,163,287	-	-	3,283,221	3,163,287
County Council	2,682,783	2,695,411	-	-	2,682,783	2,695,411
General Government	47,956,372	49,217,926	-	-	47,956,372	49,217,926
Education	273,561,170	268,713,217	-	-	273,561,170	268,713,217
Harford Center	553,036	553,036	-	-	553,036	553,036
Judicial	10,316,937	10,404,012	-	-	10,316,937	10,404,012
Libraries	18,330,481	18,289,122	-	-	18,330,481	18,289,122
Parks and Recreation	15,647,175	14,993,728	-	-	15,647,175	14,993,728
Public Safety	110,658,836	108,223,495	-	-	110,658,836	108,223,495
Public Works	67,707,510	58,629,180	-	-	67,707,510	58,629,180
Social Services	27,334,522	27,050,519	-	-	27,334,522	27,050,519
Unallocated Debt Interest / Other Costs	17,791,039	17,557,592	-	-	17,791,039	17,557,592
Water and Sewer	-	-	52,524,992	51,194,393	52,524,992	51,194,393
Total Expenses	595,823,082	579,490,525	52,524,992	51,194,393	648,348,074	630,684,918
Special Item: Claims & Judgements	(45,868,055)	-	-	-	(45,868,055)	-
Change in Net Position	9,127,580	21,211,067	9,257,188	5,306,804	18,384,768	26,517,871
Net Position--Beginning	237,040,718	215,829,651	431,294,614	425,987,810	668,335,332	641,817,461
Change in Accounting Principle	(87,879,194)	-	(10,225,856)	-	(98,105,050)	-
Net Position--Beginning, as Restated	149,161,524	215,829,651	421,068,758	425,987,810	570,230,282	641,817,461
Net Position--Ending	\$ 158,289,104	\$ 237,040,718	\$ 430,325,946	\$ 431,294,614	\$ 588,615,050	\$ 668,335,332

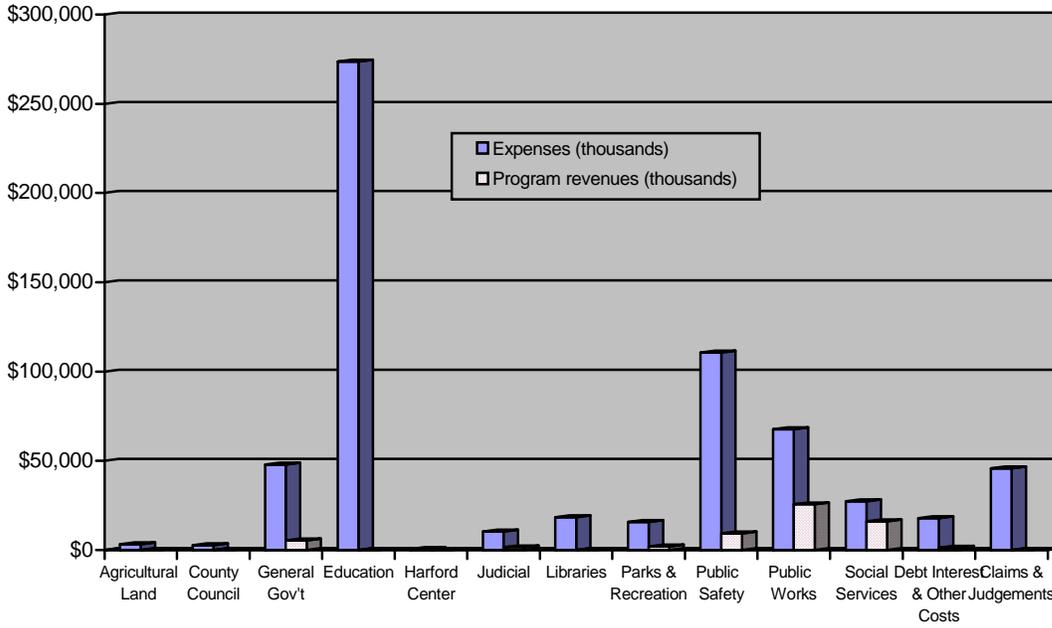
Governmental activities The change in net position of governmental activities before the change in accounting principle increased \$9.1 million during fiscal year 2018. Key elements are as follows:

- Total Government Activities expenses increased \$62.2 million or 10.7% from fiscal year 2017. This was primarily due to a judgement against the County for \$45.4 million. Harford County has appealed this decision and anticipates the judgement to be overturned. During the appeal, 10% interest is accruing per annum. At June 30, 2018, \$0.5 million has accrued.
- Property Taxes increased in fiscal year 2018 by \$9.8 million or 3.3% over prior year due to a growing economy which has translated to stronger home prices.
- The County recorded \$233.8 million in income tax revenue for fiscal year 2018. This is a \$22.5 million or 10.7% increase from fiscal year 2017 using full accrual accounting. The increase was attributed to an improvement in the economy which includes a decrease in the unemployment rate and an overall increase in wages.
- Recordation and Transfer Tax increased \$4.5 million in fiscal year 2018 over fiscal year 2017. In fiscal year 2018 the number of homes sold increased, and the value of those homes also increased, resulting in increased recordation and transfer tax revenue.
- Charges for Services increased \$2.3 million or 11.8%, from the prior fiscal year. The primary reason for the increase was due to an increase in Public Works of \$1.3 million, which is attributed to a new revenue source of \$0.4 million from the sale of renewable energy credit and the remainder of the increase was due to tipping fees increasing from processing more solid waste.
- Capital Grants and Contributions increased \$5.2 million or 104.6% from prior fiscal year. The County received more contributed assets from Developers because of an increase in economic activities such as roads that were built in housing developments.

Revenues by Source-Governmental Activities



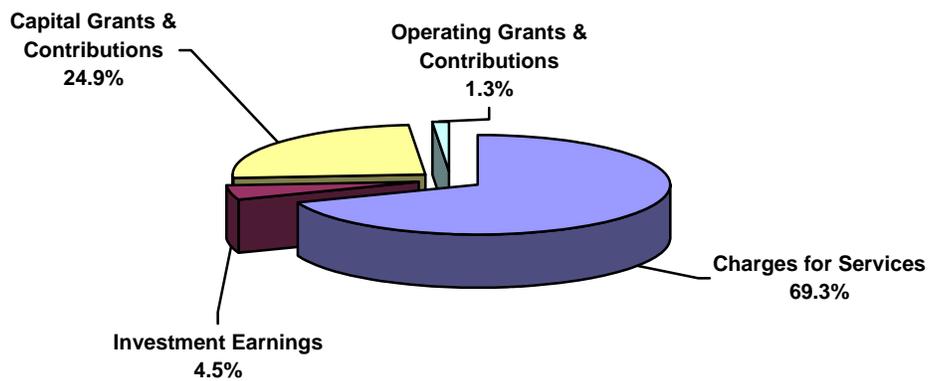
Expenses and Program Revenues-Governmental Activities



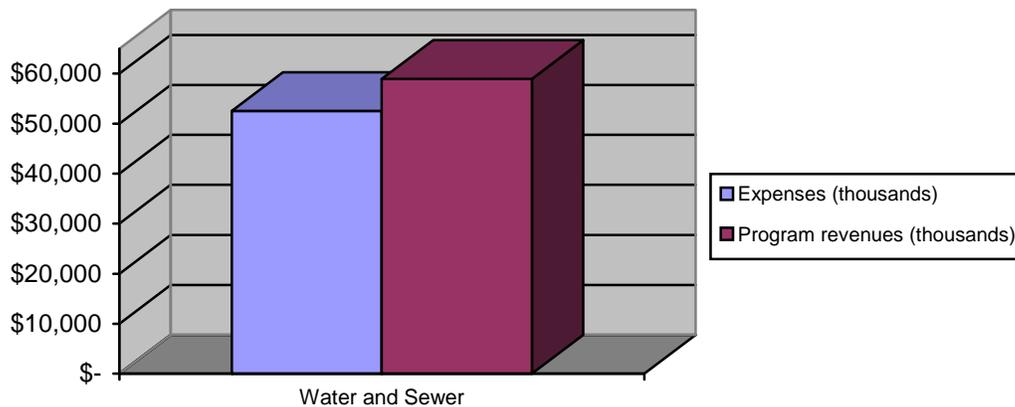
Business-type activities Business-type activities recorded an increase in net position before changes in accounting principle of \$9.3 million during fiscal year 2018. Key elements are as follows:

- The increase in charges for services, \$4.8 million is attributed to an increase in the water and sewer rates.
- Investment Earnings totaled \$2.8 million, an increase of 24.4% or \$0.6 million from fiscal year 2017, due to increase in interest rates.

Revenues by Source-Business-type Activities



Expenses and Program Revenues-Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$241.5 million. Approximately 79.7% of this total amount, or \$192.5 million, constitutes *assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$49.0 million, is *nonspendable or restricted* to indicate that it is not available for new spending because it has been dedicated. The nonspendable and restricted fund balance, at 20.3% 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 \$106.9 million. As a measure of the General Fund's liquidity, it is useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 20.6% of total General Fund expenditures, while total fund balance represents 22.3% of that same amount.

The County's General Fund total fund balance has increased by \$14.3 million during the current fiscal year. The increase is mostly due to an increase in revenues of \$16.8 million with the majority from taxes which increased \$14.9 million due to a growing economy.

The Highways Fund has a total fund balance of \$22.3 million. The Highways Fund has 88.9%, \$19.8 million, of its total fund balance assigned. Of this amount, 12.8% is assigned for fiscal stabilization purposes and 75.7% is assigned for the purpose of the fund. The Highways Fund balance of \$2.2 million classified as nonspendable represents inventory. The fund balance increase of \$3.4 million is mostly attributed to an increase in revenue from taxes of \$1.0 million from prior year and a decrease in Paygo of \$1.5 million or 18.8% from fiscal year 2017.

The Grant Fund has a total fund balance of \$10.0 million all under the restricted category due to the legally binding nature of the grant agreements.

The Agricultural Land Preservation Fund has a total assigned fund balance of \$40.4 million. There is \$19.6 million assigned for Development Rights that were purchased in prior years and the remainder is assigned to the purpose of the fund. The fiscal year fund balance decreased by \$12.3 million due to paying off the balloon payments for Development Rights that came due this year.

The Capital Project Fund has a total fund balance of \$43.9 million. General obligation bonds of \$43.0 million were issued during fiscal year 2018 to help pay the cost of County capital projects. Of the total fund balance, \$19.4 million is restricted under bond proceeds, \$5.6 million is restricted for dedicated revenues for Harford County Public Schools and Parks and Recreation projects and \$18.8 million is assigned. The major reason for the increase in fund balance of \$13.4 million is due to the sale of bonds.

The Parks and Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund have been classified as non-major governmental funds. Total fund balance for the non-major governmental funds as of June 30, 2018 was \$9.5 million. Of the total fund balance, \$3.0 million is restricted for debt service and unspent bond proceeds and \$6.5 million is assigned to the purpose of the funds. The increase in fund balance of \$2.7 million is mostly attributed to the levy of recordation tax in the Stormwater Management Fund which is being deferred for future stormwater management projects required by the State.

Proprietary funds The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$42.0 million and unrestricted net position of the Internal Service Fund totaled \$3.6 million. Factors concerning the finances of the Water and Sewer Fund are addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The final budget of the General Fund for fiscal year 2018 increased by \$5.4 million over the original budget. The increase was allocated to appropriated funds to account for expenses attributable to OPEB retirement payouts and natural disasters. Revenue variances increased from the final fiscal year 2018 budget by \$3.0 million mostly due to a bond premium that was not budgeted, and conservative fiscal management that saved the County from using \$10.0 million of appropriated fund balance. A cautious spending policy also led to the \$11.4 million or 2.1% decrease in actual General Fund expenditures compared to the final General Fund budget.

Capital Asset and Debt Administration

Capital assets The County's capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$1.2 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 is \$6.1 million.

The County's Capital Assets

(Net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 269,393,918	\$ 257,483,352	\$ 1,535,972	\$ 1,534,207	\$ 270,929,890	\$ 259,017,559
Development Rights	132,360,785	130,779,949	-	-	132,360,785	130,779,949
Construction in Process	20,548,158	16,740,277	4,287,327	7,314,416	24,835,485	24,054,693
Buildings	136,959,625	141,757,434	159,138,635	165,194,325	296,098,260	306,951,759
Improvements	22,835,040	21,679,894	220,964,688	213,594,229	243,799,728	235,274,123
Machinery and Equipment	1,905,268	2,370,185	24,750,048	26,037,245	26,655,316	28,407,430
Vehicles	12,909,316	13,619,515	1,954,882	2,053,961	14,864,198	15,673,476
Intangibles	939,251	1,124,627	233,599	295,147	1,172,850	1,419,774
Infrastructure	111,879,297	114,384,571	31,450,209	32,030,214	143,329,506	146,414,785
Total	\$ 709,730,658	\$ 699,939,804	\$ 444,315,360	\$ 448,053,744	\$ 1,154,046,018	\$ 1,147,993,548

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

- The Granary Road at Water Tower Way roundabout was completed in fiscal year 2018 and capitalized for \$0.5 million. The roundabout opened in September 2017.
- Bynum Run Parallel Phase 7 was capitalized at a cost of \$7.8 million. The project included improvements to increase sewer capacity for new connections in the Development Envelope surrounding Bel Air.
- A new turf field at Fallston High School was installed and capitalized for \$1.4 million. The field was completed in September 2017. The turf field replacement and track improvements at the North Harford High School were completed in August 2017 and capitalized for \$1.0 million.

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

Education Capital Expenditures:

Harford County Public Schools and Harford Community College projects made up the majority of the fiscal year 2018 General County Capital Budget. Some of the major expenditures were:

- Youth's Benefit Elementary School was completed in fiscal year 2018. The project brought the new school from two schools into one for a cost of \$36.9 million.
- The William Paca/Old Post Elementary School Open Space Enclosure project will convert open floor plans to enclosed classrooms. In fiscal year 2018, \$1.0 million was spent of the \$1.2 million budget.
- The Havre de Grace Middle/High School replacement project had expenditures in fiscal year 2018 of \$2.3 million. The new school will combine the middle and high school into a single school when completed.

Long-term debt At the end of the current fiscal year, the County had Bonds and Notes Payable debt outstanding of \$666.1 million. Of this amount, \$122.4 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 \$28.3 million in installment contracts to purchase easements for agricultural land preservation, payable from special revenue funds supported through one-half of one

percent of the transfer tax levy, and \$14.0 million associated with the incremental property tax revenues related to a special taxing district.

The County's Outstanding Debt

Bonds and Notes Payable

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
Ag Land						
Preservation	\$ 28,321,359	\$ 46,621,431	\$ -	\$ -	\$ 28,321,359	\$ 46,621,431
Bonds Payable	514,171,551	506,694,682	122,350,421	124,264,790	636,521,972	630,959,472
Notes Payable	1,300,000	1,311,917	-	-	1,300,000	1,311,917
	<u>\$ 543,792,910</u>	<u>\$ 554,628,030</u>	<u>\$ 122,350,421</u>	<u>\$ 124,264,790</u>	<u>\$ 666,143,331</u>	<u>\$ 678,892,820</u>

The total debt of the Primary Government decreased by \$12.7 million or 1.9%, during the current fiscal year. For governmental activities, debt decreased \$10.8 million due to a general obligation bond sale of \$43 million and a premium of \$3.9 million offset by principal payments and reductions of \$57.7 million. In business-type activities, debt decreased \$1.9 million, due to bond principal payments and reductions of \$9.5 million, offset by a bond sale of \$7.0 million and a premium of \$0.6 million.

During fiscal year 2018, the County earned the highest bond rating possible from all three major bond rating agencies. Moody's Investors Services, Standard and Poor's Corp., and Fitch Ratings all reaffirmed their credit ratings of 'Aaa', 'AAA' and 'AAA', respectively. Each rating service said the County's future outlook is "stable".

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

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

Economic Factors and Next Year's Budgets and Rates

- The County Real Property Tax Rate for fiscal year 2019 remains unchanged at \$1.042 per \$100 of assessed valuation. Net property tax receipts recorded in the General Fund for fiscal year 2019 are expected to increase by 1.75% over those approved for fiscal year 2018. The increase is primarily due to a 1.69% increase in prior year reassessment values Countywide. Statewide, the assessment notices mailed to a third of property owners reflect an increase by an average of 7.7%, which represents an average increase of 5.8% for all residential property and 12.7% for all commercial property. In Harford County, residential assessments increased by 3.6% and commercial assessments increased by 6.5%. The Homestead Tax Credit rate is 5% for Harford County for fiscal year 2019 and remains unchanged from the past fiscal year. The County adopted a new Senior and Veterans Tax Credit for fiscal year 2019 that is expected to reduce General Fund property tax revenues by \$1.6 million.
- In fiscal year 2019, the County's income tax rate stayed at 3.06%. Fiscal year 2019 income tax revenue that is budgeted is projected to increase over fiscal year 2018 income tax budgeted revenue amount by 3.52%. The increase in income tax revenue is largely due to an improving

economy and lower unemployment. Income tax is budgeted at \$226.7 million for fiscal year 2019.

- The County levies and collects a transfer tax at a rate of 1.0% of the actual consideration paid for conveyance of title to real property. This tax is imposed upon all transfers of real property within the County. Transfer tax collected is split 50% to fund school construction debt and 50% to purchase agricultural land for preservation. For fiscal year 2019, the County anticipates recording \$17.2 million in transfer tax.

These and other economic factors were considered when preparing the fiscal year 2019 General Fund budget, which estimates total revenues at \$571.7 million; an increase of \$28.6 million or 5.3% over fiscal year 2018 original budgeted amounts. The budget includes record-level funding for education, public safety and libraries. The 2019 approved budget includes a 2% COLA for all county employees plus a merit-based annual salary increase of \$2,000 per qualifying employee of the County Government. Equivalent increases for the States' Attorney and Circuit Court employees were also appropriated. An increase in funding equivalent to 3% was proposed for employees in the Harford County Public Library and \$2.8 million was allotted to fully fund the Sheriff's Office request for salary increases, totaling over \$5.3 million over the last two years.

- 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 2018, the County originally appropriated \$4.6 million in General Fund Balance to balance the 2018 budget. In fiscal year 2019, the County appropriated \$14.0 million in General Fund Balance to balance the 2019 budget.
- For fiscal year 2019, Harford County Public Schools are funded at \$245.8 million, which is \$5.2 million above the required Maintenance of Effort for fiscal year 2019. Included in the increase is \$ 6.4 million for instructional salaries to support the teachers.
- The County's support of Harford Community College fiscal year 2019 budget is \$16.8 million. The County increased appropriation of \$0.4 million from the fiscal year 2018 operating budget.
- Harford County Public Schools fiscal year 2019 capital budget contains five planned projects totaling \$49.1 million. Of the total General Fund debt service budget, 6.13% is allocated for school debt.

The County is involved in numerous lawsuits that normally occur in governmental operations, including claims for personal injury. In fiscal year 2018 a judgement was rendered against Harford County in the amount of \$45.4 million. The County has appealed this decision and highly anticipates the decision to be overturned. Interest is accruing for this judgement and the accrual balance as of June 30, 2018 is \$0.5 million. The County also anticipates issuing bonds during fiscal year 2019.

The County approved Bill 15-022 on October 20, 2015, which established new Harford County Water and Sewer rates that is phased in over 5 years. The increase was necessary to maintain service reliability and infrastructure integrity due to the county's aging Water and Sewer systems. The net change in the fiscal year 2019 approved budget from the 2018 fiscal year original approved budget for the Water and Sewer Operating Fund is an increase of \$7.5 million or 14.1%.

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, 2018

Exhibit 1

	Primary Government			Component Units			
	Governmental	Business-Type	Total Primary	Harford County	Harford	Harford Community	Harford County
	Activities	Activities	Government	Public Schools	Center, Inc.	College	Public Library
ASSETS							
Equity in Pooled Cash and Investments	\$ 199,341,094	\$ 102,613,621	\$ 301,954,715	\$ -	\$ -	\$ -	\$ -
Cash and Investments	70,717	1,700	72,417	30,434,037	1,323,001	28,632,100	5,235,272
Taxes and Accounts Receivable (Net)	5,272,659	10,285,672	15,558,331	8,618,521	4,633	7,184,961	84,505
Federal and State Receivable	58,533,209	50,692	58,583,901	5,218,938	54,027	248,425	-
Internal Balances	653,772	(653,772)	-	-	-	-	-
Due From Primary Government	-	-	-	2,720,231	-	408,053	-
Inventories	2,186,274	2,143,312	4,329,586	490,798	-	402,531	-
Loans Receivable	1,981,635	-	1,981,635	-	-	-	-
Other Assets	-	-	-	1,122	19,094	487,807	260,440
Deposit with Trustee	1,985,050	-	1,985,050	-	-	1,028,817	2,528,483
Benefit Assessments	659,259	27,473,458	28,132,717	-	-	-	-
Restricted Assets--Cash & Investments	44,368,231	1,493,532	45,861,763	-	-	13,959,098	-
Capital Assets:							
Land, Development Rights & CIP	422,302,861	5,823,299	428,126,160	79,647,964	-	3,741,759	-
Other Capital Assets, Net of Depreciation	287,427,797	438,492,061	725,919,858	557,619,508	686,738	100,945,488	4,457,961
Total Assets	<u>1,024,782,558</u>	<u>587,723,575</u>	<u>1,612,506,133</u>	<u>684,751,119</u>	<u>2,087,493</u>	<u>157,039,039</u>	<u>12,566,661</u>
DEFERRED OUTFLOWS OF RESOURCES							
Loss on Refunding	14,531,249	2,245,852	16,777,101	-	-	-	-
Pension and OPEB Deferrals	40,656,481	3,317,623	43,974,104	392,298,107	-	316,020	15,235,379
Total Deferred Outflow of Resources	<u>55,187,730</u>	<u>5,563,475</u>	<u>60,751,205</u>	<u>392,298,107</u>	<u>-</u>	<u>316,020</u>	<u>15,235,379</u>
LIABILITIES							
Accounts Payable	12,769,757	2,314,940	15,084,697	10,183,855	22,609	1,684,439	19,993
Due to Component Units	3,128,284	-	3,128,284	-	-	-	-
Retainages Payable	505,347	177,752	683,099	-	-	-	-
Payable to State of Maryland	212,979	1,174,250	1,387,229	-	35,545	-	-
Accrued Expenses	14,899,793	2,574,683	17,474,476	762,387	134,240	1,542,389	445,226
Unearned Revenue	3,190,013	2,029	3,192,042	2,295,821	-	8,174,033	43,335
Performance Deposits	1,453,971	152,249	1,606,220	-	-	-	-
Escrow Accounts	1,205,528	9,401,665	10,607,193	-	-	-	-
Other Liabilities	1,008,724	27,632	1,036,356	-	-	123,849	-
Noncurrent Liabilities:							
Due within one year	55,021,005	9,339,295	64,360,300	5,245,798	-	163,783	34,843
Due in more than one year	589,995,315	116,200,908	706,196,223	31,682,115	-	984,818	357,026
Net Pension and OPEB Liability	224,437,445	19,674,201	244,111,646	1,408,588,713	-	1,110,420	33,740,749
Total Liabilities	<u>907,828,161</u>	<u>161,039,604</u>	<u>1,068,867,765</u>	<u>1,458,758,689</u>	<u>192,394</u>	<u>13,783,731</u>	<u>34,641,172</u>
DEFERRED INFLOWS OF RESOURCES							
Gain on Refunding	-	14,067	14,067	-	-	-	-
Pension and OPEB Deferrals	13,853,023	1,907,433	15,760,456	37,036,327	-	162,742	385,545
Total Deferred Inflow of Resources	<u>13,853,023</u>	<u>1,921,500</u>	<u>15,774,523</u>	<u>37,036,327</u>	<u>-</u>	<u>162,742</u>	<u>385,545</u>
NET POSITION							
Net Investment in Capital Assets	518,637,112	325,690,256	844,327,368	629,197,756	686,738	104,687,247	4,422,147
Restricted for:							
Highways Projects	300,597	-	300,597	-	-	-	-
Grant Programs	9,967,475	-	9,967,475	-	-	-	-
Capital Projects	25,042,212	-	25,042,212	-	-	-	-
Debt Service	2,740,657	-	2,740,657	-	-	-	-
Stormwater Management	219,313	-	219,313	-	-	-	-
Other Purposes	7,510,819	63,302,643	70,813,462	4,714,569	32,009	10,327,183	282,241
Unrestricted	(406,129,081)	41,333,047	(364,796,034)	(1,052,658,115)	1,176,352	28,394,156	(11,929,065)
Total Net Position	<u>\$ 158,289,104</u>	<u>\$ 430,325,946</u>	<u>\$ 588,615,050</u>	<u>\$ (418,745,790)</u>	<u>\$ 1,895,099</u>	<u>\$ 143,408,586</u>	<u>\$ (7,224,677)</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, 2018

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position								
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units					
					Governmental Activities	Business-Type Activities	Total	Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library		
Primary Government:													
Governmental Activities													
Agricultural Preservation	\$ 3,283,221	\$ -	\$ 61,760	\$ -	\$ (3,221,461)	\$ -	\$ (3,221,461)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Council	2,682,783	-	-	-	(2,682,783)	-	(2,682,783)	-	-	-	-	-	-
General Government	47,956,372	3,215,494	1,872,555	205,941	(42,662,382)	-	(42,662,382)	-	-	-	-	-	-
Education-Primary thru Comm. College	273,561,170	-	-	-	(273,561,170)	-	(273,561,170)	-	-	-	-	-	-
Harford Center	553,036	-	-	-	(553,036)	-	(553,036)	-	-	-	-	-	-
Judicial	10,316,937	-	1,516,458	-	(8,800,479)	-	(8,800,479)	-	-	-	-	-	-
Libraries	18,330,481	-	-	-	(18,330,481)	-	(18,330,481)	-	-	-	-	-	-
Parks, Recreation and Natural Resources	15,647,175	917,590	105,767	962,946	(13,660,872)	-	(13,660,872)	-	-	-	-	-	-
Public Safety	110,658,836	4,446,967	4,649,535	133,885	(101,428,449)	-	(101,428,449)	-	-	-	-	-	-
Public Works	67,707,510	12,058,668	4,574,142	8,945,233	(42,129,467)	-	(42,129,467)	-	-	-	-	-	-
Social Services	27,334,522	1,071,290	14,995,556	-	(11,267,676)	-	(11,267,676)	-	-	-	-	-	-
Unallocated Debt Interest / Other Costs	17,791,039	-	1,280,874	-	(16,510,165)	-	(16,510,165)	-	-	-	-	-	-
Total Governmental Activities	595,823,082	21,710,009	29,056,647	10,248,005	(534,808,421)	-	(534,808,421)	-	-	-	-	-	-
Business-type Activities													
Water and Sewer	52,524,992	42,795,716	804,406	15,378,940	-	6,454,070	6,454,070	-	-	-	-	-	-
Total Business-type Activities	52,524,992	42,795,716	804,406	15,378,940	-	6,454,070	6,454,070	-	-	-	-	-	-
Total Primary Government	\$ 648,348,074	\$ 64,505,725	\$ 29,861,053	\$ 25,626,945	(534,808,421)	6,454,070	(528,354,351)	-	-	-	-	-	-
Component Units:													
Harford County Public Schools	\$ 624,314,786	\$ 9,464,628	\$ 125,265,827	\$ 29,731,922	-	-	-	(459,852,409)	-	-	-	-	-
Harford Center, Inc.	3,332,751	12,218	2,933,661	-	-	-	-	-	(386,872)	-	-	-	-
Harford Community College	64,482,934	21,319,337	23,589,754	809,017	-	-	-	-	-	(18,764,826)	-	-	-
Harford County Public Library	23,899,148	668,714	3,591,844	-	-	-	-	-	-	-	-	(19,638,590)	-
Total Component Units	\$ 716,029,619	\$ 31,464,897	\$ 155,381,086	\$ 30,540,939	-	-	-	(459,852,409)	(386,872)	(18,764,826)	-	(19,638,590)	-
General Revenues:													
Taxes:													
Property Taxes					308,709,856	-	308,709,856	-	-	-	-	-	-
Income Taxes					233,759,923	-	233,759,923	-	-	-	-	-	-
Impact Fees					3,531,600	-	3,531,600	-	-	-	-	-	-
911 Program Taxes					1,790,042	-	1,790,042	-	-	-	-	-	-
Recordation Taxes					15,314,546	-	15,314,546	-	-	-	-	-	-
Transfer Taxes					18,671,392	-	18,671,392	-	-	-	-	-	-
Hotel Taxes					2,278,619	-	2,278,619	-	-	-	-	-	-
Other Taxes					760,047	-	760,047	-	-	-	-	-	-
Investment Earnings					2,788,417	2,803,118	5,591,535	515,259	37,772	1,146,810	-	98,094	-
Grants and Contributions not Restricted to Specific Purposes					440,319	-	440,319	378,451,125	488,366	17,237,790	-	17,100,985	-
Miscellaneous					1,759,295	-	1,759,295	2,672,419	115,903	-	-	-	-
Total General Revenues					589,804,056	2,803,118	592,607,174	381,638,803	642,041	18,384,600	-	17,199,079	-
Special Item - Claims & Judgements					(45,868,055)	-	(45,868,055)	-	-	-	-	-	-
Change in Net Position					9,127,580	9,257,188	18,384,768	(78,213,606)	255,169	(380,226)	-	(2,439,511)	-
Net Position--Beginning					237,040,718	431,294,614	668,335,332	302,455,887	1,639,930	144,213,543	-	(338,166)	-
Change in Accounting Principle					(87,879,194)	(10,225,856)	(98,105,050)	(642,988,071)	-	(424,731)	-	(4,447,000)	-
Net Position--Beginning, as Restated					149,161,524	421,068,758	570,230,282	(340,532,184)	1,639,930	143,788,812	-	(4,785,166)	-
Net Position--Ending					\$ 158,289,104	\$ 430,325,946	\$ 588,615,050	\$ (418,745,790)	\$ 1,895,099	\$ 143,408,586	-	\$ (7,224,677)	-

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

HARFORD COUNTY, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2018

Exhibit 3

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	\$ 102,232,401	\$ 21,549,097	\$ 6,920,071	\$ 20,596,745	\$ 30,504,601	\$ 7,293,036	\$ 189,095,951
Cash and Investments	66,967	3,000	-	-	-	750	70,717
Taxes and Accounts Receivable (Net)	4,654,319	394,839	-	-	222,787	714	5,272,659
Federal and State Receivable	54,173,780	420,046	3,120,811	191,602	626,970	-	58,533,209
Inventories	-	2,186,274	-	-	-	-	2,186,274
Loans Receivable	1,056,216	-	925,419	-	-	-	1,981,635
Deposit with Trustee	-	-	-	-	-	1,985,050	1,985,050
Benefit Assessment	-	-	-	-	659,259	-	659,259
Restricted Assets - Investments	5,041,904	94,631	-	19,617,798	19,394,585	219,313	44,368,231
TOTAL ASSETS	\$ 167,225,587	\$ 24,647,887	\$ 10,966,301	\$ 40,406,145	\$ 51,408,202	\$ 9,498,863	\$ 304,152,985
LIABILITIES							
Accounts Payable	\$ 6,170,305	\$ 653,908	\$ 491,599	\$ 15,321	\$ 2,482,754	\$ 15,227	\$ 9,829,114
Due to Component Units	-	-	-	-	3,128,284	-	3,128,284
Retainages Payable	-	-	-	-	505,347	-	505,347
Payable to State of Maryland	212,979	-	-	-	-	-	212,979
Accrued Expenditures	4,492,012	666,703	258,960	-	-	8,182	5,425,857
Unearned Revenue	2,662,563	-	248,267	-	279,183	-	3,190,013
Performance Deposits	1,118,041	335,930	-	-	-	-	1,453,971
Escrow Accounts	282,958	419,079	-	-	496,671	6,820	1,205,528
Other Liabilities	1,007,102	1,622	-	-	-	-	1,008,724
Total Liabilities	<u>15,945,960</u>	<u>2,077,242</u>	<u>998,826</u>	<u>15,321</u>	<u>6,892,239</u>	<u>30,229</u>	<u>25,959,817</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	35,787,446	237,743	-	-	659,259	-	36,684,448
FUND BALANCES							
Nonspendable	1,056,216	2,186,274	-	-	-	-	3,242,490
Restricted	7,510,819	300,597	9,967,475	-	25,042,212	2,959,970	45,781,073
Assigned	86,888,856	19,846,031	-	40,390,824	18,814,492	6,508,664	172,448,867
Unassigned	20,036,290	-	-	-	-	-	20,036,290
Total Fund Balances	<u>115,492,181</u>	<u>22,332,902</u>	<u>9,967,475</u>	<u>40,390,824</u>	<u>43,856,704</u>	<u>9,468,634</u>	<u>241,508,720</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 167,225,587	\$ 24,647,887	\$ 10,966,301	\$ 40,406,145	\$ 51,408,202	\$ 9,498,863	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements. 653,772

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 709,730,658

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. 36,684,448

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net position. 3,561,098

Deferred outflow of resources, including loss on refunding and pension and OPEB deferrals. 55,187,730

Deferred inflow of resources, including pension and OPEB deferrals. (13,853,023)

Long-term liabilities, including bonds payable, compensated absences, notes payable, landfill closure, net pension liability and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds. (875,184,299)

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

Net Position of Governmental Activities \$ 158,289,104

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2018

Exhibit 4

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Governmental Funds
REVENUES							
Taxes	\$ 496,297,922	\$ 37,776,507	\$ -	\$ 9,335,696	\$ 22,098,020	\$ 4,216,821	\$ 569,724,966
Revenues from Other Agencies	4,399,693	2,049,121	23,089,925	61,760	4,859,944	4,000	34,464,443
Investment Income	1,630,233	299,830	2,715	160,172	461,472	90,380	2,644,802
Charges for Current Services	14,046,032	620,827	1,040,227	-	199,482	778,385	16,684,953
Miscellaneous	899,360	363,744	1,147,672	-	99,314	1,433	2,511,523
Licenses and Permits	4,494,635	-	-	-	-	-	4,494,635
Fines and Forfeitures	133,229	41,484	223,407	-	-	-	398,120
Total Revenues	<u>521,901,104</u>	<u>41,151,513</u>	<u>25,503,946</u>	<u>9,557,628</u>	<u>27,718,232</u>	<u>5,091,019</u>	<u>630,923,442</u>
EXPENDITURES							
Current:							
Agricultural Preservation	-	-	-	1,426,023	-	-	1,426,023
County Council	2,655,247	-	-	-	-	-	2,655,247
General Government	44,108,067	-	2,124,580	-	-	-	46,232,647
Education-Primary thru Comm. College	255,127,257	-	-	-	-	-	255,127,257
Harford Center	553,036	-	-	-	-	-	553,036
Judicial	8,667,883	-	1,767,973	-	-	-	10,435,856
Libraries	17,100,985	-	-	-	-	-	17,100,985
Parks, Recreation and Natural Resources	9,352,679	-	187,486	-	-	693,849	10,234,014
Public Safety	99,875,217	-	2,906,366	-	-	-	102,781,583
Public Works	16,894,121	27,098,985	3,586,345	-	-	-	47,579,451
Social Services	10,456,428	-	16,220,665	-	-	-	26,677,093
Capital Outlay	-	-	-	-	59,164,429	-	59,164,429
Debt Service:							
Principal	34,365,055	595,150	-	18,300,072	-	156,571	53,416,848
Interest	18,414,006	383,385	-	2,066,078	-	1,146,543	22,010,012
Administrative Costs	263,219	5,333	-	103,017	-	41,055	412,624
Total Expenditures	<u>517,833,200</u>	<u>28,082,853</u>	<u>26,793,415</u>	<u>21,895,190</u>	<u>59,164,429</u>	<u>2,038,018</u>	<u>655,807,105</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>4,067,904</u>	<u>13,068,660</u>	<u>(1,289,469)</u>	<u>(12,337,562)</u>	<u>(31,446,197)</u>	<u>3,053,001</u>	<u>(24,883,663)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	20,020,332	-	3,803,530	-	19,828,574	-	43,652,436
Transfers (Out)	(13,358,865)	(9,698,239)	(2,020,332)	-	(18,000,000)	(575,000)	(43,652,436)
Issuance of Bonds	-	-	-	-	43,000,000	-	43,000,000
Premium on Issuance of Bonds	3,620,544	77,079	-	-	-	188,148	3,885,771
Total Other Financing Sources (Uses)	<u>10,282,011</u>	<u>(9,621,160)</u>	<u>1,783,198</u>	<u>-</u>	<u>44,828,574</u>	<u>(386,852)</u>	<u>46,885,771</u>
Net Change in Fund Balances	14,349,915	3,447,500	493,729	(12,337,562)	13,382,377	2,666,149	22,002,108
Fund Balances--Beginning	101,142,266	18,949,136	9,473,746	52,728,386	30,474,327	6,802,485	219,570,346
Increase (Decrease) in Inventory	-	(63,734)	-	-	-	-	(63,734)
Fund Balances--Ending	<u>\$ 115,492,181</u>	<u>\$ 22,332,902</u>	<u>\$ 9,967,475</u>	<u>\$ 40,390,824</u>	<u>\$ 43,856,704</u>	<u>\$ 9,468,634</u>	<u>\$ 241,508,720</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, 2018

Exhibit 5

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

Net change in fund balances--total governmental funds	\$	22,002,108
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		5,262,555
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		19,751,660
The issuance of long-term debt (e.g. bonds, notes, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction has any effect on net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		9,305,477
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.		(45,373,131)
Eliminating the effect of the internal service fund using the "look-back" method resulted in an increase in expenses in the governmental activities in the statement of activities.		223,490
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(2,044,579)
Change in net position of governmental activities	\$	9,127,580

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, 2018

Exhibit 6

	General				Highways			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 491,531,000	\$ 491,531,000	\$ 495,102,208	\$ 3,571,208	\$ 37,035,500	\$ 37,035,500	\$ 37,577,189	\$ 541,689
Revenues from Other Agencies	3,688,200	3,688,200	4,399,693	711,493	2,165,000	2,165,000	2,049,121	(115,879)
Investment Income	586,000	586,000	1,630,233	1,044,233	44,000	44,000	299,830	255,830
Charges for Current Services	11,428,550	11,428,550	14,046,032	2,617,482	1,411,300	1,411,300	620,827	(790,473)
Miscellaneous	8,422,750	8,422,750	7,973,181	(449,569)	7,514,200	7,514,200	6,776,791	(737,409)
Licenses and Permits	4,374,300	4,374,300	4,494,635	120,335	-	-	-	-
Fines and Forfeitures	69,200	69,200	133,229	64,029	30,000	30,000	41,484	11,484
Total Revenues	<u>520,100,000</u>	<u>520,100,000</u>	<u>527,779,211</u>	<u>7,679,211</u>	<u>48,200,000</u>	<u>48,200,000</u>	<u>47,365,242</u>	<u>(834,758)</u>
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	-	-	-	-	-
County Council	2,979,531	3,001,186	2,663,857	337,329	-	-	-	-
General Government	52,518,752	54,135,512	50,193,264	3,942,248	-	-	-	-
Education-Primary thru Comm. College	255,127,257	255,127,257	255,127,257	-	-	-	-	-
Harford Center	553,036	553,036	553,036	-	-	-	-	-
Judicial	9,098,358	9,337,854	8,645,214	692,640	-	-	-	-
Libraries	17,100,985	17,100,985	17,100,985	-	-	-	-	-
Parks, Recreation and Natural Resources	10,000,164	10,229,277	9,378,753	850,524	-	-	-	-
Public Safety	100,743,140	103,801,062	99,501,219	4,299,843	-	-	-	-
Public Works	17,089,715	17,181,837	17,052,698	129,139	37,489,511	38,142,152	32,902,225	5,239,927
Social Services	10,969,522	11,068,190	10,463,208	604,982	-	-	-	-
Debt Service	476,180,460	481,536,196	470,679,491	10,856,705	37,489,511	38,142,152	32,902,225	5,239,927
Total Expenditures	<u>529,691,135</u>	<u>535,046,871</u>	<u>523,721,771</u>	<u>11,325,100</u>	<u>38,501,761</u>	<u>39,154,402</u>	<u>33,886,093</u>	<u>5,268,309</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(9,591,135)</u>	<u>(14,946,871)</u>	<u>4,057,440</u>	<u>19,004,311</u>	<u>9,698,239</u>	<u>9,045,598</u>	<u>13,479,149</u>	<u>4,433,551</u>
OTHER FINANCING SOURCES (USES)								
Appropriated Fund Balance	4,600,000	9,955,736	-	(9,955,736)	-	652,641	-	(652,641)
Transfers In	18,400,000	18,400,000	20,020,332	1,620,332	-	-	-	-
Transfers (Out)	(13,408,865)	(13,408,865)	(13,358,865)	50,000	(9,698,239)	(9,698,239)	(9,698,239)	-
Premium on Issuance of Bonds	-	-	3,620,544	3,620,544	-	-	77,079	77,079
Total Other Financing Sources (Uses)	<u>9,591,135</u>	<u>14,946,871</u>	<u>10,282,011</u>	<u>(4,664,860)</u>	<u>(9,698,239)</u>	<u>(9,045,598)</u>	<u>(9,621,160)</u>	<u>(575,562)</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	<u>14,339,451</u>	\$ <u>14,339,451</u>	\$ <u>-</u>	\$ <u>-</u>	<u>3,857,989</u>	\$ <u>3,857,989</u>
Less: Appropriated Fund Balance			-	-			-	-
Fund Balance - Beginning			103,580,575				18,408,625	
Prior Year Encumbrances Cancelled			199,931				77,303	
Decrease in Inventory			-				(63,734)	
Fund Balance - Ending			\$ <u>118,119,957</u>				\$ <u>22,280,183</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, 2018

(continued)

Exhibit 6

	Agricultural Land Preservation			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive(Negative)
REVENUES				
Taxes	\$ 8,000,000	\$ 8,000,000	\$ 9,335,696	\$ 1,335,696
Revenues from Other Agencies	150,000	150,000	61,760	(88,240)
Investment Income	8,400,500	8,400,500	160,172	(8,240,328)
Charges for Current Services	-	-	-	-
Miscellaneous	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Total Revenues	16,550,500	16,550,500	9,557,628	(6,992,872)
EXPENDITURES				
Current:				
Agricultural Preservation	6,691,500	6,691,500	1,426,023	5,265,477
County Council	-	-	-	-
General Government	-	-	-	-
Education-Primary thru Comm. College	-	-	-	-
Harford Center	-	-	-	-
Judicial	-	-	-	-
Libraries	-	-	-	-
Parks, Recreation and Natural Resources	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Social Services	-	-	-	-
Total Expenditures	6,691,500	6,691,500	1,426,023	5,265,477
Debt Service	20,472,000	20,472,000	20,469,167	2,833
Total Expenditures	27,163,500	27,163,500	21,895,190	5,268,310
Excess/(Deficiency) of Revenues				
Over Expenditures	(10,613,000)	(10,613,000)	(12,337,562)	(1,724,562)
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	10,613,000	10,613,000	12,337,562	1,724,562
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Premium on Issuance of Bonds	-	-	-	-
Total Other Financing	Sources (Uses)	10,613,000	12,337,562	1,724,562
Net Change in Fund Balances	\$ -	\$ -	-	\$ -
Less: Appropriated Fund Balance			(12,337,562)	
Fund Balance - Beginning			52,728,386	
Prior Year Encumbrances Cancelled			-	
Decrease in Inventory			-	
Fund Balance - Ending			\$ 40,390,824	

HARFORD COUNTY, MARYLAND
Statement of Net Position
Proprietary Funds
June 30, 2018

Exhibit 7

ASSETS	Business-Type Activities		Governmental Activities	
		Enterprise Fund, Water and Sewer		Internal Service Fund
Current Assets:				
Equity in Pooled Cash and Investments	\$	102,613,621	\$	10,245,143
Cash and Investments		1,700		-
Restricted Assets - Investments		1,493,532		-
Accounts Receivable (Net)		10,285,672		-
Federal and State Receivable		50,692		-
Inventories		2,143,312		-
Benefit Assessments		2,450,099		-
Total Current Assets		<u>119,038,628</u>		<u>10,245,143</u>
Noncurrent Assets:				
Benefit Assessments		25,023,359		-
Capital Assets, Net of Depreciation				
Land and Construction in Process		5,823,299		-
Property, Plant & Equipment		438,492,061		-
Total Capital Assets		<u>444,315,360</u>		<u>-</u>
Total Noncurrent Assets		<u>469,338,719</u>		<u>-</u>
Total Assets		<u>588,377,347</u>		<u>10,245,143</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refunding		2,245,852		-
Contributions Subsequent to Measurement Date		2,232,725		-
Changes of Assumptions		355,284		-
Changes in Proportion and Difference Between County Contribution and Proportionate Share of Contributions		76,390		-
Net Difference Between Projected and Actual Investment Earnings		653,224		-
Total Deferred Outflow of Resources		<u>5,563,475</u>		<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable		826,330		2,940,643
Accounts Payable from Restricted Assets		1,488,610		-
Retainage Payable from Restricted Assets		177,752		-
Payable to the State of Maryland		1,174,250		-
Accrued Expenses		2,574,683		-
Unearned Revenue		2,029		-
Performance Deposits		152,249		-
Escrow Accounts		9,401,665		-
Other Liabilities		27,632		-
Compensated Absences-Current		1,147,879		-
Bonds Payable-Current		8,191,416		-
Estimated Current Liability for Claims in Process		-		1,463,415
Total Current Liabilities		<u>25,164,495</u>		<u>4,404,058</u>
Noncurrent Liabilities:				
Compensated Absences		2,041,903		-
Bonds Payable		114,159,005		-
Net Pension Liability		19,674,201		-
Estimated Liability for Claims in Process		-		2,279,987
Total Noncurrent Liabilities		<u>135,875,109</u>		<u>2,279,987</u>
Total Liabilities		<u>161,039,604</u>		<u>6,684,045</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding		14,067		-
Difference Between Expected and Actual Experience		626,815		-
Changes in Proportion		922,032		-
Difference Between Actual and Proportionate Share of Contributions		402		-
Net Difference Between Projected and Actual Investment Earnings		358,184		-
Total Deferred Inflow of Resources		<u>1,921,500</u>		<u>-</u>
NET POSITION				
Net Investment in Capital Assets		325,690,256		-
Restricted - Capital Projects/Debt Service		63,302,643		-
Unrestricted		41,986,819		3,561,098
Total Net Position		<u>430,979,718</u>	\$	<u>3,561,098</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		(653,772)		
Net Position of Business-Type Activities	\$	<u>430,325,946</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, 2018

Exhibit 8

	Business-Type Activities	Governmental Activities
	<u>Enterprise Fund, Water and Sewer</u>	<u>Internal Service Fund, Self Insurance</u>
Operating Revenues:		
Charges for Services	\$ -	\$ 24,548,933
Income from Water Operations	17,097,084	-
Income from Sewer Operations	24,070,142	-
Miscellaneous	1,628,490	-
Total Operating Revenues	<u>42,795,716</u>	<u>24,548,933</u>
Operating Expenses:		
General and Administrative Expenses	5,572,090	-
Operations and Maintenance-Water	13,970,828	-
Operations and Maintenance-Sewer	15,134,674	-
Insurance Claims and Expenses	-	26,737,127
Depreciation	13,746,951	-
Total Operating Expenses	<u>48,424,543</u>	<u>26,737,127</u>
Operating (Loss) Income	<u>(5,628,827)</u>	<u>(2,188,194)</u>
Non-operating Revenues (Expenses):		
Grant Revenue	804,406	-
Interest Income	2,803,118	143,615
Interest Expense	(3,760,439)	-
Other Income (Expense)	(116,520)	-
Total Non-operating Revenue (Expenses)	<u>(269,435)</u>	<u>143,615</u>
Income Before Contributions	(5,898,262)	(2,044,579)
Capital Contributions	15,378,940	-
Change in Net Position	<u>9,480,678</u>	<u>(2,044,579)</u>
Total Net Position--Beginning	431,724,896	5,605,677
Change in Accounting Principle	<u>(10,225,856)</u>	<u>-</u>
Total Net Position--Beginning, as Restated	421,499,040	5,605,677
Total Net Position--Ending	<u>\$ 430,979,718</u>	<u>\$ 3,561,098</u>

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

Net Change in Net Position -- Business-Type Activities Prior to Adjusting	\$ 9,480,678
Eliminating the effect of the internal service fund, using the "look-back" method resulted in increased expenses in the enterprise fund	<u>(223,490)</u>
Net Change in Net Position -- Business-Type Activities	<u>\$ 9,257,188</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, 2018

Exhibit 9

	Business Type Activities		Governmental Activities	
	Enterprise Fund, Water and Sewer		Internal Service Fund, Self Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$	41,196,962	\$	-
Receipts from Interfund Services Provided		-		24,192,233
Receipts from Others for Claims		-		356,700
Receipts from Customer Deposits and Rental Income		603,638		-
Payment of Deposits to Customer		(428,928)		-
Payments to Employees for Services		(15,723,547)		-
Payments to Suppliers for Goods and Services		(19,375,624)		(696,154)
Payments for Claims		-		(25,890,449)
Net Cash (Used In) Operating Activities		<u>6,272,501</u>		<u>(2,037,670)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets		(7,271,941)		-
Principal Payments on Long Term Debt		(8,365,611)		-
Bond/Lease Service Costs		(201,492)		-
Interest Paid on Bonds/Leases		(4,774,244)		-
Proceeds from Federal and State Grants		970,124		-
Tap Fees in Excess of Connection Costs		14,399,802		-
Proceeds from Bond Sale		7,000,000		-
Premium and Accrued Interest, net of Underwriters Fees		632,567		-
Proceeds from Sale of Capital Assets		689		-
Net Cash Used By Capital and Related Financing Activities		<u>2,389,894</u>		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income		2,802,403		143,615
Net Cash Provided by Investing Activities		<u>2,802,403</u>		<u>143,615</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>11,464,798</u>		<u>(1,894,055)</u>
Cash and Cash Equivalents, Beginning		92,644,055		12,139,198
Cash and Cash Equivalents, Ending (Includes Restricted Cash of \$1,493,532)	\$	<u>104,108,853</u>	\$	<u>10,245,143</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES				
Operating (Loss) Income	\$	(5,628,827)	\$	(2,188,194)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation		13,746,951		-
Rental Income		84,972		-
Effect of Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable		(1,241,145)		-
Inventory		(89,179)		-
Contributions Subsequent to Measurement Date		(1,366,274)		-
Changes in Assumptions		83,023		-
Changes in Proportion & Share of Contribution		652,408		-
Accounts Payable		203,501		26,710
Accrued Expenses		184		-
Estimated Payables for Future Claims		-		123,814
Escrow Accounts		26,913		-
Unearned Revenue		(366,959)		-
Other Liabilities		6,409		-
Compensated Absences		(169,480)		-
Net Pension Liability		(1,616,754)		-
Net OPEB Liability		615,331		-
Net Difference - Expected vs Actual Investment Earnings		355,797		-
Net Difference - Projected vs Actual Investment Earnings		975,228		-
Net Difference - Actual vs Proportionate Share of Contributions		402		-
Net Cash Provided by (Used In) Operating Activities	\$	<u>6,272,501</u>	\$	<u>(2,037,670)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Developer Contributions of Capital Assets to the Water and Sewer Fund	\$	<u>3,008,503</u>	\$	<u>-</u>

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

HARFORD COUNTY, MARYLAND
Statement of Fiduciary Net Position
June 30, 2018

Exhibit 10

	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Agency Fund
ASSETS			
Equity in Pooled Cash and Investments	\$ 3,862,405	\$ 1,660,147	\$ 439,913
Cash Equivalents	4,375,498	840,274	12,017,994
Investments, at Fair Value			
Debt Securities	33,969,764	-	-
Fixed Income Fund	8,074,845	-	-
Equities and Equivalents	156,865,113	-	-
Total Investments	198,909,722	-	-
Total Assets	207,147,625	2,500,421	\$ 12,457,907
LIABILITIES			
Accounts Payable	47,139	21,476	\$ 439,913
Due to Beneficiaries	-	840,274	12,017,994
Total Liabilities	47,139	861,750	\$ 12,457,907
NET POSITION			
Net Position Restricted for Pensions, OPEB and Other Purposes	\$ 207,100,486	\$ 1,638,671	

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, 2018

Exhibit 11

	Pension and OPEB Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions and Donations	\$ -	\$ 216,191
Employee Contributions	543,245	-
Employer Contributions	14,726,057	-
Plan Sponsor Contributions	1,854,906	-
Retiree Contributions	1,250,733	-
Total Contributions	18,374,941	216,191
Investment Earnings		
Net Gain in Fair Value of Investments	17,160,870	-
Interest and Dividends	728,604	20,573
Total Investment Earnings	17,889,474	20,573
Less Investment Expense	(600,546)	-
Net Investment Income	17,288,928	20,573
Total Additions	35,663,869	236,764
DEDUCTIONS		
Administrative Expenses	77,914	-
Benefits	15,004,278	-
Contractual Services	-	125,037
Total Deductions	15,082,192	125,037
Change in Net Position	20,581,677	111,727
Net Position--Beginning	186,518,809	1,526,944
Net Position --Ending	\$ 207,100,486	\$ 1,638,671

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	36
	c. Inventories	36
	d. Restricted Assets	37
	e. Capital Assets	37
	f. Compensated Absences	38
	g. Long-term Obligations	38
	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	41
	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	42
NOTE 3	Stewardship, Compliance and Accountability	
	A. Budgetary Data	44
	B. Reconciliation of GAAP to Basis of Budgeting	45
NOTE 4	Detailed Notes on all Funds	
	A. Equity in Pooled Cash and Investments, Cash and Investments	46
	a. Deposits	46
	b. Investments	48
	B. Receivables, Unavailable and Unearned Revenue	53
	a. Taxes and Accounts Receivable	53
	b. Loans Receivable	53
	c. Unavailable Revenue	54
	d. Unearned Revenue	54
	C. Capital Assets	54
	D. Operating Leases	59
	E. Interfund Receivables, Payables and Transfers	59
	a. Due from Primary Government and Due to Component Units	59
	b. Interfund Transfers	59

F.	Tax Abatements	60
G.	Non-current Liabilities	62
	a. Changes in Non-current Liabilities	62
	b. Agricultural Land Preservation Installments	63
	c. Bonds Payables	65
	d. Capital Lease Obligations	68
	e. Notes Payable	70
	f. Landfill Closure/Solid Waste Liabilities	70
	g. Prior Period Defeasance of Debt	72
H.	Fund Balance – Governmental Activities	73

NOTE 5

	Other Information	
A.	Self-Insurance/Risk Management	74
B.	Commitment and Contingencies	75
C.	Arbitrage Rebate Requirements	76
D.	Conduit Debt	76
E.	Retirement Plans	77
	a. Pension Plans - Overview	77
	b. Pension Plans – Teachers and Classified Employees	77
	c. Pension Plan – Sheriff’s Office Pension System	82
	d. Length of Service Award Program – Volunteer Firemen	87
	e. Pension Plan – Harford Center, Inc.	93
	f. Retirement Plan – Harford County Government Matching Contribution Plan	93
F.	Other Post Employment Benefit Plans	94
G.	Combined Statement of Fiduciary Net Position and Combined Statement of Changes in Fiduciary Net Position for Pension And OPEB Trust Fund	109
H.	Change in Accounting Principle	111

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 have financial accountability to the County, as outlined below.

Harford County Public Schools – Operates all public schools (grades K through 12) within Harford County. The Harford County Public Schools is fiscally dependent on the County as it receives the major portion of its funding from Harford County Government. It cannot issue debt or levy taxes, so it is in a financial benefit/burden relationship with the County.

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. It cannot issue debt or levy taxes, so it is in a financial benefit/burden relationship with the County.

Harford Community College – Operates the community college in Harford County. The College is fiscally dependent on the County as it receives the major portion of its funding from Harford County Government. It cannot issue debt or levy taxes, so it is in a financial benefit/burden relationship with the County.

Harford County Public Library – Operates all public libraries within Harford County. The Library is fiscally dependent on the County as it receives the major portion of its funding from Harford County Government. It cannot issue debt or levy taxes, so it is in a financial benefit/burden relationship with the County.

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide Financial Statements: The statement of net position and the statement of changes in net position report information on all activities of the primary government and its component units, excluding fiduciary funds. The effect of interfund activity, such as transfers between funds, has been removed from these statements to minimize the double counting of internal activities. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent, on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable or for which their relationship with the County is of such significance that exclusion would cause the County's financial statements to be misleading.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, with the exception of agency funds, which have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become *susceptible to accrual*—that is, when they become both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The County reports the following major governmental funds:

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

The Highways Operating Fund accounts for dedicated property tax revenues that are legally restricted to the maintenance, care, and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County, all expenditures of the County Department of Public Works concerning highways and all County-related transportation expenditures.

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

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

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following additional fund types:

Non-major Governmental Funds:

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Internal Service Funds:

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

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

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

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

a. POOLED CASH AND INVESTMENTS

The County operates a cash and investment pool for all funds of the Primary Government. Each fund has been allocated its respective share of pooled cash and investments as reflected in the fund financial statements as "equity in pooled cash and investments." In addition to participating in the County's cash and investment pool,

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

each fund may maintain their own separate cash and investments that are specific to the individual fund. Based on an average daily balance of each fund's equity in pooled cash and investments, investment income earned on the cash and investment pool is distributed monthly to the General, Highways, Grant, Agricultural Land Preservation, Capital Projects, Beechtree TIF, Stormwater Management, Parks and Recreation, Water and Sewer Enterprise, Self-Insurance, two Private Purpose Trust Funds, Sheriff's Office Pension Fund, Length of Service Award Program (LOSAP), Other Post Employment Benefits Trust (OPEB), and Agency Fund. Investment income earned on individual funds' separate cash and investments is recorded monthly in the corresponding fund.

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

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

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

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

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

Investments of the County are recorded at fair value. MLGIP investments are recorded at cost, which approximates fair value. Investments in money market funds are valued on an amortized cost basis. Changes in fair value are reported as increases or decreases in investment income in the operating statements of the appropriate fund.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

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

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

Discounts of 1% and 0.5% are allowed on the amount paid in July or August respectively for both annual and semi-annual real property tax payments. Beginning October 1, interest of 1.5% per month is charged for each month or fraction thereof that taxes remain unpaid on annual bills. Interest of 1.5% per month is not charged on the second semi-annual installment until January 1. In addition to interest, a 6% penalty is assessed on all unpaid delinquent property taxes on October 1. A penalty of 6% is imposed on the semi-annual installment overdue and in arrears on January 1. Any taxes not paid by the third Monday in June may subject the property to tax sale.

The County's real property tax rate for the year ended June 30, 2018 was \$1.042 per \$100 of assessed value for properties within the County, but not within an incorporated town, and \$0.8937 for properties within an incorporated town.

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

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

c. INVENTORIES

Currently all inventories are supplies that are valued at cost using the First-In/First-Out (FIFO) method. Non-spendable fund balance for the Highways Fund inventories has been reported in the governmental fund

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

statements to reflect the non-availability of those amounts for appropriation or expenditure. Inventories in the Highways special revenue fund are accounted for by the purchase method.

d. RESTRICTED ASSETS

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

e. CAPITAL ASSETS

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are recorded at historical cost or at estimated historical cost if actual historical cost is not available.

Donated capital assets are recorded at acquisition value at the date of donation. Interest is capitalized during the construction of business-type activities capital assets as it is incurred. The government defines capital assets as assets that have an estimated useful life in excess of one year and have an individual cost that meets or exceeds the minimal capitalization thresholds it has established for that asset class. There is no minimum dollar requirement established for Land and Development Rights. Capital assets used in operations are depreciated or amortized using the straight-line method over their estimated useful lives.

Capital Assets, being depreciated or amortized:

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

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than Buildings	5-15
Machinery and Equipment	5-10
Vehicles	7
Intangibles:	
Software	5-10
Infrastructure:	
Bridges	35-45
Roads	15
Water and Sewer Lines and Improvements	10-75

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

f. COMPENSATED ABSENCES

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

g. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, non-current obligations are reported as liabilities in either governmental activities, or business-type activities, in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred gains and losses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. NET POSITION/FUND BALANCES

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Assigned – This component consists of amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the County Executive or their designee. The fiscal stabilization fund assignment is 5.0 percent of the following fiscal year’s General and Highways Funds operating budget to preserve the County’s high credit rating and to provide for emergencies. This authority is pursuant to Article III, Section 302 of the Harford County Charter.

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

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

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker’s compensation and property damage as of June 30, 2018. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

j. ESTIMATES

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

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 75, entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, entitled *Irrevocable Split- Interest Agreements*; Statement No. 85, entitled *Omnibus*; and Statement No. 86, entitled *Certain Debt Extinguishment Issues*.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The adoption of these standards did not have a material effect on these statements with the exception of Statement No. 75. The adoption of Statement No. 75 had no impact on the County's governmental fund financial statements. However, the adoption has resulted in the restatement of the County's Fiscal Year 2017 government-wide financial statements to reflect the reporting of net OPEB liability, deferred inflows of resources, deferred outflows of resources and the recognition of OPEB expense in accordance with the provisions of the Statement. For additional information, please see footnote 5H.

As of year ended June 30, 2018, GASB issued Statement No. 83 entitled *Certain Asset Retirement Obligations*, Statement No. 84 entitled *Fiduciary Activities*, Statement No. 87 entitled *Leases*, Statement No. 88 entitled *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and Statement No. 89 entitled *Accounting for Interest Cost Incurred before the End of a Construction Period*. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

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

Accrued Bond Interest	\$	9,473,936
Agricultural Preservation Installments		28,321,359
Bonds Payable (Net)		514,171,551
Notes Payable		1,300,000
Landfill Closure Liability		25,930,094
Compensated Absences		25,681,859
Claims & Judgements		45,868,055
Net Pension and OPEB Liability		224,437,445
	\$	875,184,299

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

Loss on Refunding	\$	14,531,249
Contribution Subsequent to Measurement Date		22,357,805
Changes of Assumptions		5,577,064
Changes in Proportion		4,069,364
Difference between Actual and Proportionate Share of Contributions		848,449
Net Difference Between Projected and Actual Investment Earnings		6,858,113
Difference Between Expected and Actual Experience		945,686
	\$	55,187,730

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

Difference Between Expected and Actual Experience	\$	9,489,970
Difference Between Actual and Proportionate Share of Contributions		5,162
Net Difference Between Projected and Actual Investment Earnings		4,357,891
	\$	<u>13,853,023</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	\$	28,237,893
Depreciation		(22,975,338)
	\$	<u>5,262,555</u>

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

Contributed Assets	\$	5,340,770
Trade in Value of Assets		99,000
Disposal of Assets		(911,470)
Property Tax Unavailable Revenue		(472,636)
Income Tax Unavailable Revenue		15,563,695
Special Assessments Unavailable Revenue		132,301
	\$	<u>19,751,660</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

Accrued Interest Expense	\$	4,461
Amortization of Bond Premium		4,304,043
Amortization of Deferred Loss		(1,534,104)
Issuance of Bonds Payable		(43,000,000)
Bond Premium		(3,885,771)
Principal Payments on General Obligation Debt		53,416,848
	\$	<u>9,305,477</u>

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

Difference between Pension and OPEB Expense and Contributions	\$	(1,847,399)
Compensated Absences Expense		827,407
Consumption Method of Inventory Used in Entity Wide Statements vs. the Purchase Method used in the Fund Statements		(63,734)
Landfill Closure/Solid Waste Expense		1,578,650
Claims & Judgements/Non-Current Liability		(45,868,055)
	\$	<u>(45,373,131)</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, supplemental appropriations adopted in the General Fund were \$5,355,736; \$652,641 in the Highways Fund; and \$9,306 in the Parks and Recreation Fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers, which is the legal level of budgetary control. Transfers between departments require the County Council's approval and are only completed after April 1.

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the changes in fund balances are reconciled as follows:

	General Fund		Highways Fund
	<u> </u>		<u> </u>
Basis of Budgeting - Net Change in Fund Balances	\$ 14,339,451	\$	3,857,989
Basis Adjustments:			
Revenue for Budgetary, not GAAP Purposes	(5,878,107)		(6,213,729)
Encumbrances Adjustment	425,437		(285,778)
Expenditures for Budgetary, not GAAP Purposes	5,878,107		6,213,729
Expenditures for GAAP, not for Budgetary Purposes	<u>(414,973)</u>		<u>(124,711)</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ 14,349,915</u>	\$	<u>3,447,500</u>

As of June 30, 2018, the ending fund balances are reconciled as follows:

	General Fund		Highways Fund
	<u> </u>		<u> </u>
Basis of Budgeting - Fund Balances	\$ 118,119,957	\$	22,280,183
Encumbrances	1,864,236		719,422
Expenditures for GAAP, not for Budgetary Purposes	<u>(4,492,012)</u>		<u>(666,703)</u>
GAAP Basis - Fund Balances	<u>\$ 115,492,181</u>	\$	<u>22,332,902</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS

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

a. DEPOSITS

PRIMARY GOVERNMENT

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. At year-end, the carrying amount of combined deposits was \$371,937 and the collected bank balance was \$11,511,502. The uninsured balances were fully collateralized by securities placed with the respective bank escrow agents and held in the County’s name at the Federal Reserve. As of June 30, 2018, 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	\$ 301,954,715
Cash and Investments	72,417
Restricted Assets - Cash and Investments	45,861,763
Pension and OPEB Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	3,862,405
Cash Equivalents	4,375,498
Investments	198,909,722
Private Purpose Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	1,660,147
Cash Equivalents	840,274
Agency Funds - Exhibit 10	
Equity in Pooled Cash and Investments	439,913
Cash Equivalents	12,017,994
Total All Equity in Pooled Cash	569,994,848
Less: Investments - Primary Government, page 48	(569,622,911)
The Carrying Amount of Combined Deposits	\$ 371,937

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$9,383,052. All of the collected bank balance was insured by the FDIC and/or by securities held by the component unit or its agent, in the component unit's name.

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

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

Harford County Public Schools	\$	30,434,037
Harford Center, Inc.		1,323,001
Harford Community College		28,632,100
Harford Community College restricted		13,959,098
Harford County Public Library		<u>5,235,272</u>
Total Component Unit Cash & Investments		79,583,508
Less: Investments--Component Units; page 52		<u>(70,200,456)</u>
Cash in the Bank	\$	<u><u>9,383,052</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2018, the County had the following investments and maturities.

Investment Type	Investment Maturities (Years)			
	Amount	Less than 1	1 - 5	5+
<u>Pooled Investments</u>				
¹ Federal Agencies	\$ 54,688,036	\$ 34,760,050	\$ 19,927,986	\$ -
MLGIP	250,678,083	250,678,083	-	-
CDARS	248,786	248,786	-	-
Mutual Funds	2,002,755	2,002,755	-	-
Subtotal	<u>307,617,660</u>	<u>287,689,674</u>	<u>19,927,986</u>	<u>-</u>
<u>Non-Pooled Investments</u>				
MLGIP	26,243,965	26,243,965	-	-
² U.S. Strip Treasuries	19,617,798	4,435,877	2,940,485	12,241,436
³ Trust Fund Annuity Contract	840,274	47,863	291,769	500,642
MLGIP - Fiduciary Funds	12,017,994	12,017,994	-	-
Benefits and Pension Funds:				
Short-Term Investments	4,375,497	4,375,498	-	-
³ Equities	146,622,692	146,622,692	-	-
³ Multi-Adviser Hedge Fund	10,242,421	-	-	-
³ Fixed Income Funds	8,074,845	8,074,845	-	-
US Government Agencies	7,350,129	-	-	7,350,129
Corporate Bonds	16,013,691	3,244,932	7,330,646	5,438,113
² US Treasury Obligations	<u>10,605,945</u>	<u>34,974</u>	<u>4,410,326</u>	<u>6,160,645</u>
Subtotal	<u>262,005,251</u>	<u>205,098,640</u>	<u>14,973,226</u>	<u>31,690,965</u>
Total	<u>\$ 569,622,911</u>	<u>\$ 492,788,314</u>	<u>\$ 34,901,212</u>	<u>\$ 31,690,965</u>

¹ These Agencies mature in Fiscal Years 2019 and 2020, but are callable monthly, quarterly, and semi-annually until maturity; it is not anticipated that these Agencies will be called.

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

³ These investments are unrated by the credit rating agencies.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford County, Maryland had the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2018
Investments by fair value level:				
Pooled Investments				
Federal Agencies	\$ -	\$ 54,688,036	\$ -	\$ 54,688,036
Mutual Funds	-	2,002,755	-	2,002,755
Non-Pooled Investments				
U.S. Strip Treasuries	-	19,617,798	-	19,617,798
Other Post Employment Benefits and Pension Funds:				
Short-Term Investments	-	4,375,497	-	4,375,497
Equities	146,622,692	-	-	146,622,692
Fixed Income Funds	8,074,845	-	-	8,074,845
US Government Agencies	-	7,350,129	-	7,350,129
Corporate Bonds	-	16,013,691	-	16,013,691
US Treasury Obligations	-	10,605,945	-	10,605,945
Total investments at Fair Value	<u>\$ 154,697,537</u>	<u>\$ 114,653,851</u>	<u>\$ -</u>	<u>269,351,388</u>
Investments carried at amortized cost:				
Pooled Investments				
MLGIP				250,678,083
CDARS				248,786
Non-Pooled Investments				
MLGIP				26,243,965
Trust Fund Annuity Contract				840,274
MLGIP - Fiduciary Funds				<u>12,017,994</u>
Total investments at amortized cost:				<u>290,029,102</u>
Investments Measured at Net Asset Value:				
Multi- Adviser Hedge Fund				<u>10,242,421</u>
Total investments				<u>\$ 569,622,911</u>

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Multi-Strategy Adviser Hedge Fund Portfolios LLC: The investment objective of the Company’s Multi-Strategy Series G (“Series G”) is to seek capital appreciation. The Company is a fund of hedge funds and seeks to implement its objectives principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. The current investment portfolio includes approximately 58 percent event driven investment funds, 39 percent relative value investment funds and 3 percent other assets. The Company uses the NAV provided by the Investment Funds as its measure of fair value. As of March 31, 2018, there was no unfunded commitments.

The following is a summary of the investment strategies, their liquidity and redemption notice periods and any restrictions on the liquidity provisions of the investments in Investments Funds held by the Company as of March 31, 2018 and measured at fair value using the net asset value per share practical expedient. Investment Funds with no current redemption restrictions may be subject to future gates, lock-up provisions or other restrictions, in accordance with their offering documents, which, would be considered in fair value measurement and disclosure.

Event Driven strategies involve investing in opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcies, recapitalizations and share buybacks. Event driven strategies include “merger arbitrage” and “distressed securities.” Generally, the Investment Funds within this strategy have quarterly liquidity, subject to a 45 to 90 day notice period. Investment Funds in this strategy, representing less than 1 percent of the Investment Funds in this strategy are illiquid or side pocket investments with suspended redemptions. Approximately 4 percent in this strategy are term vehicles with multi-year hard locks subject to periodic distributions. Approximately, 46 percent of the Investment Funds in this strategy have gated redemptions, which are estimated to be lifted after 12 months. The remaining approximately 50 percent of the Investment Funds in this strategy can be redeemed with no restrictions as of the measurement date.

Relative Value strategies seek to take advantage of specific pricing anomalies, while also seeking to maintain minimal exposure to systematic market risk. This may be achieved by purchasing one security previously believed to be undervalued, while selling short another security perceived to be overvalued. Relative value arbitrage strategies include equity market neutral, statistical arbitrage, convertible arbitrage, and fixed income arbitrage. Some investment managers classified as multi-strategy relative value arbitrage use a combination of these sub strategies. Generally, the Investment Funds within this strategy have monthly to quarterly liquidity, subject to a 45 to 90 day notice period. Approximately 59 percent of the Investment Funds in this strategy have gated redemptions, which are estimated to be lifted after 12 months. The remaining approximately 41 percent of the Investment Funds in this strategy can be redeemed with no restrictions as of the measurement date.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy prohibits investment of operating funds in securities maturing more than one year from the date of purchase, unless matched to a specific cash flow. Only Agricultural Land Preservation Funds will be invested in U.S. Strip Treasuries to coincide with the maturity dates on installment purchase agreements, up to thirty years in length. Because the mutual bond funds and the MLGIP funds as of June 30, 2018

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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

Credit Risk: In order to control credit risk, State statutes, which have been incorporated into the County's investment policy, authorize the County to invest only in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the MLGIP, money market mutual funds, commercial paper, and repurchase agreements secured by direct government or agency obligations. As of June 30, 2018, the County's investments in Federal agency obligations, including repurchase agreements, backed by Federal agency obligations, were rated Aaa by Moody's Investor Service; the MLGIP and the money market mutual funds were rated AAAM by Standard and Poor's.

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying all certificates of deposit, repurchase agreements, and reverse repurchase agreements have a market value of at least 102% of the cost plus accrued interest of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all investments, in the government's name. As of June 30, 2018, 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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

may not exceed 20% (10% for LOSAP) of its market value. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The County does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the County is not exposed to this risk.

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

	Sheriff's Pension		Firemen's LOSAP		OPEB Pension	
	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
Large Cap Equities	21	39	15	29	21	39
Mid Cap Equities	5	9	3	7	5	9
Small Cap Equities	3	7	1	5	2	7
International Equities	13	23	10	20	13	23
Fixed Income	14	26	24	46	14	26
Alternatives	0	26	0	26	0	26

COMPONENT UNITS

As of June 30, 2018, total investments of the component units, in the amount of \$70,200,456 was distributed by type as follows:

	<u>MLGIP</u>	<u>Other Investments</u>	<u>Total</u>
Harford County Public Schools	\$ 15,661,838	\$ 12,000,000	\$ 27,661,838
Harford Center, Inc.	-	664,370	664,370
Harford Community College	27,876,121	9,998,876	37,874,997
Harford County Public Library	3,999,251	-	3,999,251
	<u>\$ 47,537,210</u>	<u>\$ 22,663,246</u>	<u>\$ 70,200,456</u>

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

B. RECEIVABLES, UNAVAILABLE AND UNEARNED REVENUE

a. TAXES AND ACCOUNTS RECEIVABLE

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

	<u>General</u>	<u>Highways</u>	<u>Capital Project</u>
Property Taxes	\$ 2,332,594	\$ 310,375	\$ -
Impact Fees	108,000	-	-
Hotel Taxes	270,876	-	-
Interest Accrual	37,436	144	-
Service Billings	2,319,189	150,260	222,787
Miscellaneous	78,357	6,756	-
Gross Receivables	<u>5,146,452</u>	<u>467,535</u>	<u>222,787</u>
Less: Allowance for Uncollectible	<u>(492,133)</u>	<u>(72,696)</u>	<u>-</u>
	<u>\$ 4,654,319</u>	<u>\$ 394,839</u>	<u>\$ 222,787</u>

	<u>Non-major Governmental</u>	<u>Water and Sewer</u>	<u>Total</u>
Property Taxes	\$ -	\$ -	\$ 2,642,969
Impact Fees	-	-	108,000
Hotel Taxes	-	-	270,876
Interest Accrual	334	1,564,116	1,602,030
Service Billings	268	8,751,768	11,444,272
Miscellaneous	112	-	85,225
Gross Receivables	<u>714</u>	<u>10,315,884</u>	<u>16,153,372</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>(30,212)</u>	<u>(595,041)</u>
	<u>\$ 714</u>	<u>\$ 10,285,672</u>	<u>\$ 15,558,331</u>

b. LOANS RECEIVABLE

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	<u>General</u>	<u>Grant</u>	<u>Total</u>
Havre de Grace, Maryland	\$ 1,045,000	\$ -	\$ 1,045,000
Stuart Terrace	11,216	-	11,216
Housing Agency	-	941,154	941,154
CDBG	-	790,821	790,821
Economic Development Opportunity	-	250,763	250,763
	<u>1,056,216</u>	<u>1,982,738</u>	<u>3,038,954</u>
Less: Allowance for Uncollectible	-	(1,057,319)	(1,057,319)
	<u>\$ 1,056,216</u>	<u>\$ 925,419</u>	<u>\$ 1,981,635</u>

c. UNAVAILABLE REVENUE

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

	<u>General</u>	<u>Highways</u>	<u>Capital Project</u>	<u>Total</u>
Income Taxes	\$ 34,068,883	\$ -	\$ -	\$ 34,068,883
Property Taxes Receivable	1,718,563	237,743	-	1,956,306
Special Assessments Receivable	-	-	659,259	659,259
	<u>\$ 35,787,446</u>	<u>\$ 237,743</u>	<u>\$ 659,259</u>	<u>\$ 36,684,448</u>

d. UNEARNED REVENUE

	<u>General</u>	<u>Grants</u>	<u>Capital Project</u>	<u>Total</u>
Build America Bonds Subsidy	\$ 641,467	\$ -	\$ -	\$ 641,467
Grant Drawdown in Excess of Expenditures	-	248,267	-	248,267
Prepaid Property Taxes	2,020,802	-	-	2,020,802
Prepaid Contribution-Capital Project	-	-	279,183	279,183
Walk-in Assessment Escrow	294	-	-	294
	<u>\$ 2,662,563</u>	<u>\$ 248,267</u>	<u>\$ 279,183</u>	<u>\$ 3,190,013</u>

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2018, was as follows:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 257,483,352	\$ 12,721,711	\$ (811,145)	\$ 269,393,918
Development Rights	130,779,949	1,580,836	-	132,360,785
Construction in Process	<u>16,740,277</u>	<u>9,584,101</u>	<u>(5,776,220)</u>	<u>20,548,158</u>
Total Capital Assets, not being depreciated or amortized	<u>405,003,578</u>	<u>23,886,648</u>	<u>(6,587,365)</u>	<u>422,302,861</u>
Capital Assets, being depreciated or amortized:				
Buildings	206,776,931	-	(94,500)	206,682,431
Improvements other than buildings	88,509,546	3,446,604	-	91,956,150
Machinery and Equipment	28,741,935	709,335	(524,196)	28,927,074
Vehicles	44,736,715	3,244,956	(1,993,054)	45,988,617
Intangibles	1,779,802	-	-	1,779,802
Infrastructure	<u>234,037,775</u>	<u>8,166,340</u>	<u>(371,857)</u>	<u>241,832,258</u>
Total Capital Assets, being depreciated or amortized	<u>604,582,704</u>	<u>15,567,235</u>	<u>(2,983,607)</u>	<u>617,166,332</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(65,019,497)	(4,754,834)	51,525	(69,722,806)
Improvements other than buildings	(66,829,652)	(2,291,458)	-	(69,121,110)
Machinery and Equipment	(26,371,750)	(1,174,252)	524,196	(27,021,806)
Vehicles	(31,117,200)	(3,897,804)	1,935,703	(33,079,301)
Intangibles	(655,175)	(185,376)	-	(840,551)
Infrastructure	<u>(119,653,204)</u>	<u>(10,671,614)</u>	<u>371,857</u>	<u>(129,952,961)</u>
Total Accumulated Depreciation or Amortization	<u>(309,646,478)</u>	<u>(22,975,338)</u>	<u>2,883,281</u>	<u>(329,738,535)</u>
Total Capital Assets, being depreciated or amortized, net	<u>294,936,226</u>	<u>(7,408,103)</u>	<u>(100,326)</u>	<u>287,427,797</u>
Governmental Activities Capital Assets, net	<u>\$ 699,939,804</u>	<u>\$ 16,478,545</u>	<u>\$ (6,687,691)</u>	<u>\$ 709,730,658</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$ 1,534,207	\$ 1,765	\$ -	\$ 1,535,972
Construction in Process	<u>7,314,416</u>	<u>5,984,226</u>	<u>(9,011,315)</u>	<u>4,287,327</u>
Total Capital Assets, not being depreciated or amortized	<u>8,848,623</u>	<u>5,985,991</u>	<u>(9,011,315)</u>	<u>5,823,299</u>
Capital Assets, being depreciated or amortized:				
Buildings	274,202,952	-	(5,819)	274,197,133
Improvements other than buildings	310,613,489	12,630,030	(75,142)	323,168,377
Machinery and Equipment	33,537,318	17,287	(269,442)	33,285,163
Vehicles	5,210,437	387,263	(195,741)	5,401,959
Intangibles	541,891	-	-	541,891
Infrastructure	<u>32,635,399</u>	<u>-</u>	<u>-</u>	<u>32,635,399</u>
Total Capital Assets, being depreciated or amortized	<u>656,741,486</u>	<u>13,034,580</u>	<u>(546,144)</u>	<u>669,229,922</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(109,008,627)	(6,055,689)	5,818	(115,058,498)
Improvements other than buildings	(97,019,260)	(5,259,571)	75,142	(102,203,689)
Machinery and Equipment	(7,500,073)	(1,304,484)	269,442	(8,535,115)
Vehicles	(3,156,476)	(485,654)	195,053	(3,447,077)
Intangibles	(246,744)	(61,548)	-	(308,292)
Infrastructure	<u>(605,185)</u>	<u>(580,005)</u>	<u>-</u>	<u>(1,185,190)</u>
Total Accumulated Depreciation or Amortization	<u>(217,536,365)</u>	<u>(13,746,951)</u>	<u>545,455</u>	<u>(230,737,861)</u>
Total Capital Assets, being depreciated or amortized, net	<u>439,205,121</u>	<u>(712,371)</u>	<u>(689)</u>	<u>438,492,061</u>
Business-type Activities Capital Assets, net	<u>\$ 448,053,744</u>	<u>\$ 5,273,620</u>	<u>\$ (9,012,004)</u>	<u>\$ 444,315,360</u>

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

Governmental Activities:	
County Council	\$ 3,677
General Government	1,341,722
Judicial	6,499
Libraries	1,053,836
Parks and Recreation	3,039,041
Public Safety	3,478,723
Public Works	13,273,177
Social Services & Health	<u>778,663</u>
Total Depreciation or Amortization Expense - Governmental Activities	<u>\$ 22,975,338</u>
Business-type Activities	
Water and Sewer	<u>\$ 13,746,951</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Harford County Public Schools: Capital Asset Activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in Process	54,746,878	25,693,146	(10,465,002)	69,975,022
Total Capital Assets, not being depreciated	<u>64,419,820</u>	<u>25,693,146</u>	<u>(10,465,002)</u>	<u>79,647,964</u>
Capital Assets, being depreciated				
Land Improvements	18,691,339	427,551	-	19,118,890
Buildings and Improvements	730,897,891	987,468	10,465,002	742,350,361
Furniture and Equipment	47,278,355	1,572,723	(1,262,483)	47,588,595
Total Capital Assets, being depreciated	<u>796,867,585</u>	<u>2,987,742</u>	<u>9,202,519</u>	<u>809,057,846</u>
Accumulated Depreciation				
Land Improvements	(7,963,905)	(845,374)	-	(8,809,279)
Buildings and Improvements	(190,408,941)	(15,764,629)	-	(206,173,570)
Furniture and Equipment	(34,500,723)	(3,157,701)	1,202,935	(36,455,489)
Total Accumulated Depreciation	<u>(232,873,569)</u>	<u>(19,767,704)</u>	<u>1,202,935</u>	<u>(251,438,338)</u>
Total Capital Assets, being depreciated, net	<u>563,994,016</u>	<u>(16,779,962)</u>	<u>10,405,454</u>	<u>557,619,508</u>
Total Capital Assets, net	<u>\$ 628,413,836</u>	<u>\$ 8,913,184</u>	<u>\$ (59,548)</u>	<u>\$ 637,267,472</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Equipment - Other	\$ 222,097	\$ 23,196	\$ (2,484)	\$ 242,809
Equipment - Transportation	872,249	238,668	(249,345)	861,572
Leasehold Improvements	555,906	73,046	-	628,952
Total Capital Assets, being depreciated	<u>1,650,252</u>	<u>334,910</u>	<u>(251,829)</u>	<u>1,733,333</u>
Accumulated Depreciation:				
Capital Assets	<u>(1,146,802)</u>	<u>(112,203)</u>	<u>212,410</u>	<u>(1,046,595)</u>
Total Capital Assets, net	<u>\$ 503,450</u>	<u>\$ 222,707</u>	<u>\$ (39,419)</u>	<u>\$ 686,738</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford Community College: Capital Asset Activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,741,759	\$ -	\$ -	\$ 3,741,759
Total Capital Assets, not being depreciated	<u>3,741,759</u>	<u>-</u>	<u>-</u>	<u>3,741,759</u>
Capital Assets, being depreciated				
Buildings and Improvements	141,234,055	-	(211,776)	141,022,279
Furniture and Equipment	6,279,395	149,091	(96,615)	6,331,871
Computer Technology	4,217,880	66,320	(32,175)	4,252,025
Vehicles	840,183	71,985	(34,553)	877,615
Library Books	1,634,651	104,022	(215,013)	1,523,660
Total Capital Assets, being depreciated	<u>154,206,164</u>	<u>391,418</u>	<u>(590,132)</u>	<u>154,007,450</u>
Accumulated Depreciation				
Buildings and Improvements	(39,829,696)	(4,082,578)	121,771	(43,790,503)
Furniture and Equipment	(3,940,706)	(437,665)	89,579	(4,288,792)
Computer Technology	(3,191,311)	(267,565)	31,005	(3,427,871)
Vehicles	(508,814)	(93,053)	34,553	(567,314)
Library Books	(1,101,822)	(100,673)	215,013	(987,482)
Total Accumulated Depreciation	<u>(48,572,349)</u>	<u>(4,981,534)</u>	<u>491,921</u>	<u>(53,061,962)</u>
Total Capital Assets, being depreciated, net	<u>105,633,815</u>	<u>(4,590,116)</u>	<u>(98,211)</u>	<u>100,945,488</u>
Total Capital Assets, net	<u>\$ 109,375,574</u>	<u>\$ (4,590,116)</u>	<u>\$ (98,211)</u>	<u>\$ 104,687,247</u>

Harford County Public Library: Capital Asset Activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Circulating Materials	\$ 5,624,454	\$ 1,825,175	\$ (1,916,432)	\$ 5,533,197
Improvements to Buildings	2,119,481	23,980	-	2,143,461
Furniture and Equipment	2,774,151	34,517	(7,476)	2,801,192
Computer Equipment	2,400,491	167,003	(104,329)	2,463,165
Vehicles	356,695	-	-	356,695
Copier Equipment	116,455	-	-	116,455
Total Capital Assets, being depreciated	<u>13,391,727</u>	<u>2,050,675</u>	<u>(2,028,237)</u>	<u>13,414,165</u>
Accumulated Depreciation:				
Circulating Materials	(2,846,601)	(1,859,608)	1,916,432	(2,789,777)
Improvements to Buildings	(941,790)	(165,961)	-	(1,107,751)
Furniture and Equipment	(2,251,307)	(110,145)	7,036	(2,354,416)
Computer Equipment	(2,241,328)	(142,547)	103,265	(2,280,610)
Vehicles	(339,219)	(17,476)	-	(356,695)
Copier Equipment	(45,744)	(21,211)	-	(66,955)
Total Accumulated Depreciation	<u>(8,665,989)</u>	<u>(2,316,948)</u>	<u>2,026,733</u>	<u>(8,956,204)</u>
Total Capital Assets, net	<u>\$ 4,725,738</u>	<u>\$ (266,273)</u>	<u>\$ (1,504)</u>	<u>\$ 4,457,961</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 2018, rental expenditures approximated \$3,625,277. 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, 2018:

Year Ending June 30,	Amount
2019	\$ 3,549,002
2020	3,082,819
2021	2,436,569
2022	1,498,286
2023	705,088
2024-2025	344,784
Total Minimum Payments Required	\$ 11,616,548

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, 2018, these interfund balances are:

	Due To	Due From
Primary Government:		
Capital Projects Fund	\$ 3,128,284	\$ -
Component Units:		
Harford County Public Schools	-	2,720,231
Harford Community College	-	408,053
	\$ 3,128,284	\$ 3,128,284

b. INTERFUND TRANSFERS

Transfers are used to, (1) move general fund revenues to provide matching funds for various grant programs, (2) move operating fund revenues into the capital project fund as paygo monies, and (3) move revenues from capital project fund to the general fund to pay debt service. The interfund transfers for the current fiscal year are:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Transfers In				
Transfers Out	General Fund	Grant Fund	Capital Project Fund	Total
General Fund	\$ -	\$ 3,803,530	\$ 9,555,335	\$ 13,358,865
Highways Fund	-	-	9,698,239	9,698,239
Grant Fund	2,020,332	-	-	2,020,332
Capital Projects Fund	18,000,000	-	-	18,000,000
Parks & Recreation Fund	-	-	75,000	75,000
Stormwater Mgmt Fund	-	-	500,000	500,000
Total Transfers In	\$ 20,020,332	\$ 3,803,530	\$ 19,828,574	\$ 43,652,436

F. TAX ABATEMENTS

As of June 30, 2018, Harford County, Maryland provides tax abatements through three programs: the Payment in Lieu of Taxes (PILOT) Programs, Enterprise Zone Program and the Agricultural Preservation Program.

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

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

Harford County Maryland grants real property tax credits to property that has been preserved under one of three programs to permanently preserve farmland. Those programs are the Harford County Agricultural Preservation Program, the Maryland Agricultural Land Preservation Foundation, and the Rural Legacy Program. To qualify for a Harford County Property Tax credit the property must be located in the Agricultural district and the property must be subject to an agricultural preservation easement or an agreement not to develop the property for a shorter period of time. Under the easement program the property tax credit is calculated as the lesser of one hundred percent of the county real property tax or fifty dollars for each acre of property in the program. Under the district program, which includes properties not subject to an agricultural preservation easement, the credit is the lesser of fifty percent of the county real property tax for the property or fifty dollars for each acre of property in the program. The Tax Property Article, section 9-314 of the Maryland Annotated Code and Harford County Code sections 123-43.3, 123-43.3.1 and 123-43.3.2 are the authorization for this tax credit program.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

a reimbursement by August 31 in any calendar year, the County shall submit an annual request to the Department of Assessments and Taxation on July 1 of that year.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
PILOT Programs	\$ 688,782
Agricultural Preservation Credits	1,395,032
Enterprise Zone Credits	1,197,906

G. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Principal Repayments & Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Agricultural Land Preserv. Bonds Payable	\$ 46,621,431	\$ -	\$ (18,300,072)	\$ 28,321,359	\$ 4,758,938
General Obligation Bonds	492,694,682	46,885,771 ²	(39,378,902) ¹	500,201,551	36,658,584
Special Obligation Bonds	14,000,000	-	(30,000)	13,970,000	50,000
Notes Payable	1,311,917	-	(11,917)	1,300,000	1,300,000
Landfill Closure/Solid Waste	27,508,744	-	(1,578,650)	25,930,094	2,310,711
Compensated Absences	26,509,266	-	(827,407)	25,681,859	8,479,357
Est. Liab. For Claims in Pro. Claims & Judgements	3,619,588	2,017,657	(1,893,843)	3,743,402	1,463,415
	<u>-</u>	<u>45,868,055</u>	<u>-</u>	<u>45,868,055</u>	<u>-</u>
Governmental Activities - Long-term Liabilities	<u>\$ 612,265,628</u>	<u>\$ 94,771,483</u>	<u>\$ (62,020,791)</u>	<u>\$ 645,016,320</u>	<u>\$ 55,021,005</u>
Business-type Activities:					
Bonds Payable	\$ 124,264,790	\$ 7,632,567 ²	\$ (9,546,936) ¹	\$ 122,350,421	\$ 8,191,416
Compensated Absences	<u>3,359,262</u>	<u>-</u>	<u>(169,480)</u>	<u>3,189,782</u>	<u>1,147,879</u>
Business-type activities - Long-term Liabilities	<u>\$ 127,624,052</u>	<u>\$ 7,632,567</u>	<u>\$ (9,716,416)</u>	<u>\$ 125,540,203</u>	<u>\$ 9,339,295</u>

1 Includes amortization of premium of \$4,304,043 for Governmental Activities. Business-type Activities include amortization of premium of \$976,795.

2 Includes Premium of \$3,885,771 for Governmental Activities. Business-type Activities include premium of \$632,567.

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, 2018, was \$1,828,622,339 and the legal debt margin was \$1,327,120,788.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

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

	<u>Beginning Balance</u>	<u>Changes</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Harford County Public Schools</u>				
Capital Leases	\$ 8,611,928	\$ (542,212)	\$ 8,069,716	\$ 559,942
Compensated Absences	27,882,199	975,998	28,858,197	4,685,856
	<u>\$ 36,494,127</u>	<u>\$ 433,786</u>	<u>\$ 36,927,913</u>	<u>\$ 5,245,798</u>
Net OPEB Liability	951,731,000	433,314,000	1,385,045,000	-
Net Pension Liability	27,660,977	(4,117,264)	23,543,713	-
	<u>\$ 979,391,977</u>	<u>\$ 429,196,736</u>	<u>\$ 1,408,588,713</u>	<u>\$ -</u>
<u>Harford Community College</u>				
Compensated Absences	\$ 1,140,384	\$ 8,217	\$ 1,148,601	\$ 163,783
Net Pension Liability	<u>\$ 1,330,868</u>	<u>\$ (220,448)</u>	<u>\$ 1,110,420</u>	<u>\$ -</u>
<u>Harford County Public Library</u>				
Capital Lease	\$ 70,114	\$ (34,300)	\$ 35,814	\$ 30,919
Compensated Absences	473,520	(117,465)	356,055	3,924
	<u>\$ 543,634</u>	<u>\$ (151,765)</u>	<u>\$ 391,869</u>	<u>\$ 34,843</u>
Net OPEB Liability	\$ 13,221,632	\$ 19,166,000	\$ 32,387,632	\$ -
Net Pension Liability	1,565,678	(212,561)	1,353,117	-
	<u>\$ 14,787,310</u>	<u>\$ 18,953,439</u>	<u>\$ 33,740,749</u>	<u>\$ -</u>

b. AGRICULTURAL LAND PRESERVATION INSTALLMENTS

PRIMARY GOVERNMENT

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Interest rates on securities owned at June 30, 2018, range from 2.34% to 6.53%. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2018, are as follows:

AGRICULTURAL LAND PRESERVATION INSTALLMENTS

Year Ending June 30,	Principal	Interest	Total Requirement
2019	\$ 4,758,938	\$ 1,146,220	\$ 5,905,158
2020	1,214,181	903,583	2,117,764
2021	710,137	833,425	1,543,562
2022	263,147	797,533	1,060,680
2023	2,075,800	787,545	2,863,345
2024	1,339,964	687,070	2,027,034
2025	495,943	615,735	1,111,678
2026	811,436	594,646	1,406,082
2027	526,228	558,454	1,084,682
2028	722,609	535,390	1,257,999
2029	3,691,611	503,274	4,194,885
2030	141,806	337,904	479,710
2031	141,806	333,809	475,615
2032	5,705,713	329,710	6,035,423
2033	1,676,640	164,850	1,841,490
2034	49,910	113,627	163,537
2035	2,514,881	112,224	2,627,105
2036	18,279	38,341	56,620
2037	1,462,330	37,866	1,500,196
	<u>\$ 28,321,359</u>	<u>\$ 9,431,206</u>	<u>\$ 37,752,565</u>

For the year ended June 30, 2018, total principal and interest incurred related to agricultural land preservation installment was \$18,300,072 and \$2,066,078, respectively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUND TYPES – CONTINUED

c. BONDS PAYABLE

1. General Obligation Bonds

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds and the Water Quality Loan are payable from ad valorem taxes, unlimited as to rate or amount on all real tangible, personal, and certain intangible property subject to taxation at full rates for local purposes in the County. Those portions of the Public Improvement Bonds of 2009, 2010, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 allocated to school projects are payable in the first instance from recordation and transfer tax revenues and impact fees.

Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Fund, area connection charges, user benefit assessments, benefit assessments and surcharge assessments. In Fiscal Year 2018, the County issued \$43,000,000 in the Governmental activities and \$7,000,000 in the Business-Type activities of general obligation bonds. As of June 30, 2018, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2018</u>
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	\$ 21,738,036	\$ 911,676
Public Improvement Bond of 2009 - 4.0% - 5.0% - 2.25% due serially to 2029	96,100,000	10,811,246
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	8,240,816
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	21,506,400
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	28,872,310
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	6,931,393	3,992,637
Public Improvement Bond of 2013 - 3.0% - 5.0% due serially to 2033	30,000,000	22,500,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	59,750,398	55,172,682
Public Improvement Bond of 2014 - 2.0% - 5.0% due serially to 2034	33,180,257	26,540,257
Public Improvement Bond of 2015 - 3.0% - 5.0% due serially to 2034	42,000,000	35,700,000
Refunding Bond of 2015 - 2.95% - 5.0% - due serially to 2029	55,994,243	55,445,673
Public Improvement Bond of 2016 - 2.0% - 5.0% due serially to 2035	27,132,515	24,419,262
Public Improvement Bond of 2017 - 3.0% - 5.0% due serially to 2036	53,177,000	50,517,000
Public Improvement Bond of 2018 - 2.5% - 5.0% due serially to 2037	<u>43,000,000</u>	<u>43,000,000</u>
Total Bonds Outstanding	677,721,799	463,699,579
Premium	65,654,787	36,501,972
Total	<u>\$ 743,376,586</u>	<u>\$ 500,201,551</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2019	\$ 36,658,584	\$ 19,042,434	\$ 55,701,018
2020	36,966,004	17,078,503	54,044,507
2021	36,389,223	15,334,169	51,723,392
2022	35,202,207	13,596,507	48,798,714
2023	33,547,695	11,996,611	45,544,306
2024-2028	153,229,140	39,504,744	192,733,884
2029-2033	100,429,593	13,134,229	113,563,822
2034-2038	31,277,133	1,941,823	33,218,956
Premium	36,501,972	-	36,501,972
	<u>\$ 500,201,551</u>	<u>\$ 131,629,020</u>	<u>\$ 631,830,571</u>

For the year ended June 30, 2018, total principal and interest incurred related to general obligation bonds was \$35,074,859 and \$18,820,309, respectively.

Business-Type Activities:

	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2018</u>
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	\$ 4,251,964	\$ 178,324
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	2,688,754
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	199,184
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	7,493,600
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	10,827,690
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	2,043,607	1,177,363
Public Improvement Bond of 2013 - 3.0% - 5.0% - due serially to 2033	10,000,000	8,155,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	14,909,602	13,767,318
Public Improvement Bond of 2014 - 2.0% - 5.0% - due serially to 2034	6,819,743	5,839,743
Public Improvement Bond of 2015 - 3.0% - 5.0% - due serially to 2034	3,000,000	2,680,000
Refunding Bond of 2015 - 2.95% - 5.0% - due serially to 2029	13,925,757	13,789,327
Public Improvement Bond of 2016 - 2.0% - 5.0% - due serially to 2035	12,867,485	12,065,738
Public Improvement Bond of 2017 - 3.0% - 5.0% - due serially to 2036	1,823,000	1,768,000
Public Improvement Bond of 2018 - 2.5% - 5.0% - due serially to 2037	7,000,000	7,000,000
Total Bonds Outstanding	<u>166,168,201</u>	<u>114,135,421</u>
Premium	<u>13,357,905</u>	<u>8,215,000</u>
Total	<u>\$ 179,526,106</u>	<u>\$ 122,350,421</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2019	\$ 8,191,416	\$ 4,710,349	\$ 12,901,765
2020	8,368,996	4,284,926	12,653,922
2021	8,360,777	3,887,035	12,247,812
2022	8,412,793	3,484,096	11,896,889
2023	8,342,305	3,100,142	11,442,447
2024-2028	39,355,860	10,257,650	49,613,510
2029-2033	26,790,407	3,231,082	30,021,489
2034-2038	6,312,867	392,511	6,705,378
Premium	8,215,000	-	8,215,000
	<u>\$ 122,350,421</u>	<u>\$ 33,347,791</u>	<u>\$ 155,698,212</u>

For the year ended June 30, 2018, total principal and interest incurred related to business-type activities was \$8,570,141 and \$3,760,439 respectively.

2. Special Obligations Bonds

PRIMARY GOVERNMENT

As of June 30, 2018, there was \$13,970,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment district. This debt is included in the primary government's long term debt on the Statement of Net Position. In the future, these bonds will be paid from incremental property tax revenue and/or special district tax on the district. These bonds do not have Harford County, Maryland's full faith and credit pledged.

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2018</u>
Special Obligation Bond of 2011		
7.5% - due serially to 2041	\$ <u>14,000,000</u>	\$ <u>13,970,000</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2019	\$ 50,000	\$ 1,045,875	\$ 1,095,875
2020	75,000	1,041,188	1,116,188
2021	100,000	1,034,625	1,134,625
2022	130,000	1,026,000	1,156,000
2023	165,000	1,014,937	1,179,937
2024-2028	1,430,000	4,809,375	6,239,375
2029-2033	2,820,000	4,029,000	6,849,000
2034-2038	4,885,000	2,608,687	7,493,687
2039-2043	4,315,000	505,688	4,820,688
	<u>\$ 13,970,000</u>	<u>\$ 17,115,375</u>	<u>\$ 31,085,375</u>

For the year ended June 30, 2018, the total principal and interest incurred related to Special Obligation Bonds was \$30,000 and \$1,048,875, respectively.

d. CAPITAL LEASE OBLIGATIONS

COMPONENT UNITS

Harford County Public Schools: The Public Schools have entered into lease agreements as lessee to construct the administration building in the amount of \$11,400,223, which was completed in January 2006. The lease agreement is for a period of twenty-five years. The debt was refinanced on May 30, 2012 at a rate of 3.25%. The term of the debt was not extended. The asset acquired and capitalized under the capital lease is as follows:

Building Cost	\$ 10,852,395
Less: Accumulated Depreciation	<u>(2,713,099)</u>
Net Book Value	<u>\$ 8,139,296</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Year Ending June 30,	Amount
2019	\$ 823,822
2020	823,822
2021	823,822
2022	823,822
2023	823,822
2024-2028	4,119,110
2029-2030	1,647,644
Total Minimum Lease Payments	9,885,864
Less: Amount Representing Interest	(1,816,148)
Present Value Minimum Lease Payments	\$ 8,069,716

Harford County Public Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2022. The assets and liabilities under these leases are recorded at the lower of the minimum lease payments or the fair value of the assets and amortized over the life of the lease term, typically five years. Included in property and equipment are assets under these leases with a cost of \$116,455 as of June 30, 2018. Depreciation of assets under capital leases is included in depreciation expense. The depreciation expenses relating to the leases was \$21,211 for the year ended June 30, 2018. Accumulated depreciation relating to the leases was \$66,955 as of June 30, 2018. Future minimum lease payments under capital leases are as follows:

Year Ending June 30,	Amount
2019	\$ 30,919
2020	30,919
2021	8,763
2022	473
Total Minimum Lease Payments	71,074
Less: Amount Representing Interest	(8,237)
Present Value Minimum Lease Payments	\$ 62,837

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Governmental activities:

	Principal Balance June 30, 2018	Annual Rate/ Payment Frequency	Payment Began	Date Matures
Paca Ltd., Inc.	\$ <u>1,300,000</u>	5.75%/Annually	09/2008	09/2018

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

Year Ending June 30,	Principal	Interest	Total Requirement
2019	\$ <u>1,300,000</u>	\$ <u>74,750</u>	\$ <u>1,374,750</u>

For the year ended June 30, 2018, total principal and interest incurred related to notes payable was \$11,917 and \$74,750 respectively.

f. LANDFILL CLOSURE/SOLID WASTE LIABILITIES

PRIMARY GOVERNMENT

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

As of June 30, 2018, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Position:

	Beginning Balance	Current Year Additions (Deductions)	Ending Balance
Cumulative Liability for Open Landfills	\$ 10,001,777	\$ 131,630	\$ 10,133,407
Estimated Liability for Closed Landfills	6,381,189	(1,637,943)	4,743,246
Waste to Energy Liability	11,125,778	(72,337)	11,053,441
	<u>\$ 27,508,744</u>	<u>\$ (1,578,650)</u>	<u>\$ 25,930,094</u>

The Cumulative Liability for Open Landfills represents the cost, based on use of 81.9% of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$2,242,090 as the remaining estimated capacity is used.

The Cumulative Liability for Open Landfills as of June 30, 2018 is \$10,133,407. Harford County has a landfill capping capital project with a remaining balance of \$1,018,331 resulting from prior appropriations to begin the closure of the older cells and has assigned fund balance of \$9,115,076 for future closure of cells and post closure costs.

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

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

The County was issued a Refuse Disposal Permit (2000-WMY-0570) on October 5, 2007, which provides for construction and operation of new landfill cells at the Harford Waste Disposal Center. The total remaining service life of the permitted landfill is estimated to be 20 or more years, depending upon future waste management practices.

Harford County executed an agreement with Northeast Maryland Waste Disposal Authority to operate the Harford Waste-to-Energy facility. The agreement states that Harford County will reimburse all expenditures associated with the facility. Northeast Maryland Waste Disposal Authority has a property lease with U.S. Army for the land that the facility is built upon. In accordance with terms of the property lease, when the facility is decommissioned, the land must be restored to its original state. In Fiscal Year 2014, it was determined that the facility would be decommissioned by 2016 and thus the County recorded a long-term liability for the estimated cost of \$12,000,000 to restore the land to its original state. Decommissioning costs of \$946,559 were incurred, leaving a liability of \$11,053,441 at June 30, 2018. Harford County has a Waste-to-Energy facility capital project with a remaining balance of \$5,167,194, resulting from prior appropriations to begin the closure of the facility, and has appropriated \$2,050,000 in the budget for the subsequent year. There is an assigned fund balance of \$3,836,247 million remaining for the estimated cost of the facility closure.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

g. PRIOR PERIOD DEFEASANCE OF DEBT

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2018, \$69.0 million of bonds outstanding are considered defeased.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

H. FUND BALANCE – GOVERNMENTAL ACTIVITIES

	General	Highways	Grants	Agricultural Land Preservation	Capital Projects	Non-major Governmental Funds	Total
Nonspendable:							
Inventory	\$ -	\$ 2,186,274	\$ -	\$ -	\$ -	\$ -	\$ 2,186,274
Long Term Rec.	1,056,216	-	-	-	-	-	1,056,216
Sub-total	1,056,216	2,186,274	-	-	-	-	3,242,490
Restricted for:							
Education	-	-	-	-	4,670,481	-	4,670,481
Bond Proceeds	5,041,904	94,631	-	-	19,394,585	219,313	24,750,433
Debt Service	-	-	-	-	-	2,740,657	2,740,657
Public Safety	576,882	-	-	-	-	-	576,882
Tourism	1,892,033	-	-	-	-	-	1,892,033
Highways	-	205,966	-	-	-	-	205,966
Parks and Rec	-	-	-	-	977,146	-	977,146
Grants	-	-	9,967,475	-	-	-	9,967,475
Sub-total	7,510,819	300,597	9,967,475	-	25,042,212	2,959,970	45,781,073
Assigned to:							
Approp. of Fund Bal.	8,707,651	716,874	-	-	483,308	80,000	9,987,833
Fiscal Stabilization Fund	28,582,750	2,547,500	-	-	-	-	31,130,250
Encumbrances:							
General Government	1,175,940	-	-	-	4,807,035	-	5,982,975
Public Safety	614,842	-	-	-	427,554	-	1,042,396
Public Works	19,571	719,422	-	-	11,759,096	-	12,498,089
Parks and Recreation	39,969	-	-	-	1,334,804	6,861	1,381,634
Library	-	-	-	-	2,695	-	2,695
Judicial	677	-	-	-	-	-	677
County Council	10,188	-	-	-	-	-	10,188
Social Services	3,049	-	-	-	-	-	3,049
Other Post Emp. Benef.	4,339,723	578,682	-	-	-	9,809	4,928,214
Landfill Closure Costs	9,115,076	-	-	-	-	-	9,115,076
WTE Plant Closure	3,836,247	-	-	-	-	-	3,836,247
Income Tax	1,788,631	-	-	-	-	-	1,788,631
Healthcare Consortium	2,154,542	259,668	-	-	-	6,208	2,420,418
Development Rights	-	-	-	19,617,798	-	-	19,617,798
Self-Insurance	6,500,000	-	-	-	-	-	6,500,000
Stormwater Management	20,000,000	-	-	-	-	6,299,417	26,299,417
Highways	-	15,023,885	-	-	-	-	15,023,885
Ag. Preservation	-	-	-	20,773,026	-	-	20,773,026
P&R Fund	-	-	-	-	-	106,369	106,369
Sub-total	86,888,856	19,846,031	-	40,390,824	18,814,492	6,508,664	172,448,867
Unassigned:							
	20,036,290	-	-	-	-	-	20,036,290
Total Fund Balances	\$ 115,492,181	\$ 22,332,902	\$ 9,967,475	\$ 40,390,824	\$ 43,856,704	\$ 9,468,634	\$ 241,508,720

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE/RISK MANAGEMENT

PRIMARY GOVERNMENT

The County carries commercial property insurance coverage with a \$25,000 deductible on both real and personal property, and a \$10,000 deductible for physical damage to County-owned vehicles.

The County is self-insured for Workers’ Compensation, General and Automobile liability losses. The self-insurance program is administered by a risk manager as established by the Harford County Code. The County carries excess coverage for these exposures, with a \$350,000 retention for General and Automobile liability claims and a \$2,500,000 retention for Workers’ Compensation claims.

The pending claims liability of \$3,743,402 reported in the Internal Service fund as of June 30, 2018, 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, 2018. 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:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Changes in Estimates</u>	<u>Payments</u>	<u>End of Year</u>
2016	\$ 5,323,105	\$ (625,528)	\$ (1,480,393)	\$ 3,217,184
2017	3,217,184	1,927,483	(1,525,079)	3,619,588
2018	3,619,588	2,017,657	(1,893,843)	3,743,402

COMPONENT UNITS

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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. The Harford County Government purchases commercial insurance to cover the Library's buildings. Other claims are covered by Harford County Government's Self-Insurance fund. As a condition to this participation, the Library must provide, at Harford County Government's request, 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 fiscal year 2018, a judgement was rendered against Harford County in the amount of \$45,420,076. The County has appealed this decision and highly anticipates the decision to be overturned. During the appeal, 10% interest is accruing on this judgement. As of June 30, 2018 the balance of this judgement is \$45,868,055 which includes \$447,979 of interest.

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, 2018, the County estimates that no material liabilities will result from such audits.

The County had \$167,222,198 authorized but unobligated capital project appropriations as of June 30, 2018, in the governmental capital fund and \$25,123,724 in the water and sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit F-1 and G-1.

COMPONENT UNITS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

The Board leases certain equipment and properties for storage and other uses under long-term operating leases. Expenditures under operating leases amounted to approximately \$1,950,135 for the year ended June 30, 2018.

Harford Community College: The College has outstanding commitments for ongoing capital projects and deferred maintenance of \$547,319 as of June 30, 2018.

The College is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the College's net position,

In July 2012, the College entered into a 20-year solar power purchase agreement with Tecta Solar Harford, LLC (Tecta). Tecta will furnish, install, maintain and own four roof mounted solar electric generating facilities at the College. The College has agreed to purchase all of the electricity produced by these solar facilities according to the terms as set forth in the agreement with Tecta. In the event of default by the College, Tecta is entitled to terminate the agreement and recover a prescribed termination payment for the applicable billing year. The termination payment that would be required in year 5 would be \$1,833,926.

C. ARBITRAGE REBATE REQUIREMENTS

PRIMARY GOVERNMENT

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of the Consolidated Public Improvement Bonds of 2009, 2010, 2012, 2013, 2014, 2015, 2016, 2017 and 2018. 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, 2018.

D. CONDUIT DEBT

PRIMARY GOVERNMENT

From time to time, the County has issued Maryland Industrial Development Revenue Bonds, Maryland Economic Development Revenue Bonds, and Maryland Mortgage Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities and provision of housing deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, there were 6 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding is \$70.3 million.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

E. RETIREMENT PLANS

PRIMARY GOVERNMENT

a. PENSION PLANS - OVERVIEW

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

For the year ended June 30, 2018, the County recognized aggregated pension expense of \$20,008,276 for all three pension systems.

b. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

PRIMARY GOVERNMENT/COMPONENT UNITS

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, and the Law Enforcement Officers' Pension System administered by the State Retirement and Pension System of Maryland (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description: The employees of the reporting entity, other than certain correctional employees, who are covered by the Sheriff's Office Pension System, are covered by either the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, or the Law Enforcement Officers' Pension System. These plans are administered by the State Retirement and Pension System of Maryland (the System). The State of Maryland is the primary sponsor of this cost-sharing multiple employer defined benefit system which provides pension benefits, death and disability benefits to plan members and their beneficiaries. The State Personnel and Pensions Article of the Annotated Code of Maryland specify all plan benefits to plan members. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Retirement System, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, by visiting their website, or by calling 410-767-4040.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

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, 2018 to the System, exclusive of contributions made directly by the State of Maryland, were equal to the actuarially determined amount, as follows:

	2018	2017	2016
Primary Government	\$ 12,257,530	\$ 11,280,505	\$ 10,791,576

PRIMARY GOVERNMENT

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2018, the County reported a liability of \$119,845,396 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participants members, actuarially determined. As of June 30, 2017, the County’s proportion was 0.5542316%. This is an increase of 0.000272% from the prior fiscal year.

For the year ended June 30, 2018, the County recognized pension expense of \$16,134,081. As of June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
County Contributions Subsequent to the Measurement Date	\$ 12,257,530	\$	-
Changes of Assumptions	4,332,493		-
Changes in Proportion	4,069,364		922,032
Differences Between Actual and Proportionate Share of Contributions	924,839		5,564
Net Difference Between Projected and Actual Investment Earnings	7,511,337		-
Difference Between Expected and Actual Experience	-		8,337,371
Total	\$ 29,095,563	\$	9,264,967

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

Contributions subsequent to the measurement date in the amount of \$12,257,530, reported as deferred outflows of resources related to pensions, will be recognized as a reduction in net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2019	\$ 3,128,871
2020	5,304,190
2021	2,493,746
2022	(2,512,039)
2023	(841,702)

Actuarial Assumptions: The key actuarial assumptions used to perform the June 30, 2017, pension liability calculations are as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.65% general, 3.15% Wage
Salary Increases	3.15% to 9.15%, Including Wage Inflation
Investment Rate of Return	7.50%
Mortality	RP-2014 Mortality Tables

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	36%	5.30%
Credit Opportunity	9%	3.60%
Rate Sensitive	21%	1.20%
Absolute Return	8%	3.10%
Private Equity	11%	7.00%
Real Assets	15%	5.70%
Total	<u>100%</u>	

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

Discount Rate: A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate: The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease % 6.50%	Discount Rate % 7.50%	1% Increase % 8.50%
County's Proportionate Share of the Net Pension Liability	\$ 169,844,645	\$ 119,845,396	\$ 78,360,140

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This can be found at www.sra.state.md.us/agency/downloads/CAFR/CAFR_FullReport.pdf.

COMPONENT UNITS

Harford County Public Schools: As of June 30, 2018, the Public Schools reported a liability of approximately \$23.6 million for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Public Schools’ proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. As of June 30, 2018, the Board’s proportion for ERS was 0.11%, which was substantially the same from its proportion measured as of June 30, 2017. For the year ended June 30, 2018, the Public Schools recognized pension expense for ERS of approximately \$2,721. As of June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
2018 Contributions	\$ 2,353,181	\$ -
Changes in Actuarial Assumptions	853,559	-
Differences in Expected and Actual Experience	-	1,638,593
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,221,367	1,508,731
	<u>\$ 6,428,107</u>	<u>\$ 3,147,324</u>

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

Harford Community College: As of June 30, 2018, the College reported a liability of \$1,110,420 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the System in relation to total system contributions including direct aid from the State of Maryland. At June 30, 2017, the College's proportionate share was 0.0051%.

For the year ended June 30, 2018 the College recognized pension expenses of \$141,824. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 42,640	\$ -
Difference Between Expected and Actual Experience	-	79,307
Change in Proportion	61,876	83,435
Net Difference Between Projected and Actual Investment Earnings	82,079	-
Changes in Proportionate Share of Contributions	9,377	-
Contributions Subsequent to the Measurement Date	120,048	-
	<u>\$ 316,020</u>	<u>\$ 162,742</u>

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

Harford County Public Library: In relation to employees participating in the Employee's Retirement and Pension System at June 30, 2018, the Library reported a liability of \$1,353,117 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

date. The Library’s proportion of the net pension liability was based on a projection of the Library’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined.

In relation to these employees, for the year ended June 30, 2018, the Library recognized pension expense of \$150,663. At the measurement date of June 30, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 413,850	\$ (34,643)
Difference Between Expected and Actual Experience	-	55,291
Net Difference Between Projected and Actual		
Investment Earnings	(78,731)	331,490
Change in Proportion	(19,403)	33,407
Contributions Subsequent to the Measurement Date	150,663	-
	\$ 466,379	\$ 385,545

The deferred outflow of resources of \$150,663 relating to contributions subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the Library’s net pension liability during the fiscal year 2018. The deferred outflows and inflows of resources due to change in assumptions, differences between expected and actual experience, change in proportion, and differences between projected and actual investment earnings represent the Library’s proportionate share of the unamortized portions of the System’s original amounts.

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

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

PRIMARY GOVERNMENT

1. Summary of Significant Accounting Policies

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

2. General Pension Plan Information

The County instituted and began administering a single employer defined benefit pension plan, the Sheriff’s Office Pension System (the SOPS) effective July 1, 1997, for certain law enforcement and correctional

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

employees of the Office of the Sheriff of Harford County. Harford County Government does not issue a separate financial statement for the SOPS.

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

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

Harford County Bill No. 97-20 assigns the authority to establish and amend the benefit provisions of the plan to the government by county ordinance.

The membership data related to the SOPS at July 1, 2017 was as follows:

Retirees and Beneficiaries Currently Receiving Benefits	86
Terminated Plan Members Entitled to, but not yet Receiving Benefits	7
Active Plan Members	<u>131</u>
Total	<u><u>224</u></u>

Benefits Provided: The SOPS provides retirement, disability and death benefits to plan members and their beneficiaries. Effective May 20, 2013, per Bill 13-9, the cost of living adjustment shall not exceed 3% for a participant's benefit attributable to years of creditable service earned before July 1, 2013. Effective beginning with the cost of living adjustment (COLA) for July 1, 2014, with respect to the portion of a participant's benefit attributable to years of creditable service earned on or after July 1, 2013, the COLA shall not exceed 2.5%, if the actual rate of return of the plan's assets is less than 7% the COLA shall not exceed 1% applied each July 1st for all participants in pay status for the requisite 12 months.

Contributions: Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate, currently 32.7% of covered payroll. Per Bill 97-20, contribution requirements of the plan members and the County are established and may be amended by County legislature. Administrative costs of the SOPS are to be paid by the trust unless the County decides to do so.

3. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments of the SOPS.

Interest Risk: The investment policy of the pension plan does not limit investment maturities. Fluctuating rates of return are characteristic of the securities markets; the fund's greatest concern is long- term appreciation of

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

assets and consistency of portfolio returns. However, cash and cash equivalent investments, such as commercial paper, repurchase agreements, etc. are limited to maturities of one year or less.

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

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
U.S. Large cap equities	21%	39%
U.S. Mid cap equities	5%	9%
U.S. Small cap equities	3%	7%
International equities	13%	23%
Fixed income	14%	26%
Alternatives	0%	26%

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

As of June 30, 2018, the ratings of the underlying investments of the Plan's debt securities were as follows:

	Rating				Total
	AAA	Aa3	A1/A2/A3	Baa3	
U.S. Treasury Obligations	\$ 2,820,027	\$ -	\$ -	\$ -	\$ 2,820,027
U.S. Governmental Agencies	1,980,869	-	-	-	1,980,869
Corporate & Foreign bonds	55,219	367,296	1,696,414	2,055,648	4,174,577
Total	<u>\$ 4,856,115</u>	<u>\$ 367,296</u>	<u>\$ 1,696,414</u>	<u>\$ 2,055,648</u>	<u>\$ 8,975,473</u>

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

would limit the exposure to custodial credit risk for investments. As of June 30, 2018, the Plan’s investments were exposed to custodial credit risk, as they were uninsured, unregistered and held by the Plan’s custodian.

Rate of Return: For the year ended June 30, 2018, the annual money-weighted rate or return on pension plan investments, net of pension plan investment expense, was 9.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2018, were as follows:

Total pension liability	\$	73,055,883
Plan fiduciary net position		(60,336,910)
County's net pension liability	\$	<u>12,718,973</u>
Plan fiduciary net position as a percentage of the total pension liability		82.59%

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used were based on the results of an actuarial valuation as of July 1, 2017.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	49%	11.2%
International Equity	18%	9.3%
Fixed Income	20%	4.9%
Hedged Strategies	20%	7.6%

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

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2017	\$ 68,802,532	\$ 55,345,950	\$ 13,456,582
Changes for the Year:			
Service Cost	1,723,970	-	1,723,970
Interest	4,707,153	-	4,707,153
Differences Between Expected and Actual Experience	937,210	-	937,210
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,393,057	(2,393,057)
Contributions - Employee	-	543,245	(543,245)
Net Investment Income	-	5,216,966	(5,216,966)
Benefit Payments, Including Refunds of Employee Contributions	(3,114,982)	(3,114,982)	-
Administrative Expense	-	(47,326)	47,326
Net Changes	<u>4,253,351</u>	<u>4,990,960</u>	<u>(737,609)</u>
Balances at 6/30/2018	<u>\$ 73,055,883</u>	<u>\$ 60,336,910</u>	<u>\$ 12,718,973</u>

5. Changes in the Net Pension Liability

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

	1% Decrease	Discount Rate	1% Increase
	<u>6%</u>	<u>7%</u>	<u>8%</u>
County's Net Pension Liability	\$ 22,879,902	\$ 12,718,973	\$ 4,432,332

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

For the year ended June 30, 2018, the County recognized pension expense of \$2,434,542. As of June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 1,074,387	\$	-
Net Difference Between Projected and Actual Investment Earnings	-		562,767
Difference Between Expected and Actual Experience	749,768		<u>1,718,124</u>
Total	<u>\$ 1,824,155</u>	\$	<u>2,280,891</u>

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

<u>Year Ended June 30,</u>		
2019	\$	365,652
2020		133,796
2021		(835,801)
2022		(120,383)

d. LENGTH OF SERVICE AWARD PROGRAM – VOLUNTEER FIREMEN

PRIMARY GOVERNMENT

1. Summary of Significant Accounting Policies

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

2. General Pension Plan Information

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

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

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

The membership data related to the plan at September 30 2017, was as follows:

Retirees and Beneficiaries Currently Receiving Benefits	482
Terminated Plan Members Entitled to, but not yet Receiving Benefits	322
Active Plan Members	<u>1,178</u>
Total	<u><u>1,982</u></u>

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

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

The annual required contribution for the year ended June 30, 2018, was determined as part of the September 30, 2017, actuarial valuation using the entry age normal funding method, with a 15-year amortization of the unfunded liability. Under this method, a normal cost is calculated which would, if contributed annually, fund each volunteer’s benefits during his or her career at a level dollar amount. The unfunded actuarial liability is calculated at each valuation date as the present value of all plan benefits, less current assets. The actuarial

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

assumptions included a 6% investment rate of return compounded annually. The firemen are voluntary and, therefore, would not have a projected salary increase.

3. Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments.

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

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

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
U.S. Large cap equities	15%	29%
U.S. Mid cap equities	3%	7%
U.S. Small cap equities	1%	5%
International equities	10%	20%
Fixed Income	24%	46%
Alternatives	0%	26%

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

As of June 30, 2018, the ratings of the underlying investments of the Plan’s debt securities were as follows:

	Rating				Total
	AAA	Aa1/Aa2/A a3	A1/A2/A3	Baa1/Baa2/ Baa3	
U.S. Treasury Obligations	\$ 2,341,597	\$ -	\$ -	\$ -	\$ 2,341,597
U.S. Governmental Agencies	1,678,087	-	-	-	1,678,087
Corporate & Foreign bonds	45,166	306,388	1,587,158	1,669,589	3,608,301
Total	<u>\$ 4,064,850</u>	<u>\$ 306,388</u>	<u>\$ 1,587,158</u>	<u>\$ 1,669,589</u>	<u>\$ 7,627,985</u>

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

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plan’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of June 30, 2018 the Plan’s investments were exposed to custodial credit risk as they were uninsured, unregistered and held by the Plan’s custodian.

Rate of Return: For the year ended June 30, 2018, the annual money-weighted rate of return pension plan investments, net of pension plan investment expense, was 7.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2018, were as follows:

Total pension liability	\$ 35,641,051
Plan fiduciary net position	<u>(28,946,179)</u>
County's net pension liability	<u>\$ 6,694,872</u>
Plan fiduciary net position as a percentage of the total pension liability	81.22%

Actuarial Assumptions: The total pension liability in the September 30, 2017 actuarial valuation rolled forward to June 30, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

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

The actuarial assumptions used were based on the results of an actuarial valuation as of September 30, 2017.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	11.2%
International Equity	15%	9.3%
Fixed Income	35%	4.9%
Hedged Strategies	20%	7.6%

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

5. Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2017	\$ 34,620,450	\$ 26,796,906	\$ 7,823,544
Changes for the Year:			
Service Cost	644,327	-	644,327
Interest	2,024,849	-	2,024,849
Differences Between Expected and Actual Experience	97,369	-	97,369
Contributions - Employer	-	1,854,906	(1,854,906)
Net Investment Income	-	2,053,899	(2,053,899)
Benefit Payments, Including Refunds of Member Contributions	(1,745,944)	(1,745,944)	-
Administrative Expense	-	(13,588)	13,588
Net Changes	<u>1,020,601</u>	<u>2,149,273</u>	<u>(1,128,672)</u>
Balances at 6/30/2018	<u>\$ 35,641,051</u>	<u>\$ 28,946,179</u>	<u>\$ 6,694,872</u>

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

	1% Decrease 5%	Discount Rate 6%	1% Increase 7%
County's Net Pension Liability	\$ 11,617,947	\$ 6,694,872	\$ 2,712,831

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

For the year ended June 30, 2018, the County recognized pension expense of \$1,439,653. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

		Deferred Outflows of Resources		Deferred Inflows of Resources
Changes of Assumptions	\$	525,468	\$	-
Net Difference Between Projected and Actual Investment Earnings		-		173,486
Difference Between Expected and Actual Experience		195,918		61,290
Total	\$	721,386	\$	234,776

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

Year Ended June 30,	\$
2019	367,566
2020	256,543
2021	(102,930)
2022	(50,798)
2023	16,229

e. PENSION PLAN – HARFORD CENTER, INC.

COMPONENT UNITS

The Center participates in a retirement plan qualified under Section 401(k) of the Internal Revenue Code. The Plan covers employees of the Center who wish to participate after working 1,000 hours in a 12 month period. Employees may make contributions to the Plan up to a maximum amount allowed by the Internal Revenue Code. Contributions were made by the Center to the Plan during the year ended June 30, 2018 and 2017 in the amount of \$9,927 and \$10,220, respectively.

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

PRIMARY GOVERNMENT

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

F. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Harford County Other Post Employment Benefit (OPEB) Plan and additions to/deductions from OPEB fiduciary net position have been determined on the same basis as they are reported by OPEB. For this purpose, OPEB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost.

General OPEB Plan Information

Plan Description: Beginning in fiscal year 2008 the County administers a single employer defined benefit post-employment health care plan, titled Other Post Employment Benefit (OPEB) Plan. The County established a trust to act solely as a funding mechanism for the employer's cost of benefits provided by the OPEB Plan. This trust fund is included solely in these financial statements and does not issue a publicly available financial report, as an Other Post- Employment Benefits Trust Fund. Management of the OPEB Trust is vested in the Board of Trustees, which consists of three ex officio members appointed by the County Executive. Those members are the County Treasurer or Acting County Treasurer, the Director of Human Resources or Acting Director of Human Resources and the Director of Administration or Acting Director of Administration

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. The plan remains unchanged from fiscal year 2011 to the current fiscal year 2018.

Benefits Provided: Under the current APRMB, retirees may continue the same medical, dental, vision and life insurance coverage they are entitled to receive (including family coverage) as active employees. Employees with deferred retirements are not eligible for a subsidy. Effective July 1, 1998, the spouses of employees also receive a subsidy toward the purchase of group health benefits. Spouses receive the same subsidy as the retiree. The subsidy for retirees and their spouses for post-employment medical insurance is based on the employee's years of service with the County. From July 1, 2008 to February 28, 2009, 10 years was required to receive a subsidy. Effective March 1, 2009, the APRMB was changed to require a minimum of 20 years to receive a subsidy. This change does not apply to any Sheriff's Office personnel; and is not retroactive for any employees who retired before March 1, 2009. Any employee that does not elect to enroll in benefits at the time of the employee's retirement has forfeited the right to any future retiree medical benefits. The subsidy related to years of service for all County employees effective March 1, 2009 is shown below and has remained unchanged through the current fiscal year 2018.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

Employer Subsidy Percentage (Excluding Sheriff's Office)		
Years of Credit Service	Employees Retiring Prior to March 1, 2009	Employees Retiring On or After March 1, 2009
0 - 9 years	0%	0%
10-14 years	75%	0%
15-19 years	80%	0%
20-24 years	85%	0%
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%

GASB 74 - Financial Reporting for Post-employment Benefits Other Than Pensions

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 based on the July 1, 2017 valuation data rolled forward to June 30, 2018:

Plan Participants	
Retirees (Pre-Medicare)	320 *
Retirees (Medicare Age)	468 *
Active Employees	992
Total	1,780

*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)

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

as active employees. The difference will be that the retiree will pay the entire group rate price per insurance plan out of the funds received through the PEHP. The County negotiated with the Union representatives agreeing that 8% of eligible employees' average salaries will be placed in the PEHP until otherwise specified.

Contributions: 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. Plan members are not required to contribute to the plan.

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 \$1,913,540 contributed to this plan and a total of 397 employees are currently enrolled as of June 30, 2018. The County contributed \$12,333,000 annual required contribution (ARC), now known as the actuarially determined contribution (ADC) during fiscal year 2018.

Employees may also elect to have the dollar value of their use or lose annual leave placed into a PEHP account. The total funds contributed under this method were \$238,249 for 115 employees. The PEHP will be administered by a third party who will maintain individual accounts, which will grow tax-free for health care expenses after an employee leaves the County.

Investments

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

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

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

The asset allocation of the Fund intends to minimize risk and provide a consistent return. The following is the Trustees' adopted asset allocation policy as of June 30, 2018:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Large Capitalization Equities	21%	39%
Mid Cap Equities	5%	9%
Small Cap Equities	2%	7%
International Equities	13%	23%
Fixed Income	14%	26%
Alternatives	0%	26%

As of June 30, 2018, the ratings of the underlying investments of the Plan’s debt securities were as follows:

	Rating				Total
	AAA	Aa1/Aa2/A a3	A1/A2/A3	Baa1/Baa2/ Baa3	
U.S. Treasury Obligations	\$ 5,444,320	\$ -	\$ -	\$ -	\$ 5,444,320
U.S. Government Agencies	3,691,174	-	-	-	3,691,174
Corporate & Foreign bonds	90,340	748,701	3,347,746	4,044,025	8,230,812
Total	<u>\$ 9,225,834</u>	<u>\$ 748,701</u>	<u>\$ 3,347,746</u>	<u>\$ 4,044,025</u>	<u>\$ 17,366,306</u>

Rate of Return: For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the County

The components of the net OPEB liability of the County at June 30, 2018, were as follows:

Total OPEB liability	\$ 248,680,032
Plan fiduciary net position	<u>117,817,397</u>
County's net OPEB liability	<u>\$ 130,862,635</u>

Plan fiduciary net position as a percentage of the total OPEB liability 47.38%

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.0%, net of OPEB plan investment expense
Ultimate Healthcare cost trend rate	3.8%
Mortality	RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

The long-term expected rate of return of OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rate of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 (see the discussion of investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	42%	11.2%
International Equity	18%	9.3%
Fixed Income	20%	4.9%
Hedged Strategies	20%	8%

Discount Rate: The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that Harford County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	<u>Increases (Decreases)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances at 6/30/2017	\$ 209,228,358	\$ 104,375,953	\$ 104,852,405
Changes for the Year:			
Service Cost	4,664,771	-	4,664,771
Interest	14,367,000	-	14,367,000
Experience Losses/(Gains)	29,312,522	-	29,312,522
ER Trust Contribution	-	12,333,000	(12,333,000)
Net Investment Income	-	10,018,063	(10,018,063)
Benefit Payments	(8,892,619)	(8,892,619)	-
Administrative Expense	-	(17,000)	17,000
Net Changes	<u>39,451,674</u>	<u>13,441,444</u>	<u>26,010,230</u>
Balances at 6/30/2018	<u>\$ 248,680,032</u>	<u>\$ 117,817,397</u>	<u>\$ 130,862,635</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 167,502,571	\$ 130,862,635	\$ 100,801,175

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

	1% Decrease (2.8%)	Healthcare Cost Trend Rates (3.8%)	1% Increase (4.8%)
Net OPEB liability	\$ 97,004,429	\$ 130,862,635	\$ 172,983,271

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Membership in the plan consisted of the following based on the July 1, 2016 valuation data rolled forward to June 30, 2017:

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

*includes spouses

Contributions: The County contributed \$9,931,000 annual required contribution (ARC) during fiscal year 2017 and the retirees paid \$1,160,245 toward the cost of their benefits. The Trust reimbursed the County for the County's share of retirees' premiums of \$7,512,866. In addition the hidden subsidy, actuarially estimated at \$380,000 for fiscal year 2017, transferred from the Trust to the County, leaving the Trust Net Position of \$104,375,953.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

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

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

The funding for the PEHP will be negotiated by the County and both Unions each year. The County may contribute to the employee’s accounts those amounts that the County Council appropriates based on the formula designated in the agreement. The formula to be utilized will be the annual salaries of the employees enrolled in the PEHP calculated by a percentage of those aggregate salaries that is determined by the County, AFSCME, and MCEA, which will constitute the funds to be contributed to the PEHP by the County. The funds will be equally distributed between the participants in the PEHP. There was a total of \$1,465,124 contributed to this plan and a total of 391 employees are currently enrolled as of June 30, 2017.

Employees may also elect to have the dollar value of their use or lose annual leave placed into a PEHP account. The total funds contributed under this method were \$240,783 for 122 employees. The PEHP will be administered by a third party who will maintain individual accounts, which will grow tax-free for health care expenses after an employee leaves the County.

Net OPEB Liability of the County

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

Total OPEB liability	\$	209,228,358
Plan fiduciary net position		<u>104,375,953</u>
County's net OPEB liability	\$	<u><u>104,852,405</u></u>

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

Inflation	2.2%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.5%, net of OPEB plan investment expense
Ultimate Healthcare cost trend rate	3.8%
Mortality	RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA

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

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

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

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

Discount Rate. The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	(a)	(b)	(a) - (b)
Balances at 6/30/2016	\$ 198,975,211	\$ 90,939,161	\$ 108,036,050
Changes for the Year:			
Service Cost	4,493,999	-	4,493,999
Interest	13,652,014	-	13,652,014
ER Trust Contribution	-	9,931,000	(9,931,000)
Net Investment Income	-	11,411,408	(11,411,408)
Benefit Payments	(7,892,866)	(7,892,866)	-
Administrative Expense	-	(12,750)	12,750
Net Changes	10,253,147	13,436,792	(3,183,645)
Balances at 6/30/2017	\$ 209,228,358	\$ 104,375,953	\$ 104,852,405

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 134,063,229	\$ 104,852,405	\$ 80,606,374

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

	1% Decrease (2.8%)	Healthcare Cost Trend Rates (3.8%)	1% Increase (4.8%)
Net OPEB liability	\$ 76,277,739	\$ 104,852,405	\$ 140,428,740

For the year ended June 30, 2017, the County recognized OPEB expenses of \$10,727,177. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Investment Earnings Contributions Subsequent to Measurement Date	\$ -	\$ 3,979,822
Total	\$ 12,333,000	\$ -
	\$ 12,333,000	\$ 3,979,822

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

Year Ended June 30:			
2019	\$	(994,956)	
2020		(994,956)	
2021		(994,956)	
2022		(994,954)	

COMPONENT UNITS

The Harford County Public Schools: The Public Schools administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for retirees of the Public Schools and their dependents.

In December 2007, the Public Schools created the Retiree Benefit Trust of the Board of Education of Harford County (Benefit Trust) in order to facilitate the funding or partial funding of the actuarially calculated OPEB liability. The Benefit Trust established a trust account with, and became a member of, the Maryland Association of Boards of Education Pooled OPEB Investment Trust (MABE Trust). It is a member owned trust that provides the Board and the other nine-member boards a structure to pool assets to reduce investment costs and share administrative expenses. The Public Schools reserves the right to establish and amend the provisions of its relationship with the MABE Trust with respect to participants, any benefit provided thereunder, or its participation therein, in whole or in part at any time, by resolution of its governing body and upon advance notice to the Trustees of the MABE Trust.

The MABE Trust was established to pool assets of its member Boards of Education for investment purposes only. Each member of the MABE Trust is required to designate a member trustee. The member trustees of the MABE Trust shall ensure that the MABE Trust keep such records as are necessary in order to maintain a separation of the assets of the MABE Trust from the assets of trusts maintained by other governmental employers. Assets of the member trusts are reported in their respective financial statements using the economic resources measurement focus and the accrual basis of accounting, under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

The MABE Trust issues a publicly available audited GAAP-basis report that includes financial statements and required supplementary information for the MABE Trust. This report may be obtained by writing to the Trust Administrator, Maryland Association of Boards of Educations, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401-1112 or calling 410-841-5414.

Plan Membersip. As of June 30, 2018, membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	2,639
Inactive Plan Members Entitled to but not yet	
Receiving Benefit Payments	295
Active Plan Members	4,885
Total Participants	7,819

Benefits provided and contributions. The Public Schools provides medical, dental and life insurance benefits to eligible employees upon retirement. 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. Dependent children can be covered until the child reaches age 26. Spouses are also covered. Surviving spouses can stay in the plan, but must pay the full cost to participate. All plans include prescription drug coverage. The full Board contribution is either 85%, 90% or 95% of these medical insurance premiums, based on the plan chosen by the retiree. The medical benefits paid by the Public Schools for the year ended June 30, 2018 was \$25,439,980. As of June 30, 2018, 2,545 of approximately 2,934 eligible retirees were receiving benefits.

Dental Benefits: Retirees are eligible for continued membership in one of the school system’s dental plans. Coverage is the same as described above for medical benefits. The Public Schools pays 90% of dental insurance premiums for retirees based on the plan chosen. The dental benefits paid by the Public Schools for the year ended June 30, 2018, was \$1,244,809. As of June 30, 2018, 2,639 of approximately 2,934 eligible retirees were receiving benefits.

Life Insurance Benefits: The Public Schools pays 90% of the life insurance premiums for retirees. The amount of insurance coverage is reduced to \$20,000 upon retirement and to \$10,000 five years after retirement. The life insurance benefits paid by the Public Schools for the year ended June 30, 2018, was \$49,408. As of June 30, 2018, 2,418 of approximately 2,934 eligible retirees were receiving benefits.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

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

The Net OPEB Plan's Fiduciary Net Position is as follows:

	Total OPEB Liability (a)	<u>Increase (Decrease)</u> Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance - June 30, 2017	\$ 997,674,000	\$ 45,943,000	\$ 951,731,000
Changes for the Year:			
Service Cost	33,423,000	-	33,423,000
Interest	36,491,000	-	36,491,000
Differences Between Expected and Actual Experience	(37,372,000)	-	(37,372,000)
Assumption Changes	429,422,000	-	429,422,000
Contributions - Employer	-	25,248,000	(25,248,000)
Contributions - Employee	-	-	-
Net Investment Income	-	3,416,000	(3,416,000)
Benefit Payments	(23,812,000)	(23,812,000)	-
Administrative Expense	-	(14,000)	14,000
Net Changes	<u>438,152,000</u>	<u>4,838,000</u>	<u>433,314,000</u>
Balance - June 30, 2018	<u>\$ 1,435,826,000</u>	<u>\$ 50,781,000</u>	<u>\$ 1,385,045,000</u>

Net OPEB Liability of Harford County Public Schools

The components of the net OPEB liability of the Board as of June 30, 2018, were as follows:

Total OPEB liability	\$ 1,435,826,000
Plan fiduciary net position	<u>(50,781,000)</u>
Board's net OPEB liability	<u>\$ 1,385,045,000</u>

Plan fiduciary net position as a percentage of the total OPEB liability 3.54%

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 the College is eligible to participate in the plan. The College allows access to the plan if the retiree: (a) retires or becomes disabled with an immediate benefit from the State Retirement and Pension System of Maryland or (b) meets the minimum age eligibility requirement to begin distribution from the Maryland Optional Retirement Plan and (c) has been actively participating within the College sponsored health plan for at least the most recent ten (10) full consecutive years and (d) has at least 10 years of employment service. Disabled participants must reach retirement eligibility. Dependents and surviving spouses of participants are allowed access to the plan but must also pay the full premium. The plan does not issue a stand-alone financial report.

A closed group of retirees receives an annual subsidy of \$4,800 or less as part of a retirement widow benefit program. The widow benefit ceases at 65 for some participants and continues for life for other participants. As of June 30, 2018, there were 6 eligible and participating retirees receiving an annual subsidy.

Except for the closed group mentioned above, continuation in the College’s group program following retirement is at the retiree’s own expense. There is no explicit subsidy. This is an implicit subsidy plan only.

Retirement Eligibility: Under the State of Maryland Employees’ Pension System (EPS), members hired on or after July 1, 2011 are in the Reformed Contributory Pension System. The earliest retirement eligibility under the Reformed Contributory Pension System is the earliest of

- Rule of 90 (age plus service is at least 90),
- Age 65 with 10 years of service, or
- Age 60 with 15 years of service.

For members of EPS hired before July 1, 2011, the earliest retirement eligibility is the earliest of:

- Age 55 with 15 years of service,
- Age 62 with 5 years of service,
- Age 63 with 4 years of service,
- Age 64 with 3 years of service,
- Age 65 with 2 years of service, or
- 30 years of service (regardless of age).

There have been no changes in plan provisions (eligibility or cost-sharing) since the prior valuation.

Employees Covered by Benefit Terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	36
Inactive Plan Members Entitled to but not yet	
Receiving Benefit Payments	-
Active Plan Members	291
Total Participants	327

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

The College has historically funded plan benefits on a pay-as-you-go basis. The College fully funded its total OPEB liability at June 30, 2018 by investing \$652,000 in a qualified Trust. The College has not adopted a funding policy for this Plan and will make future contributions if sufficient excess resources are available.

For the year ended June 30, 2018, the College recognized OPEB expense of \$56,039. At June 30, 2018, the College reported zero for deferred outflows of resources and deferred inflows of resources related to OPEB.

As of June 30, 2018, the College's annual required contribution; contributions made and net OPEB obligation were:

	Total OPEB Liability (a)	<u>Increase (Decrease)</u> Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance - June 30, 2017	\$ 649,953	\$ -	\$ 649,953
Changes for the Year:			
Service Cost	11,920	-	11,920
Interest	44,119	-	44,119
Contributions - Employer	-	705,992	(705,992)
Benefit Payments	(53,992)	(53,992)	-
Net Changes	2,047	652,000	(649,953)
Balance - June 30, 2018	\$ 652,000	\$ 652,000	\$ -

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

The Harford County Public Library: The Library provides a portion of medical insurance benefits to eligible employees who retire from employment with the Library.

The Library established the OPEB Trust Fund to act solely as a funding mechanism for the benefits provided by this OPEB plan. The OPEB Trust Fund is used to pay medical premiums and the hidden subsidy.

Eligible participants are employees, former employees, or beneficiaries of the Library who had health coverage as an active employee. Eligible employees must retire from employment with the Library to receive OPEB benefits. The eligibility requirements for service retirement under the State Retirement and Pension System of Maryland for general employees are described below.

Under the State of Maryland Employees' Pension System, members hired on or after July 1, 2011 are in the Reformed Contributory Pension System. The earliest retirement eligibility under the Reformed Contributory Pension System is the earlier of age plus service of at least 90, age 65 with 10 years of service, or age 60 with 15 years of service. For other members of the State of Maryland Employees' Pension System, the earliest retirement eligibility is the earlier of age 55 with 15 years of service, age 62 with 5 years of service, age 63 with 4 years of service, age 64 with 3 years of service, age 65 with 2 years of service, or 30 years of service (regardless of age). Retirees must elect coverage at time of retirement. Retirees may not elect to discontinue and re-enroll at a later date.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

At June 1, 2018, the following employees were covered by the benefit terms:

Retirees Currently Receiving Benefits	61
Active Employees	155
 Total Plan Members	 216

Benefits Provided: Pre-Medicare retirees may choose between two medical plans, both of which include prescription coverage. Once a retiree is Medicare-eligible, the retiree may choose between two medical plans. Medicare eligible retirees must also be enrolled in both Part A and Part B of Medicare in order to enroll in this plan. All retirees may choose between two dental plans.

Retirees and their families pay 50% of the published rates. Surviving spouses receive the same subsidy percent as the participant. There is one retiree who is grandfathered at a subsidy rate of 80%.

Annual OPEB Cost and net OPEB Liability: The contribution requirements of plan members and the Library are established by the board of trustees and may be periodically amended. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually during the budget process. Additional contributions may be identified during the year by the board of trustees. There are no contractual terms requiring a specific funding level.

The Net OPEB Plan’s Fiduciary Net Position is as follows:

	<u>Total OPEB</u>	<u>Increase (Decrease)</u>		<u>Net OPEB</u>
	<u>Liability</u>	<u>Plan Fiduciary</u>		<u>Liability</u>
	(a)	Net Position		(a)-(b)
	(a)	(b)		(a)-(b)
Balance - June 30, 2017	\$ 17,668,632	\$ -		\$ 17,668,632
Changes for the Year:				
Service Cost	691,100	-		691,100
Interest	651,000	-		651,000
Assumption Changes	16,600,000	-		16,600,000
Contributions - Employer	-	3,429,100		(3,429,100)
Net Investment Income	206,000	-		206,000
Benefit Payments	(345,000)	(345,000)		-
Net Changes	17,803,100	3,084,100		14,719,000
Balance - June 30, 2018	\$ 35,471,732	\$ 3,084,100		\$ 32,387,632

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

G. COMBINED STATEMENT OF FIDUCIARY NET POSITION AND COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR PENSION AND OPEB TRUST FUND

PRIMARY GOVERNMENT

Harford County, Maryland has two pensions and one employee benefit, which are included in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position under the column, Pension and Other Post Employment Benefit Trust Funds. These two pensions, Sheriff's Office Pension System and Firemen's LOSAP, and one employee benefit plan, Other Post-Employment Benefits, do not issue separate GAAP financial reports thus below is the Combined Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

Combining Statement of Fiduciary Net Position
Pension and OPEB Trust Funds
June 30, 2018

	Sheriff's Office Pension System	Firemen's LOSAP	OPEB Trust	Total
ASSETS				
Equity in Pooled Cash and Investments	\$ 76,904	\$ 72,092	\$ 3,713,409	\$ 3,862,405
Cash Equivalents	1,343,256	1,036,007	1,996,235	4,375,498
Investments, at Fair Value				
Debt Securities	8,975,473	7,627,985	17,366,306	33,969,764
Fixed Income Securities	2,495,187	962,450	4,617,208	8,074,845
Equity Securities	47,476,983	19,263,891	90,124,239	156,865,113
Total Investments	<u>58,947,643</u>	<u>27,854,326</u>	<u>112,107,753</u>	<u>198,909,722</u>
Total Assets	<u>60,367,803</u>	<u>28,962,425</u>	<u>117,817,397</u>	<u>207,147,625</u>
LIABILITIES				
Accounts Payable	<u>30,893</u>	<u>16,246</u>	-	<u>47,139</u>
Total Liabilities	<u>30,893</u>	<u>16,246</u>	-	<u>47,139</u>
NET POSITION RESTRICTED FOR PENSIONS				
Net Position Restricted for Pension	<u>\$ 60,336,910</u>	<u>\$ 28,946,179</u>	<u>\$ 117,817,397</u>	<u>\$ 207,100,486</u>

Combining Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the Year Ended June 30, 2018

	Sheriff's Office Pension System	Firemen's LOSAP	OPEB Trust	Total
ADDITIONS				
Contributions				
Employee Contributions	\$ 543,245	\$ -	\$ -	\$ 543,245
Employer Contributions	2,393,057	-	12,333,000	14,726,057
Plan Sponsor Contributions	-	1,854,906	-	1,854,906
Retiree Contributions	-	-	1,250,733	1,250,733
Total Contributions	<u>2,936,302</u>	<u>1,854,906</u>	<u>13,583,733</u>	<u>18,374,941</u>
Investment Earnings				
Net Gain in Fair Value of Investments	5,156,580	2,058,423	9,945,867	17,160,870
Interest and Dividends	217,874	90,026	420,704	728,604
Total Investment Earnings	<u>5,374,454</u>	<u>2,148,449</u>	<u>10,366,571</u>	<u>17,889,474</u>
Less Investment Expense	<u>(157,488)</u>	<u>(94,550)</u>	<u>(348,508)</u>	<u>(600,546)</u>
Net Investment Gain	<u>5,216,966</u>	<u>2,053,899</u>	<u>10,018,063</u>	<u>17,288,928</u>
Total Additions	<u>8,153,268</u>	<u>3,908,805</u>	<u>23,601,796</u>	<u>35,663,869</u>
DEDUCTIONS				
Administrative Expenses	47,326	13,588	17,000	77,914
Benefits	<u>3,114,982</u>	<u>1,745,944</u>	<u>10,143,352</u>	<u>15,004,278</u>
Total Deductions	<u>3,162,308</u>	<u>1,759,532</u>	<u>10,160,352</u>	<u>15,082,192</u>
Change in Net Position	4,990,960	2,149,273	13,441,444	20,581,677
NET POSITION RESTRICTED FOR PENSIONS				
Net Position Restricted for Pensions - Beginning	55,345,950	26,796,906	104,375,953	186,518,809
Net Position Restricted for Pensions - End	<u>\$ 60,336,910</u>	<u>\$ 28,946,179</u>	<u>\$ 117,817,397</u>	<u>\$ 207,100,486</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – OTHER INFORMATION – CONTINUED

H. CHANGE IN ACCOUNTING PRINCIPLE

PRIMARY GOVERNMENT

Net positions of governmental activities and business-type activities have been restated by negative \$87,879,194 and negative \$10,225,856, respectively, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

COMPONENT UNITS

The Harford County Public Schools: Net positions of the Harford County Public Schools have been restated by negative \$642,988,071, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

The Harford Community College: Net positions of Harford Community College have been restated by negative \$424,731, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

The Harford County Public Library: Net positions of Harford County Public Library have been restated by negative \$4,447,000, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

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

Schedule 1

	2018	2017	2016	2015	2014
County's Portion of the Net Pension Liability	0.554%	0.554%	0.555%	0.516%	0.490%
County's Proportionate Share of the Net Pension Liability	\$ 119,845,396	\$ 130,701,171	\$ 115,409,102	\$ 91,601,275	\$ 100,990,844
County's Covered Payroll	\$ 78,232,243	\$ 78,993,465	\$ 84,055,462	\$ 83,785,718	N/A
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	153.19%	165.46%	137.30%	109.33%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.71%	62.97%	66.26%	69.53%	64.97%

Notes to Schedule:

Benefit Changes: None

Changes in Assumptions:

Inflation assumption changed from 2.90% to 2.65% in the 2017 valuation

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

Schedule 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 12,257,530	\$ 11,280,505	\$ 10,791,576	\$ 11,705,062	\$ 12,028,358	\$ 10,626,050
Contributions in Relation to the Contractually Required Contribution	<u>12,257,530</u>	<u>11,280,505</u>	<u>10,791,576</u>	<u>11,705,062</u>	<u>12,028,358</u>	<u>10,626,050</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>				
County's Covered Payroll	\$ <u>83,683,463</u>	\$ <u>78,232,243</u>	\$ <u>78,993,465</u>	\$ <u>84,055,462</u>	\$ <u>83,785,718</u>	<u>N/A</u>
Contributions as a Percentage of Covered Payroll	14.65%	14.42%	13.66%	13.93%	14.36%	N/A

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
Last 10 Fiscal Years
(Information for FY2014 and earlier is not available)

Schedule 3

	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	10.02%	1.15%	2.68%	14.38%

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

Schedule 4

	2018*	2017*	2016*	2015*	2014*
Total Pension Liability					
Service Cost	\$ 1,724,000	\$ 1,622,000	\$ 1,622,000	\$ 1,622,000	\$ 1,412,000
Interest	4,707,000	4,512,000	4,367,000	4,176,000	3,982,000
Changes of Benefit Terms	-	-	-	54,000	68,000
Differences Between Expected and Actual Experience	937,000	(1,605,000)	(886,000)	(1,025,000)	-
Changes of Assumptions	-	1,379,000	-	776,000	-
Benefit Payments, Including Refunds of Employee Contributions	(3,115,000)	(3,130,000)	(2,923,000)	(2,825,000)	(2,576,000)
Net Change in Total Pension Liability	4,253,000	2,778,000	2,180,000	2,778,000	2,886,000
Total Pension Liability - Beginning	68,803,000	66,025,000	63,845,000	61,067,000	58,181,000
Total Pension Liability - Ending (a)	<u>\$ 73,056,000</u>	<u>\$ 68,803,000</u>	<u>\$ 66,025,000</u>	<u>\$ 63,845,000</u>	<u>\$ 61,067,000</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,393,000	\$ 2,357,000	\$ 2,490,000	\$ 2,490,000	\$ 2,377,000
Contributions - Employee	543,000	504,000	499,000	485,000	452,000
Net Investment Income	5,217,000	6,284,000	(1,301,000)	1,995,000	7,089,000
Benefit Payments, Including Refunds of Employee Contributions	(3,115,000)	(3,130,000)	(2,923,000)	(2,825,000)	(2,576,000)
Administrative Expense	(47,000)	(49,000)	(48,000)	(49,000)	(54,000)
Net Change in Plan Fiduciary Net Position	4,991,000	5,966,000	(1,283,000)	2,096,000	7,288,000
Plan Fiduciary Net Position - Beginning	55,346,000	49,380,000	50,663,000	48,567,000	41,279,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 60,337,000</u>	<u>\$ 55,346,000</u>	<u>\$ 49,380,000</u>	<u>\$ 50,663,000</u>	<u>\$ 48,567,000</u>
County's Net Pension Liability - Ending (a) - (b)	<u>\$ 12,719,000</u>	<u>\$ 13,457,000</u>	<u>\$ 16,645,000</u>	<u>\$ 13,182,000</u>	<u>\$ 12,500,000</u>
Plan Fiduciary Net Position as a Percentage of the Total					
Pension Liability	82.59%	80.44%	74.79%	79.35%	79.53%
Covered Payroll	\$ 7,851,000	\$ 7,115,000	\$ 7,110,000	\$ 7,185,000	\$ 6,813,000
County's Net Pension Liability as a Percentage of Covered Payroll	162.00%	189.14%	234.11%	183.47%	183.48%
Expected Average Remaining Service Years of All Participants	5	6	6	5	6

*Numbers are rounded to the nearest 1,000.

Notes to Schedule:

Benefit Changes: There were no changes in FY2018.

Change of Assumptions: There were no changes in FY2018

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

Schedule 5

	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,393,057	\$ 2,356,777	\$ 2,489,555	\$ 2,490,164	\$ 2,376,590
Contributions in Relation to the Actuarially Determined Contribution	<u>2,393,057</u>	<u>2,356,777</u>	<u>2,489,555</u>	<u>2,490,164</u>	<u>2,376,590</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 7,851,000	\$ 7,115,000	\$ 7,110,000	\$ 7,185,000	\$ 6,813,000
Contributions as a Percentage of Covered Payroll	30.48%	33.12%	35.02%	34.66%	34.88%

Notes to Schedule:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

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

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
SHERIFF'S OFFICE PENSION SYSTEM
Last 10 Fiscal Years
(Information for FY2012 and earlier is not available)

Schedule 6

	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	9.19%	12.81%	-1.93%	4.64%	17.11%	12.34%

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAM FOR VOLUNTEER FIREMEN
NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years
(Information for FY2013 and earlier is not available)

Schedule 7

	2018*	2017*	2016*	2015*	2014*
Total Pension Liability					
Service Cost	\$ 644,000	\$ 642,000	\$ 639,000	\$ 678,000	\$ 645,000
Interest	2,025,000	1,962,000	1,854,000	1,806,000	1,755,000
Differences between Expected and Actual Experience	97,000	172,000	(66,000)	(57,000)	-
Changes of Assumptions	-	-	1,051,000	-	-
Benefit Payments, including Refunds of Member Contributions	(1,745,000)	(1,702,000)	(1,659,000)	(1,595,000)	(1,511,000)
Net Change in Total Pension Liability	1,021,000	1,074,000	1,819,000	832,000	889,000
Total Pension Liability - Beginning	34,620,000	33,546,000	31,727,000	30,895,000	30,006,000
Total Pension Liability - Ending (a)	<u>\$ 35,641,000</u>	<u>\$ 34,620,000</u>	<u>\$ 33,546,000</u>	<u>\$ 31,727,000</u>	<u>\$ 30,895,000</u>
Plan Fiduciary Net Position					
Contributions - Plan Sponsor	\$ 1,855,000	\$ 1,768,000	\$ 1,913,000	\$ 2,031,000	\$ 1,935,000
Net Investment Income	2,054,000	2,536,000	(332,000)	840,000	2,818,000
Benefit Payments, Including Refunds of Member Contributions	(1,746,000)	(1,701,000)	(1,659,000)	(1,595,000)	(1,511,000)
Administrative Expense	(14,000)	(17,000)	(15,000)	(14,000)	(15,000)
Net Change in Plan Fiduciary Net Position	2,149,000	2,586,000	(93,000)	1,262,000	3,227,000
Plan Fiduciary Net Position - Beginning	26,797,000	24,211,000	24,304,000	23,042,000	19,815,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,946,000</u>	<u>\$ 26,797,000</u>	<u>\$ 24,211,000</u>	<u>\$ 24,304,000</u>	<u>\$ 23,042,000</u>
County's Net Pension Liability - Ending (a) - (b)	<u>\$ 6,695,000</u>	<u>\$ 7,823,000</u>	<u>\$ 9,335,000</u>	<u>\$ 7,423,000</u>	<u>\$ 7,853,000</u>
Plan Fiduciary Net Position as a Percentage of the Total					
Pension Liability	81.22%	77.40%	72.17%	76.60%	74.58%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
County's Net Pension Liability as a Percentage of Covered					
Payroll	N/A	N/A	N/A	N/A	N/A
Expected Average Remaining Service Years of All Participants	6	6	6	8	7

*Numbers are rounded to the nearest 1,000

Notes to Schedule:

Benefit Changes: There were no changes in FY2018.

Change of Assumptions: There were no changes in FY2018.

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

Schedule 8

	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,854,906	\$ 1,767,558	\$ 1,912,843	\$ 1,981,000	\$ 1,934,886
Contributions in Relation to the Actuarially Determined Contribution	1,854,906	1,767,558	1,912,843	2,030,844	1,934,886
Contribution (Excess) Deficiency	\$ -	\$ -	\$ -	\$ (49,844)	\$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

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

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
LENGTH OF SERVICE AWARD PROGRAM FOR VOLUNTEER FIREMEN
Last 10 Fiscal Years
(Information for FY2012 and earlier is not available)

Schedule 9

	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	7.50%	10.50%	-0.71%	4.18%	13.97%	10.00%

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

Schedule 10

	2018*	2017*
Total OPEB Liability		
Service Cost	\$ 4,665,000	\$ 4,494,000
Interest	14,367,000	13,652,000
Experience Losses/(Gains)	29,313,000	-
Benefit Payments	(8,893,000)	(7,893,000)
Net Change in Total OPEB Liability	39,452,000	10,253,000
Total OPEB Liability - Beginning	209,228,000	198,975,000
Total OPEB Liability - Ending (a)	\$ 248,680,000	\$ 209,228,000
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 12,333,000	\$ 9,931,000
Net Investment Income	10,018,000	11,412,000
Benefit Payments	(8,893,000)	(7,893,000)
Administrative Expense	(17,000)	(13,000)
Net Change in Plan Fiduciary Net Position	13,441,000	13,437,000
Plan Fiduciary Net Position - Beginning	104,376,000	90,939,000
Plan Fiduciary Net Position - Ending (b)	\$ 117,817,000	\$ 104,376,000
County's Net OPEB Liability - Ending (a) - (b)	\$ 130,863,000	\$ 104,852,000
 Plan Fiduciary Net Position as a Percentage of the Total		
OPEB Liability	47.38%	49.89%
Covered Payroll ¹	\$ N/A	\$ N/A
County's Net OPEB Liability as a Percentage of Covered		
Payroll ¹	N/A	N/A
 Expected Average Remaining Service Years of All Participants	6	6

*Numbers are rounded to the nearest 1,000.

Notes to Schedule:

Benefit Changes: None

Change of Assumptions :

Discount rate: 6/30/2018 7.00%

¹ OPEB does not require contributions from plan members.

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

Schedule 11

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 12,333,000	\$ 9,931,000	\$ 10,162,000	\$ 13,794,000	\$ 13,381,000
Contributions in Relation to the Actuarially Determined Contribution	<u>12,333,000</u>	<u>9,931,000</u>	<u>10,162,000</u>	<u>13,794,000</u>	<u>13,381,000</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A

¹ OPEB does not require contributions from plan members.

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
OPEB
Last 10 Fiscal Years
(Information for FY2016 and earlier is not available)

Schedule 12

	2018	2017
Annual money-weighted rate of return, net of investment expense	9.17%	12.39%

Combining and Individual Fund

Financial Statements

&

Schedules

Combining Statements

Non-major Governmental Funds

Special Revenue Funds

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

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

Debt Service Fund

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

HARFORD COUNTY, MARYLAND
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2018

Exhibit A-1

	Special Revenue		Debt Service	Total
	Parks and Recreation	Stormwater Management	Beechtree TIF	Non-major Governmental Funds
ASSETS				
Equity in Pooled Cash and Investments	\$ 238,613	\$ 6,298,816	\$ 755,607	\$ 7,293,036
Cash and Investments	750	-	-	750
Taxes and Accounts Receivable (Net)	113	601	-	714
Deposit with Trustee	-	-	1,985,050	1,985,050
Restricted Assets - Investments	-	219,313	-	219,313
TOTAL ASSETS	\$ 239,476	\$ 6,518,730	\$ 2,740,657	\$ 9,498,863
LIABILITIES				
Accounts Payable	\$ 15,227	\$ -	\$ -	\$ 15,227
Accrued Expenditures	8,182	-	-	8,182
Escrow Accounts	6,820	-	-	6,820
Total Liabilities	30,229	-	-	30,229
FUND BALANCES				
Restricted	-	219,313	2,740,657	2,959,970
Assigned	209,247	6,299,417	-	6,508,664
Total Fund Balances	209,247	6,518,730	2,740,657	9,468,634
TOTAL LIABILITIES AND FUND BALANCES	\$ 239,476	\$ 6,518,730	\$ 2,740,657	\$ 9,498,863

HARFORD COUNTY, MARYLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2018

Exhibit A-2

	Special Revenue		Debt Service	Total
	Parks and Recreation	Stormwater Management	Beechtree TIF	Non-major Governmental Funds
REVENUES				
Taxes	\$ -	\$ 2,552,222	\$ 1,664,599	\$ 4,216,821
Revenues from Other Agencies	-	4,000	-	4,000
Investment Income	2,542	65,137	22,701	90,380
Charges for Current Services	778,385	-	-	778,385
Miscellaneous	1,433	-	-	1,433
Total Revenues	<u>782,360</u>	<u>2,621,359</u>	<u>1,687,300</u>	<u>5,091,019</u>
EXPENDITURES				
Current:				
Parks, Recreation and Natural Resources	693,849	-	-	693,849
Debt Service:				
Principal	-	126,571	30,000	156,571
Interest	-	97,668	1,048,875	1,146,543
Administrative Costs	-	12,535	28,520	41,055
Total Expenditures	<u>693,849</u>	<u>236,774</u>	<u>1,107,395</u>	<u>2,038,018</u>
(Deficiency) Excess of Revenues over Expenditures	88,511	2,384,585	579,905	3,053,001
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(75,000)	(500,000)	-	(575,000)
Premium on Issuance of Bonds	-	188,148	-	188,148
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(311,852)</u>	<u>-</u>	<u>(386,852)</u>
Net Change in Fund Balances	13,511	2,072,733	579,905	2,666,149
Fund Balances - Beginning	195,736	4,445,997	2,160,752	6,802,485
Fund Balances - Ending	<u>\$ 209,247</u>	<u>\$ 6,518,730</u>	<u>\$ 2,740,657</u>	<u>\$ 9,468,634</u>

Fiduciary Funds

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
Private Purpose Trust Funds
June 30, 2018

Exhibit B-1

	BVL Cooperating Parties Group	Bar Library	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 1,357,817	\$ 302,330	\$ 1,660,147
Cash Equivalents	840,274	-	840,274
Total Assets	<u>2,198,091</u>	<u>302,330</u>	<u>2,500,421</u>
LIABILITIES			
Accounts Payable	18,051	3,425	21,476
Due to Beneficiaries	840,274	-	840,274
Total Liabilities	<u>858,325</u>	<u>3,425</u>	<u>861,750</u>
NET POSITION			
Held in Trust	<u>\$ 1,339,766</u>	<u>\$ 298,905</u>	<u>\$ 1,638,671</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2018

Exhibit B-2

	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS			
Contributions and Donations	\$ 104,000	\$ 112,191	\$ 216,191
Interest and Dividends	17,238	3,335	20,573
Total Additions	<u>121,238</u>	<u>115,526</u>	<u>236,764</u>
DEDUCTIONS			
Contractual Services	60,386	64,651	125,037
Total Deductions	<u>60,386</u>	<u>64,651</u>	<u>125,037</u>
Change in Net Position	60,852	50,875	111,727
NET POSITION			
Net Position - Beginning	1,278,914	248,030	1,526,944
Net Position - Ending	<u>\$ 1,339,766</u>	<u>\$ 298,905</u>	<u>\$ 1,638,671</u>

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2018

Exhibit B-3

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
PASS-THROUGH GRANTS				
ASSETS				
Equity in Pooled Cash	\$ 119,737	\$ 2,347,714	\$ 2,027,538	\$ 439,913
Total Assets	<u>\$ 119,737</u>	<u>\$ 2,347,714</u>	<u>\$ 2,027,538</u>	<u>\$ 439,913</u>
LIABILITIES				
Accounts Payable	\$ 119,737	\$ 2,347,714	\$ 2,027,538	\$ 439,913
Total Liabilities	<u>\$ 119,737</u>	<u>\$ 2,347,714</u>	<u>\$ 2,027,538</u>	<u>\$ 439,913</u>
HEALTH CARE CONSORTIUM				
ASSETS				
Cash Equivalents	\$ 13,696,493	\$ 887,091	\$ 2,565,590	\$ 12,017,994
Total Assets	<u>\$ 13,696,493</u>	<u>\$ 887,091</u>	<u>\$ 2,565,590</u>	<u>\$ 12,017,994</u>
LIABILITIES				
Due to Beneficiaries	\$ 13,696,493	\$ 887,091	\$ 2,565,590	\$ 12,017,994
Total Liabilities	<u>\$ 13,696,493</u>	<u>\$ 887,091</u>	<u>\$ 2,565,590</u>	<u>\$ 12,017,994</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash	\$ 119,737	\$ 2,347,714	\$ 2,027,538	\$ 439,913
Cash Equivalents	13,696,493	887,091	2,565,590	12,017,994
Total Assets	<u>\$ 13,816,230</u>	<u>\$ 3,234,805</u>	<u>\$ 4,593,128</u>	<u>\$ 12,457,907</u>
LIABILITIES				
Accounts Payable	\$ 119,737	\$ 2,347,714	\$ 2,027,538	\$ 439,913
Due to Beneficiaries	13,696,493	887,091	2,565,590	12,017,994
Total Liabilities	<u>\$ 13,816,230</u>	<u>\$ 3,234,805</u>	<u>\$ 4,593,128</u>	<u>\$ 12,457,907</u>

SCHEDULES

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

Debt Service Fund

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

(continued)

SCHEDULES

Governmental Funds

(continued)

Capital Projects Fund

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

Proprietary Fund

Enterprise Fund

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

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
				ESTIMATED REVENUES
TAXES				
Admissions and Amusement Tax	\$ 530,000	\$ 530,000	\$ 547,706	\$ 17,706
Business Personal Property/Current Year	275,000	275,000	449,631	174,631
Business Personal Property/Prior Years	(1,000)	(1,000)	(17,649)	(16,649)
Corporate Property/Current Year	13,100,000	13,100,000	16,315,351	3,215,351
Corporate Property/Prior Years	(100,000)	(100,000)	(735,531)	(635,531)
Delinquent Tax Costs	75,000	75,000	84,836	9,836
Heavy Equipment Receipts Tax - Corporate	205,000	205,000	276,940	71,940
Hotel Occupancy Tax	2,350,000	2,350,000	2,278,619	(71,381)
Impact Fees	2,500,000	2,500,000	3,531,600	1,031,600
Income Taxes/Current Year	215,700,000	215,700,000	214,950,021	(749,979)
Income Taxes/Prior Years	3,300,000	3,300,000	3,246,207	(53,793)
Interest on Delinquent Taxes	700,000	700,000	858,748	158,748
Mobile Home Excise Tax	205,000	205,000	212,341	7,341
Payment in Lieu of Taxes	350,000	350,000	491,126	141,126
Penalty	750,000	750,000	791,030	41,030
Railroad and Public Utilities/Current Year	12,160,000	12,160,000	14,021,369	1,861,369
Railroad and Public Utilities/Prior Years	(25,000)	(25,000)	(192)	24,808
Real Property - Full Year Levy/Current Years	242,500,000	242,500,000	240,316,278	(2,183,722)
Real Property - Full Year Levy/Prior Years	(500,000)	(500,000)	(151,706)	348,294
Real Property - Half Year Levy/Current Years	680,000	680,000	485,070	(194,930)
Real Property - Half Year Levy/Prior Years	(50,000)	(50,000)	(19,446)	30,554
911 Program Fee	1,700,000	1,700,000	1,790,042	90,042
	<u>496,404,000</u>	<u>496,404,000</u>	<u>499,722,391</u>	<u>3,318,391</u>
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,200,000)	(1,200,000)	(1,195,714)	4,286
Community Association Credit	(5,300)	(5,300)	(5,344)	(44)
Conservation Land Tax Credit	(1,700)	(1,700)	(1,715)	(15)
Discounts Allowed on Taxes	(1,600,000)	(1,600,000)	(1,724,533)	(124,533)
Enterprise Zone Tax Credit	(1,000,000)	(1,000,000)	(1,086,910)	(86,910)
Habitat For Humanity Tax Credit	(7,700)	(7,700)	(5,917)	1,783
Historical Tax Credit	(1,100)	(1,100)	(752)	348
Homeowner's Tax Credit - County	(305,000)	(305,000)	(301,037)	3,963
Homestead Tax Credit - County	(112,000)	(112,000)	(105,044)	6,956
Landfill Proximity Credit	(51,200)	(51,200)	(57,115)	(5,915)
Solar/Geothermal Energy Tax Credit	(434,000)	(434,000)	(428,467)	5,533
Surviving Spouse - Fallen Hero Tax Credit	(5,000)	(5,000)	(5,115)	(115)
Uncollectible Property Taxes	(150,000)	(150,000)	297,480	447,480
	<u>(4,873,000)</u>	<u>(4,873,000)</u>	<u>(4,620,183)</u>	<u>252,817</u>
Total Taxes	<u>491,531,000</u>	<u>491,531,000</u>	<u>495,102,208</u>	<u>3,571,208</u>

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018
(continued)

	ESTIMATED REVENUES		ACTUAL REVENUES	Exhibit C-1
	ORIGINAL	FINAL		VARIANCE
				POSITIVE (NEGATIVE) ESTIMATED REVENUES
REVENUES FROM OTHER AGENCIES				
Build America Bond Interest Credit	1,274,700	1,274,700	1,280,874	6,174
DNR Parks PILOT	-	-	141,802	141,802
Jury Compensation	165,000	165,000	163,830	(1,170)
Medicare D Subsidy	248,500	248,500	278,703	30,203
Police Protection	2,000,000	2,000,000	2,534,484	534,484
Total Revenues from Other Agencies	3,688,200	3,688,200	4,399,693	711,493
INVESTMENT INCOME	586,000	586,000	1,630,233	1,044,233
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	10,000	10,000	14,889	4,889
Administrative Fee - Cobra Insurance	1,400	1,400	776	(624)
Auto Commute - County Employees	10,000	10,000	6,056	(3,944)
Bad Check Fee	3,000	3,000	3,725	725
Board of Prisoners	100,000	100,000	318,097	218,097
Building Plan Review	100	100	1,200	1,100
Building Reinspection Fee	1,000	1,000	3,550	2,550
Child Custody	6,000	6,000	3,818	(2,182)
Commissions	120,000	120,000	211,930	91,930
Community Work Service	15,000	15,000	15,178	178
Concept Plans	3,000	3,000	774	(2,226)
County Recreation Programs	-	-	63,436	63,436
Design Review	1,300	1,300	123	(1,177)
Detention Center Commissary	275,000	275,000	430,337	155,337
Election Fees	1,700	1,700	25	(1,675)
Electrical Reinspection Fees	2,200	2,200	4,560	2,360
EMS-Ambulance Fees	300,000	300,000	69,416	(230,584)
Extension Preliminary Plan Approval	200	200	300	100
False Burglar Alarm Service Charges	55,000	55,000	84,650	29,650
False Fire Alarm Service Charges	15,000	15,000	6,998	(8,002)
Final Plats	21,000	21,000	17,450	(3,550)
Flying Point and Mariner Park Revenue	10,000	10,000	16,240	6,240
Food Service Licenses	100,000	100,000	117,650	17,650
Forest Conservation Plan Review	3,000	3,000	3,242	242
Forest Stand Delineation Review	3,000	3,000	2,383	(617)
GIS - Digital Data Products	100	100	-	(100)
GIS - Ortho Photos	100	100	-	(100)
GIS - Plotting Service	100	100	-	(100)
GIS - Screen Dump	100	100	-	(100)
GIS - Topographic Maps	100	100	-	(100)
Ground Floor Fees	10,000	10,000	18,150	8,150
Harford Cable Network	12,000	12,000	14,890	2,890
Hazardous Material Spill Cleanup	10,000	10,000	9,312	(688)
Household Waste - Private Vehicle Charge	400,000	400,000	498,187	98,187
Inmate Fees for Medical Services	4,300	4,300	4,108	(192)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
Inspections	25,000	25,000	289	(24,711)
Mechanical Investigation Fees	250	250	750	500
Mechanical Reinspection Fee	700	700	650	(50)
Mechanical Violation Fee	500	500	-	(500)
Miscellaneous Revenue - Planning & Zoning	2,000	2,000	-	(2,000)
Miscellaneous Revenue - Sheriff's Office	74,000	74,000	67,827	(6,173)
Noxious Weed	3,000	3,000	5,508	2,508
Onsite Inspection Fees	-	-	70	70
Overtime Reimbursements - Sheriff	350,000	350,000	400,582	50,582
Percolation Tests	20,000	20,000	23,576	3,576
Photographs	300	300	-	(300)
Plumbing Reinspection Fees	800	800	800	-
Police Reports	9,400	9,400	13,986	4,586
Public Swimming Pool & Spa Permit	16,000	16,000	19,800	3,800
Publication/Ad Charges	-	-	10,800	10,800
Publications	100	100	5	(95)
Recycled Batteries	-	-	12,586	12,586
Recycled Scrap Metal	50,000	50,000	101,039	51,039
Recycling Revenue - Misc.	-	-	5,487	5,487
Reproduction	4,200	4,200	2,797	(1,403)
Sale of Compost - Scarboro	22,000	22,000	40,505	18,505
Sale of Mulch - Scarboro	65,000	65,000	74,317	9,317
Sanitation Construction Permit Fee	6,000	6,000	15,264	9,264
Sanitation Permits	7,000	7,000	8,500	1,500
Sheriff's Fees	330,000	330,000	382,179	52,179
Sheriff's Licenses	10,000	10,000	8,715	(1,285)
Site Plans	10,000	10,000	6,544	(3,456)
Social Security Payments - Inmates	24,000	24,000	29,000	5,000
Subdivision Plans	30,000	30,000	14,883	(15,117)
Subdivision Plat Review	6,600	6,600	6,700	100
Tax Lien Certification	240,000	240,000	248,575	8,575
Tax Lien Filing Fees	1,500	1,500	1,155	(345)
Tax Sale Auctioneer Fees	4,000	4,000	5,420	1,420
Technical Review	75,000	75,000	77,102	2,102
Telephone Service	20,800	20,800	14,768	(6,032)
Tipping Fee Landfill	8,300,000	8,300,000	9,855,594	1,555,594
Tire Disposal Fees	1,100	1,100	644	(456)
Training Academy - Sheriff's Office	-	-	8,910	8,910
Weekend Prisoner Revenue	104,100	104,100	105,373	1,273
Well Sampling	16,000	16,000	23,440	7,440
Work Release Revenue	75,000	75,000	46,461	(28,539)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
WTE - Renewable Energy Credits	-	-	434,733	434,733
Zoning Appeals	25,000	25,000	24,668	(332)
Zoning Certificates	5,000	5,000	4,180	(820)
Zoning Reclass Fee	500	500	400	(100)
Total Charges for Current Services	11,428,550	11,428,550	14,046,032	2,617,482
MISCELLANEOUS				
Edgewood Community Center	13,500	13,500	14,563	1,063
Grant Unemployment	45,000	45,000	53,508	8,508
Interest on Miscellaneous Invoices	6,100	6,100	7,978	1,878
Miscellaneous Revenue	622,447	622,447	203,507	(418,940)
Over and Short	21,500	21,500	26,823	5,323
Parole and Probation	2,300	2,300	-	(2,300)
Postage	217,000	217,000	201,554	(15,446)
Pro Rata Charges - Highways	2,554,959	2,554,959	2,554,959	-
Pro Rata Charges - Parks and Recreation	68,901	68,901	68,901	-
Pro Rata Charges - Water and Sewer	2,622,000	2,622,000	2,622,000	-
Pro Rata Charges - Self Insurance	203,043	203,043	203,043	-
Recovery from Capital Projects	500,000	500,000	174,143	(325,857)
Reimbursement of AG Credits	1,200,000	1,200,000	1,195,714	(4,286)
Rental Income	230,000	230,000	263,683	33,683
Sale of Building	-	-	49,000	49,000
Sale of Equipment	16,000	16,000	59,496	43,496
Sale of Land	-	-	91,000	91,000
Sale of Vehicles	100,000	100,000	183,309	83,309
Total Miscellaneous	8,422,750	8,422,750	7,973,181	(449,569)
LICENSES AND PERMITS				
Auctioneers Licenses	6,000	6,000	6,200	200
Beer, Wine and Liquor Licenses	8,000	8,000	-	(8,000)
Building Inspection Services	40,000	40,000	114,014	74,014
Building Penalty	1,500	1,500	1,750	250
Building Permits	500,000	500,000	427,186	(72,814)
Cable TV	2,350,000	2,350,000	2,457,622	107,622
Dog Licenses	40,000	40,000	23,430	(16,570)
Electrical Board of Examiners	30,000	30,000	33,390	3,390
Electrical Penalty	1,400	1,400	3,250	1,850
Electrical Permits	480,000	480,000	400,804	(79,196)
Forest Harvest Permit	1,200	1,200	2,100	900
Kennel Licenses	1,200	1,200	1,750	550

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
<u>LICENSES AND PERMITS (continued)</u>				
Marriage Licenses	8,000	8,000	7,865	(135)
Marriage Licenses/Spouse Abuse	44,000	44,000	53,167	9,167
Massage Establishment Licenses	-	-	175	175
Mechanical Licenses	9,000	9,000	25,115	16,115
Mechanical Permits	225,000	225,000	261,818	36,818
Mobile Home Park Licenses	10,000	10,000	11,820	1,820
Pawnbrokers Licenses	600	600	600	-
Pet Shop/Grooming Licenses	1,000	1,000	1,100	100
Plumbing Licenses	45,000	45,000	39,970	(5,030)
Plumbing Permits	325,000	325,000	362,379	37,379
Refuse Licenses	7,600	7,600	11,700	4,100
Solicitors Licenses	2,000	2,000	2,421	421
Taxi Cab Licenses	3,100	3,100	2,730	(370)
Towing Licenses	4,700	4,700	4,800	100
Traders Licenses	230,000	230,000	237,479	7,479
	<u>4,374,300</u>	<u>4,374,300</u>	<u>4,494,635</u>	<u>120,335</u>
Total Licenses and Permits				
<u>FINES AND FORFEITURES</u>				
Court Fines	30,000	30,000	80,915	50,915
Dog License Fines	9,000	9,000	3,391	(5,609)
Parking Fines	20,000	20,000	16,600	(3,400)
Parking Fines - County Lots	10,200	10,200	32,323	22,123
	<u>69,200</u>	<u>69,200</u>	<u>133,229</u>	<u>64,029</u>
Total Fines and Forfeitures				
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	4,600,000	9,955,736	-	(9,955,736)
Operating Transfers In				
Grants	400,000	400,000	2,020,332	1,620,332
Capital Project	18,000,000	18,000,000	18,000,000	-
	<u>18,400,000</u>	<u>18,400,000</u>	<u>20,020,332</u>	<u>1,620,332</u>
Total Operating Transfers In				
Premium on Issuance of Bonds	-	-	3,620,544	3,620,544
	<u>23,000,000</u>	<u>28,355,736</u>	<u>23,640,876</u>	<u>(4,714,860)</u>
Total Other Financing Sources				
Total Revenues and Other Financing Sources	\$ <u>543,100,000</u>	\$ <u>548,455,736</u>	\$ <u>551,420,087</u>	\$ <u>2,964,351</u>

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 156,570	\$ 162,292	\$ 137,930	\$ 24,362
County Council Office	1,301,849	1,310,360	1,178,230	132,130
Harford Cable Network	780,613	788,035	727,660	60,375
Office of County Attorney	291,334	291,334	196,229	95,105
Office of County Auditor	449,165	449,165	423,808	25,357
	<hr/>	<hr/>	<hr/>	<hr/>
Total County Council	2,979,531	3,001,186	2,663,857	337,329
	<hr/>	<hr/>	<hr/>	<hr/>
GENERAL GOVERNMENT				
Office of the County Executive	739,045	745,725	676,561	69,164
Director of Administration				
Budget & Management Research	530,243	557,299	542,103	15,196
Central Services	651,606	633,155	530,497	102,658
Citizen Affairs & Administrative Services	586,235	684,443	445,622	238,821
Director of Administration	617,723	623,230	505,927	117,303
Facilities & Operations	4,829,983	4,944,122	4,676,855	267,267
Efficiency & Innovation	262,097	266,142	247,999	18,143
Department of Procurement				
Procurement Operations	778,209	791,686	716,847	74,839
Property Management	3,507,083	3,525,087	3,419,615	105,472
Department of the Treasury				
Bureau of Accounting	1,833,273	1,883,671	1,644,382	239,289
Bureau of Revenue Collections	941,645	965,614	853,831	111,783
Office of the Treasurer	737,079	762,474	755,641	6,833
Department of Law				
Department of Law	1,951,424	2,024,676	1,811,302	213,374
Risk Management	121,611	127,444	102,261	25,183
Department of Planning & Zoning				
Comprehensive Planning and Special Projects	1,122,788	1,175,874	1,005,846	170,028
Current Planning	1,852,811	1,924,367	1,868,520	55,847
Director of Planning & Zoning	621,415	621,415	496,885	124,530
Department of Personnel				
Human Resources	903,985	925,407	880,273	45,134
Personnel Matters	1,003,250	2,005,250	1,848,524	156,726
Office of Government & Community Relations	569,213	479,145	383,512	95,633
Office of Information and Communication Technology	8,320,490	8,398,104	8,228,839	169,265
Elections				
Board of Elections	1,003,855	1,101,799	1,063,719	38,080
Election Expense	1,397,380	1,299,436	508,646	790,790

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>GENERAL GOVERNMENT (continued)</u>				
Economic Development				
Office of Economic Development	1,685,819	1,711,855	1,586,749	125,106
Harford Transit	577,186	584,788	419,928	164,860
Tourism & Marketing	1,830,000	1,830,000	1,684,000	146,000
Benefits	7,462,391	7,462,391	7,418,176	44,215
Insurance	748,098	748,098	748,098	-
Miscellaneous				
Appropriations to Towns	3,312,815	3,312,815	3,312,815	-
Appropriations to State	1,120,000	1,120,000	1,009,291	110,709
Contingency Reserve	100,000	100,000	-	100,000
Humane Society	800,000	800,000	800,000	-
	<u>52,518,752</u>	<u>54,135,512</u>	<u>50,193,264</u>	<u>3,942,248</u>
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Harford County Public Schools	238,715,645	238,715,645	238,715,645	-
Harford Community College	16,411,612	16,411,612	16,411,612	-
	<u>255,127,257</u>	<u>255,127,257</u>	<u>255,127,257</u>	<u>-</u>
<u>HARFORD CENTER</u>				
	<u>553,036</u>	<u>553,036</u>	<u>553,036</u>	<u>-</u>
<u>JUDICIAL</u>				
Circuit Court	1,698,821	1,754,003	1,654,298	99,705
Community Work Service	321,193	330,163	328,304	1,859
Family Court Services Division	577,130	606,313	602,778	3,535
Family Justice Center	344,102	356,808	301,685	55,123
Grand Jury	13,040	13,040	11,604	1,436
Jury Commissioner	259,063	263,750	252,024	11,726
Jury Services	277,300	240,467	218,445	22,022
Masters	197,843	200,932	181,573	19,359
State's Attorney	5,409,866	5,572,378	5,094,503	477,875
	<u>9,098,358</u>	<u>9,337,854</u>	<u>8,645,214</u>	<u>692,640</u>
<u>LIBRARIES</u>				
	<u>17,100,985</u>	<u>17,100,985</u>	<u>17,100,985</u>	<u>-</u>

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Parks and Facilities	5,770,188	5,878,045	5,327,484	550,561
Parks & Recreation Administration	842,199	862,747	861,287	1,460
Recreational Services	2,659,322	2,747,466	2,477,248	270,218
Conservation of Natural Resources				
Extension Service	245,256	245,256	244,263	993
Soil Conservation	483,199	495,763	468,471	27,292
	<u>10,000,164</u>	<u>10,229,277</u>	<u>9,378,753</u>	<u>850,524</u>
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Administration	11,125,185	11,652,895	11,428,873	224,022
Correctional Services	24,121,726	24,637,689	23,279,066	1,358,623
Court Services	6,230,100	6,476,163	6,137,102	339,061
Criminal Investigation	8,087,651	8,377,407	8,327,477	49,930
Inmate Welfare Fund	893,286	893,286	670,235	223,051
Patrol Operations	25,709,529	26,607,455	25,455,362	1,152,093
Department of Inspections, Licenses and Permits				
Building Services	1,048,134	1,070,626	983,538	87,088
Director of DILP	740,884	757,325	681,475	75,850
Electrical Services	656,863	681,169	671,830	9,339
Plumbing Services	589,366	604,090	573,476	30,614
Emergency Operations				
Administration	4,722,524	4,975,861	4,878,381	97,480
Emergency Medical Services	501,308	556,308	474,564	81,744
HAZMAT Response Team	431,623	444,623	353,851	90,772
Natural Disasters	-	100,000	-	100,000
Rescue Support	145,078	145,078	127,328	17,750
Special Operations & Technical Services & Support	2,307,158	2,342,652	2,299,631	43,021
Volunteer Fire Companies	6,774,642	6,774,642	6,729,408	45,234
911 Emergency Communications	6,658,083	6,703,793	6,429,622	274,171
	<u>100,743,140</u>	<u>103,801,062</u>	<u>99,501,219</u>	<u>4,299,843</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, 2018
(continued)

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	Exhibit C-2 VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
<u>PUBLIC WORKS</u>				
Department of Public Works				
Bureau of Environmental Affairs	156,642	170,822	170,819	3
Bureau of Solid Waste Management	5,151,690	4,938,502	4,938,501	1
Capital Projects Management	737,342	756,038	689,187	66,851
Closed Landfills - Post Closure Costs	176,600	176,600	176,600	-
Stormwater Management	1,442,441	1,507,285	1,445,001	62,284
Transfer Station	9,425,000	9,632,590	9,632,590	-
Total Public Works	<u>17,089,715</u>	<u>17,181,837</u>	<u>17,052,698</u>	<u>129,139</u>
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director - Community Services	1,624,848	1,644,382	1,571,850	72,532
Office of Drug Control	1,115,733	1,133,916	1,031,050	102,866
Office on Aging	1,535,350	1,580,699	1,412,787	167,912
ARC Northern Chesapeake Region	1,745,694	1,745,694	1,745,694	-
Housing Agency Services	1,219,579	1,235,181	973,514	261,667
Health Department	3,728,318	3,728,318	3,728,313	5
Total Social Services	<u>10,969,522</u>	<u>11,068,190</u>	<u>10,463,208</u>	<u>604,982</u>
<u>DEBT SERVICE</u>				
Debt Service - Principal	34,356,079	34,365,056	34,365,055	1
Debt Service - Interest	18,514,596	18,505,619	18,414,006	91,613
Debt Service - Administration Costs	640,000	640,000	263,219	376,781
Total Debt Service	<u>53,510,675</u>	<u>53,510,675</u>	<u>53,042,280</u>	<u>468,395</u>
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Grant	3,803,530	3,803,530	3,803,530	-
Capital Project	9,605,335	9,605,335	9,555,335	50,000
Total Other Financing Uses	<u>13,408,865</u>	<u>13,408,865</u>	<u>13,358,865</u>	<u>50,000</u>
Total Expenditures and Other Financing Uses	<u>\$ 543,100,000</u>	<u>\$ 548,455,736</u>	<u>\$ 537,080,636</u>	<u>\$ 11,375,100</u>

Special Revenue Fund

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
TAXES				
Business Personal Property/Current Year	\$ 49,500	\$ 49,500	\$ 62,855	\$ 13,355
Business Personal Property/Prior Years	1,500	1,500	(2,455)	(3,955)
Corporate Property/Current Year	1,750,000	1,750,000	2,149,072	399,072
Corporate Property/Prior Years	(100,000)	(100,000)	(85,443)	14,557
Interest on Delinquent Taxes	125,000	125,000	140,411	15,411
Payment in Lieu of Taxes	250,000	250,000	205,966	(44,034)
Penalty	115,000	115,000	128,326	13,326
Railroad and Public Utilities/Current Year	1,700,000	1,700,000	2,051,559	351,559
Railroad and Public Utilities/Prior Years	(50,000)	(50,000)	(32)	49,968
Real Property-Full Year Levy/Current Year	33,867,000	33,867,000	33,581,255	(285,745)
Real Property-Full Year Levy/Prior Years	(25,000)	(25,000)	(22,565)	2,435
Real Property-Half Year Levy/Current Year	110,000	110,000	54,161	(55,839)
Real Property-Half Year Levy/Prior Years	(2,000)	(2,000)	(3,082)	(1,082)
	<u>37,791,000</u>	<u>37,791,000</u>	<u>38,260,028</u>	<u>469,028</u>
Less: Tax Credits and Uncollectibles				
AG Preservation Tax Credit	(200,000)	(200,000)	(199,318)	682
Enterprise Zone Tax Credits	(150,000)	(150,000)	(110,996)	39,004
Discount Allowed	(250,000)	(250,000)	(280,738)	(30,738)
Homeowner's Tax Credit - County	(35,500)	(35,500)	(37,880)	(2,380)
Community Association Credit	(700)	(700)	(684)	16
Conservation Land Tax Credit	(400)	(400)	(285)	115
Historical Tax Credit	(100)	(100)	(125)	(25)
Homestead Tax Credit - County	(18,000)	(18,000)	(17,100)	900
Landfill Proximity Credit	(8,800)	(8,800)	(9,066)	(266)
Solar Energy Credit	(66,000)	(66,000)	(65,833)	167
Surviving Spouse -Falling Hero Credit	(500)	(500)	(849)	(349)
Habitat For Humanity Credit	(500)	(500)	(535)	(35)
Uncollectible Property Taxes	(25,000)	(25,000)	40,570	65,570
	<u>(755,500)</u>	<u>(755,500)</u>	<u>(682,839)</u>	<u>72,661</u>
Total Taxes	<u>37,035,500</u>	<u>37,035,500</u>	<u>37,577,189</u>	<u>541,689</u>
REVENUES FROM OTHER AGENCIES				
BRAC Zone Incentive	150,000	150,000	-	(150,000)
DNR Parks Pilot	-	-	19,814	19,814
Highways Users Tax	2,015,000	2,015,000	2,029,307	14,307
Total Revenues from Other Agencies	<u>2,165,000</u>	<u>2,165,000</u>	<u>2,049,121</u>	<u>(115,879)</u>
INVESTMENT INCOME				
	<u>44,000</u>	<u>44,000</u>	<u>299,830</u>	<u>255,830</u>

(continued)

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018

(continued)

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES</u>				
Auto Maintenance - Contract	40,000	40,000	54,979	14,979
Auto Maintenance - Non-Contract	10,000	10,000	10,806	806
Design Review	1,000	1,000	-	(1,000)
Fuel Charges - County	1,000,000	1,000,000	216,332	(783,668)
Inspections	100,000	100,000	147,944	47,944
Onsite Inspection Fees	125,000	125,000	96,950	(28,050)
Recycled Scrap Metal	3,000	3,000	3,330	330
Reproduction	100	100	125	25
Road Access Permit Fees	15,000	15,000	19,495	4,495
Sale of Plans and Specs	200	200	-	(200)
Signs and Linestriping	30,000	30,000	30,903	903
Technical Review	17,000	17,000	9,063	(7,937)
Utility Permit Fees	70,000	70,000	30,900	(39,100)
	<u>1,411,300</u>	<u>1,411,300</u>	<u>620,827</u>	<u>(790,473)</u>
Total Charges for Current Services				-
<u>MISCELLANEOUS</u>				
Director of DPW - Stormwater	8,991	8,991	8,991	-
Director of DPW - Water and Sewer	180,716	180,716	180,716	-
Fleet Lease Revenue	10,000	10,000	3,243	(6,757)
Fuel Charges	3,000,000	3,000,000	1,880,015	(1,119,985)
Interest on Miscellaneous Invoices	5,000	5,000	3,439	(1,561)
Miscellaneous Revenue	49,493	49,493	86,216	36,723
Recovery from Capital Projects	1,000,000	1,000,000	812,140	(187,860)
Reimbursement from Other Departments	50,000	50,000	27,129	(22,871)
Reimbursement of AG Credit	200,000	200,000	199,318	(682)
Sale of Property - Vehicles	10,000	10,000	274,089	264,089
Vehicle Maintenance - Contract	2,300,000	2,300,000	2,607,224	307,224
Vehicle Maintenance - Non Contract	700,000	700,000	694,271	(5,729)
	<u>7,514,200</u>	<u>7,514,200</u>	<u>6,776,791</u>	<u>(737,409)</u>
Total Miscellaneous				
<u>FINES AND FORFEITURES</u>				
Vegetation Violations	30,000	30,000	41,484	11,484
	<u>30,000</u>	<u>30,000</u>	<u>41,484</u>	<u>11,484</u>
Total Fines and Forfeitures				
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	-	652,641	-	(652,641)
Premium on Issuance of Bonds	-	-	77,079	77,079
	<u>-</u>	<u>652,641</u>	<u>77,079</u>	<u>(575,562)</u>
Total Other Financing Sources				
Total Special Revenue Fund Revenues and Other Financing Sources	\$ <u>48,200,000</u>	\$ <u>48,852,641</u>	\$ <u>47,442,321</u>	\$ <u>(1,410,320)</u>

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2018

Exhibit D-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC WORKS</u>				
Benefits	\$ 1,480,417	\$ 1,480,417	\$ 835,339	\$ 645,078
Bureau of Construction Management	1,732,690	1,787,165	1,678,963	108,202
Bureau of Highways Engineering	2,320,064	2,424,962	2,290,572	134,390
Bureau of Highway's Maintenance	20,046,425	20,494,163	19,441,709	1,052,454
Contingency	200,000	200,000	-	200,000
Director of Public Works	288,629	300,736	291,380	9,356
Fleet Management	8,752,821	8,756,244	5,817,514	2,938,730
Personnel Matters	215,271	315,271	203,164	112,107
Snow Removal	2,274,888	2,204,888	2,165,278	39,610
Insurance	178,306	178,306	178,306	-
Total Public Works	<u>37,489,511</u>	<u>38,142,152</u>	<u>32,902,225</u>	<u>5,239,927</u>
<u>DEBT SERVICE</u>				
Principal	595,144	595,154	595,150	4
Interest	387,106	387,096	383,385	3,711
Administrative Costs	30,000	30,000	5,333	24,667
Total Debt Service	<u>1,012,250</u>	<u>1,012,250</u>	<u>983,868</u>	<u>28,382</u>
<u>OTHER FINANCING USES</u>				
Transfers Out-Capital Projects	<u>9,698,239</u>	<u>9,698,239</u>	<u>9,698,239</u>	<u>-</u>
 Total Expenditures and Other Financing Uses	 <u>\$ 48,200,000</u>	 <u>\$ 48,852,641</u>	 <u>\$ 43,584,332</u>	 <u>\$ 5,268,309</u>

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balance
Budget Basis (Non-GAAP) vs. Actual
Parks and Recreation Special Revenue Fund
For The Year Ended June 30, 2018

Exhibit D-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 1,000	\$ 1,000	\$ 2,542	\$ 1,542
Charges for Current Services	854,000	854,000	778,385	(75,615)
Miscellaneous	-	-	1,433	1,433
Total Revenues	<u>855,000</u>	<u>855,000</u>	<u>782,360</u>	<u>(72,640)</u>
EXPENDITURES				
Parks, Recreation and Natural Resources	890,000	899,306	698,382	200,924
Total Expenditures	<u>890,000</u>	<u>899,306</u>	<u>698,382</u>	<u>200,924</u>
Excess of Revenues Over Expenditures	<u>(35,000)</u>	<u>(44,306)</u>	<u>83,978</u>	<u>128,284</u>
OTHER FINANCING SOURCES				
Appropriated Fund Balance	110,000	119,306	-	(119,306)
Transfers (Out)	(75,000)	(75,000)	(75,000)	-
Total Other Financing Sources (Uses)	<u>35,000</u>	<u>44,306</u>	<u>(75,000)</u>	<u>(119,306)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	8,978	<u>\$ 8,978</u>
Fund Balance - Beginning			201,112	
Prior Year Encumbrances Cancelled			<u>724</u>	
Fund Balance - Ending			<u>\$ 210,814</u>	

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balance
Budget Basis (Non-GAAP) vs. Actual
Stormwater Management Fund
For The Year Ended June 30, 2018

Exhibit D-4

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,075,000	\$ 2,075,000	\$ 2,552,222	\$ 477,222
Revenue from Other Agencies	4,000	4,000	4,000	-
Investment Income	8,500	8,500	65,137	56,637
Total Revenues	2,087,500	2,087,500	2,621,359	533,859
 EXPENDITURES				
Public Works	1,324,500	1,324,500	-	1,324,500
Total Expenditures	1,324,500	1,324,500	-	1,324,500
 Debt Service	263,000	263,000	236,774	26,226
 Excess of Revenues Over Expenditures	500,000	500,000	2,384,585	1,884,585
 OTHER FINANCING SOURCES				
Transfers (Out)	(500,000)	(500,000)	(500,000)	-
Premium on Issuance on Bonds	-	-	188,148	188,148
Total Other Financing Sources (Uses)	(500,000)	(500,000)	(311,852)	188,148
Net Change in Fund Balance	\$ -	\$ -	2,072,733	\$ 2,072,733
Fund Balance - Beginning			4,445,997	
Fund Balance - Ending			\$ 6,518,730	

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, 2018

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 1,127,000	\$ 1,127,000	\$ 1,664,599	\$ 537,599
Investment Income	2,000	2,000	22,701	20,701
Total Revenues	<u>1,129,000</u>	<u>1,129,000</u>	<u>1,687,300</u>	<u>558,300</u>
EXPENDITURES				
Debt Service	1,129,000	1,129,000	1,107,395	21,605
Total Expenditures	<u>1,129,000</u>	<u>1,129,000</u>	<u>1,107,395</u>	<u>21,605</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>579,905</u>	<u>579,905</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>579,905</u>	<u>\$ 579,905</u>
Fund Balance - Beginning			<u>2,160,752</u>	
Fund Balance - Ending			<u>\$ 2,740,657</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, 2018

Exhibit F-1

GENERAL COUNTY	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Reforestation Proceeds	\$ 680,000	\$ 368,247	\$ 311,753
Facilities Repair Program	23,062,301	18,764,120	4,298,181
* Treasury Computer Enhancements	175,000	174,460	540
Watershed Restoration/Improvements 2006	1,528,228	1,051,645	476,583
County Facility System Security Access/Fuel Dispensing	1,415,000	854,715	560,285
Site Acquisition	23,757,761	18,504,941	5,252,820
Stormwater Enhancement	815,000	616,151	198,849
Woodbridge Retrofit & Stream Restoration	1,020,000	893,832	126,168
Sunnyview Stream Restoration	1,992,220	260,229	1,731,991
Courthouse Building Repairs	7,034,900	5,319,517	1,715,383
Reforestation Proceeds-Critical Area	100,000	65,315	34,685
Watershed Stream Assessment Studies	1,065,000	1,045,443	19,557
Wheel Creek Watershed Restoration	6,689,607	5,803,966	885,641
* Citizens Care Center	2,000,000	1,998,599	1,401
Humane Society	7,050,000	6,441,706	608,294
Safeguarding Business Operations	15,075,400	12,695,877	2,379,523
Bynum Run at St Andrews Way Stream Restoration	2,197,026	1,871,687	325,339
Fleet Replacement	9,040,000	8,231,568	808,432
Refresh Program	2,935,000	2,747,949	187,051
Joppatowne Area Watershed Restoration	3,500,000	1,852,953	1,647,047
Plumtree Run Watershed Restoration	4,743,452	2,188,955	2,554,497
Sams Branch Watershed Restoration	2,272,922	399,351	1,873,571
Stormwater Pollution Prevention	881,395	634,264	247,131
HMAN (Harford County Metro Area Network)	16,200,000	14,479,094	1,720,906
* Bel Air Parking Garage	593,838	565,438	28,400
* Countywide Facilities Master Plan Study	1,915,575	1,915,575	-
Efficiency Capital Investment Projects	1,030,000	384,981	645,019
GIS	250,000	226,099	23,901
Lily Run Watershed Restoration	725,000	86,445	638,555
Repairs to 45 South Main Street Building	100,000	99,489	511
45 South Main-Add Emergency Power System	600,000	490,323	109,677
* Hosanna School	221,862	221,862	-
Underground/Aboveground Storage Tank Management	605,000	530,032	74,968
Maintenance/Repair of Dams	1,705,000	526,754	1,178,246
MD 924 Small Area Corridor Plan	300,000	214,873	85,127
Havre de Grace Opera House Renovations	500,000	250,000	250,000
* Automated External Defibrillators (AED's)	20,000	19,990	10
Riverside Area Watershed Restoration	2,710,886	276,448	2,434,438

(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, 2018

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY (continued)			
Board of Education-Debt Service	16,600,000	16,600,000	-
Fleet Maintenance Facility	1,267,000	1,005,509	261,491
Harford County Agricultural Research and Exposition Center	650,000	150,344	499,656
Voting Equipment	200,000	-	200,000
County Owned Watershed Restoration Improvements	7,375,000	3,566,599	3,808,401
Watershed Restoration Assessment	3,900,000	2,487,538	1,412,462
Watershed Restoration Improvements	1,700,000	521,820	1,178,180
Watershed Restoration	260,000	106,915	153,085
Aberdeen Library Roof and Windows	388,000	388,000	-
Board of Education-Debt Service	17,800,000	17,800,000	-
Septic System Disconnection	100,000	-	100,000
Board of Education-Debt Service	18,000,000	18,000,000	-
Edgewood Library Roof Replacement	221,400	154,000	67,400
Harford Cable Network High Definition Upgrade	250,000	10,512	239,488
County Owned Stormwater Management Rehabilitation and Repair	50,000	-	50,000
Upper Bynum Run Watershed Restoration Improvements	550,000	-	550,000
Maintenance/Repair of Dams	895,000	679,527	215,473
Total General County	216,713,773	174,543,657	42,170,116
EDUCATION			
Fire Alarm/Emergency Communications	1,137,000	663,425	473,575
Furniture & Equipment	955,000	754,950	200,050
* Joppatowne Elementary Modernization	13,533,863	11,811,863	1,722,000
* Deerfield Elementary Modernization/Replacement	22,411,417	21,791,417	620,000
School Buses Fiscal Year 2002	9,993,197	9,540,402	452,795
Athletic Fields Repair/Renovations	377,000	329,939	47,061
* New High School/Middle School	60,290,463	56,890,463	3,400,000
* North Harford Middle School Water System	255,014	255,014	-
Aberdeen High School North/Center For Career Opportunity	665,000	567,053	97,947
Backflow Prevention	450,000	339,509	110,491
Security Cameras	1,125,000	697,988	427,012
Integrated Business Systems	403,000	392,126	10,874
New Elementary Capital/Vale Rd/Red Pump Elementary	29,330,080	28,080,080	1,250,000
Textbook Refresh (Math)	6,210,000	2,399,771	3,810,229
ADA Improvements	800,000	288,522	511,478
HVAC Major Repairs	6,864,095	4,934,687	1,929,408
Edgewood High School Replacement	83,581,790	81,889,203	1,692,587
Roofing Replacement	1,236,530	1,026,096	210,434
Youth's Benefit Elementary School	38,126,866	36,946,257	1,180,609
Homestead Wakefield Elementary School Modernization	133,454	32,454	101,000

(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, 2018

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
EDUCATION (continued)			
Relocatable Classrooms	1,323,000	188,000	1,135,000
Septic Pre-Treatment for Code Upgrade	2,167,926	842,513	1,325,413
* William Paca Elementary School Air Conditioning	3,954,184	3,954,184	-
* Jarrettsville Elementary School Air Conditioning	2,935,943	2,935,943	-
* Magnolia Middle School HVAC	3,379,595	3,379,595	-
* Havre de Grace High School Field Facilities	308,886	308,886	-
Building Envelope Improvements	200,000	200,000	-
* Edgewood Middle School Computer Lab	78,217	78,217	-
Energy Efficiency Initiative Projects	114,316	-	114,316
Fallston High School HVAC Project	7,673,940	7,587,398	86,542
Havre de Grace High School Replacement	31,700,000	5,550,700	26,149,300
Joppatowne High School Systemic Project	7,400,000	-	7,400,000
Music Equipment Refresh Program	50,000	47,525	2,475
* Music Technology Lab	150,000	150,000	-
* Norrisville Elementary School HVAC	1,507,610	1,507,610	-
Playground Equipment	350,000	343,549	6,451
* Stadium Upgrades-Joppatowne High School	267,773	267,773	-
Aberdeen High School Stadium/Weight Room Upgrades	1,600,000	1,600,000	-
Security Initiative	640,000	638,669	1,331
Darlington Elementary School Comprehensive HVAC	1,449,948	1,289,934	160,014
* Dublin Elementary School Comprehensive HVAC	1,823,916	1,823,916	-
North Harford Middle School Domestic Water Improvement	1,000,000	190,626	809,374
Ring Factory Elementary School HVAC	470,000	470,000	-
Technology Infrastructure	3,758,217	3,620,696	137,521
* Fallston High School Autism Renovation	249,602	249,602	-
Center for Educational Opportunity-Air Conditioning	2,200,000	2,135,616	64,384
* Churchville Elementary School Roof Replacement	283,994	283,994	-
Prospect Mill Elementary School HVAC	2,294,000	2,274,218	19,782
Technology Education Lab Refresh	250,000	46,637	203,363
Riverside Elementary School HVAC Systemic Renovation	4,716,000	3,598,254	1,117,746
Roof Replacement Joppatowne High School	1,115,000	879,207	235,793
William Paca/Old Post Elementary School Open Space Enclosure	1,261,000	1,243,036	17,964
William S. James Elementary School Open Space Enclosure	691,000	691,000	-
Bel Air Elementary HVAC Systemic Renovation and Open Space Enclosure	3,970,000	495,618	3,474,382
North Harford High School Aquaculture Lab and Greenhouse	830,000	94,043	735,957
Swimming Pool Renovations	600,887	371,273	229,614
Roof Replacement-North Harford Elementary School	495,000	17,540	477,460
North Harford High School Modernization	31,873,132	31,795,981	77,151
Bel Air High School Modernization/Replacement	78,185,348	78,185,348	-
Total Education	481,197,203	418,968,320	62,228,883

(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, 2018

(continued)

Exhibit F-1

	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
FIRE/SAFETY			
* Fire, EMS & Law Enforcement CAD	2,450,000	2,450,000	-
Computer Equipment/Networks	2,241,742	2,204,325	37,417
New Emergency Operations Center Complex	43,294,525	34,947,531	8,346,994
* 700 Mhz Wireless Radio System Equipment	21,693,992	21,547,136	146,856
* Bel Air Substation at Patterson Mill	2,868,400	2,868,400	-
* Norrisville Station	875,000	875,000	-
Public Safety Communication in School Buildings	550,000	282,893	267,107
Joppa Magnolia Fire Station Expansion	700,000	31,950	668,050
TRT Equipment	160,000	55,559	104,441
Volunteer Fire Company Facility Repair	1,500,000	1,481,226	18,774
911 State Fee Fund	300,000	209,939	90,061
SCBA Replacement	750,000	-	750,000
Mobile/Portable Radio Upgrades	150,000	65,897	84,103
Whiteford Volunteer Fire Company-Renovation of Main Station	350,000	350,000	-
Total Fire/Safety	<u>77,883,659</u>	<u>67,369,856</u>	<u>10,513,803</u>
COMMUNITY COLLEGE			
New Allied Health and Nursing Building	7,891,000	7,891,000	-
Edgewood Hall Renovations	3,772,000	3,464,575	307,425
Fallston Hall Renovations	278,000	268,641	9,359
Total Community College	<u>11,941,000</u>	<u>11,624,216</u>	<u>316,784</u>
LIBRARY			
Jarrettsville Library	5,884,000	5,841,309	42,691
Whiteford Library Expansion	4,238,200	4,238,200	-
* Aberdeen Library Feasibility Study	46,360	46,360	-
Darlington Feasibility Study	56,000	33,845	22,155
Havre de Grace Library Expansion	9,020,000	8,939,715	80,285
Technology	759,100	709,645	49,455
Joppa Branch-Centralized Dehumidification	100,000	100,000	-
Total Library	<u>20,103,660</u>	<u>19,909,074</u>	<u>194,586</u>
LANDFILL			
Tollgate Landfill Gas System	1,034,679	1,033,830	849
Harford County Waste Disposal Center Compost Area Facilities	525,000	31,045	493,955
Harford Waste Disposal Center Landfill Capping	9,320,000	8,463,802	856,198
Former Spencers Landfill Closure	6,700,000	5,096,253	1,603,747
Full Cost Accounting Study	300,000	300,000	-
Waste to Energy Facility Closure	6,113,753	3,038,207	3,075,546
HWDC Pavement Upgrades	400,000	-	400,000

(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, 2018

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
LANDFILL (continued)			
Tollgate Yard Trim Recycling Center 15	975,081	25,000	950,081
Environmental Studies	1,440,900	1,233,209	207,691
Scarboro Landfill Groundwater Treatment Plant	250,000	20,309	229,691
Future Expansion	20,970,353	20,365,828	604,525
Total Landfill	48,029,766	39,607,483	8,422,283
PARKS and RECREATION			
* Smith Property/Edgeley Grove	4,350,000	3,253,269	1,096,731
Churchville Complex Development	8,556,830	8,150,355	406,475
Heavenly Waters Park	2,120,000	974,383	1,145,617
Shucks Road Regional Sports Complex	8,110,415	5,867,803	2,242,612
Athletic Field Improvements	12,400,000	10,967,699	1,432,301
Indoor Recreation Facility	1,474,000	1,113,794	360,206
Joppatowne Area Dredging	1,090,000	636,050	453,950
Tudor Hall Rehabilitation	550,000	265,491	284,509
Bleacher Renovations	430,000	155,697	274,303
Darlington Park Development	1,895,000	1,484,774	410,226
Mariner Point Park Renovations	361,000	107,399	253,601
Nuttal Avenue Park Development	500,000	72,082	427,918
* Broad Creek Boat Launch Ramp	679,000	397,069	281,931
Cedar Lane Sports Complex Improvements	2,261,000	1,133,334	1,127,666
Churchville Center Renovations	575,000	327,603	247,397
Eden Mill Park Rehabilitation	955,000	700,692	254,308
Facility Renovations	1,205,000	871,906	333,094
Natural Turf Improvements	1,240,000	595,453	644,547
Park Improvements	780,000	500,030	279,970
Park Land Acquisition	6,356,000	2,260,499	4,095,501
Playground Equipment	2,030,000	947,757	1,082,243
Anita C. Leight Center Improvements	755,000	457,088	297,912
Emmorton Rec and Tennis Center Improvements	985,000	466,333	518,667
Tennis/Multipurpose Courts	740,000	739,947	53
Equestrian Center Improvements	325,000	287,678	37,322
Backstop Renovations	270,000	16,607	253,393
Emily Bayliss Graham Park	1,775,000	297,265	1,477,735
Gunpowder River Dredging	1,764,000	1,201,366	562,634
Jarrettsville Complex Restrooms	350,000	269,499	80,501
* Oakington Farms	1,900,000	475,100	1,424,900
Parking Lot Paving	749,000	635,533	113,467
Rockfield Park Improvements	170,000	15,728	154,272

(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, 2018

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS and RECREATION (continued)			
Trails and Linear Parks	4,100,000	666,454	3,433,546
Edgewood Rec and Community Center	100,000	46,044	53,956
Northern Regional Park	575,000	458,454	116,546
ADA Improvements	370,000	146,498	223,502
Debris-Derelict Boats	100,000	-	100,000
Disc Golf Course	50,000	47,176	2,824
* Fallston Maintenance Shop	50,000	50,000	-
Fallston Recreation Complex Improvements	325,000	325,000	-
* McFaul Activity Center	251,000	250,538	462
Robert Copenhaver Park Improvements	300,000	260,437	39,563
SWM Pond Repair and Renovation	450,000	178,430	271,570
* Abingdon Road Park	150,000	150,000	-
Enlarged Gymnasiums	1,200,000	600,000	600,000
Jarrettsville Recreation Center	510,775	-	510,775
* Liriodendron Improvements	10,000	-	10,000
Swan Harbor Farm Improvements	614,000	440,657	173,343
Canoe and Kayak Water Access	730,000	424,938	305,062
Flying Point Park Improvements	303,000	192,147	110,853
Francis Silver Park Improvements	425,000	-	425,000
Heavenly Waters Park-Soma	100,000	100,000	-
* Promenade Park	15,000	14,697	303
Harford Center for the Arts	50,000	-	50,000
Demarco Memorial Park Improvements	40,000	-	40,000
Tollgate Woodshop	25,000	2,870	22,130
Tydings Park Improvements	400,000	200,000	200,000
Bush River Dredging and DMP Site	100,000	90,878	9,122
East Baker Avenue Pedestrian Bridge	100,000	13,935	86,065
Edgeley Grove Farm	40,000	-	40,000
Facility Renovations	225,000	-	225,000
Forest Hill Recreation Complex Improvements	200,000	-	200,000
Fox Meadows Park Improvements	100,000	19,408	80,592
Gymnasium Floor Repair and Renovation	60,000	39,991	20,009
Park Improvements	80,000	-	80,000
Total Parks and Recreation	79,850,020	50,363,835	29,486,185
HIGHWAYS-ROADS			
Glen Elyn Culvert and Ponds Repair	392,500	392,500	-
Tollgate Road/West Ring Factory-Plumtree	7,423,439	2,371,536	5,051,903
Facilities Repair Program	1,007,000	891,990	115,010
Primrose Place	146,000	132,605	13,395

(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, 2018

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
Culvert Rehabilitation	4,375,000	4,352,507	22,493
Intersection Improvements	2,881,728	2,643,404	238,324
Village of Scot's Fancy-Starmount Lane	750,000	715,128	34,872
Shucks Road Improvements	437,192	137,192	300,000
Drainage Improvements	1,575,000	1,443,518	131,482
Fuel Dispensing System Upgrade	950,000	949,273	727
Storm Drain Rehabilitation	1,666,231	1,489,137	177,094
MD 152/Oakmont Road/Port Lane	400,732	117,666	283,066
Sidewalks and Handicapped Ramps	1,149,300	943,037	206,263
Traffic Calming and Road Safety Improvements	550,000	514,982	35,018
Safeguarding Business Operations	2,937,450	2,937,450	-
Schucks Road Culvert Replacement	80,000	23,824	56,176
Fleet Replacement	10,442,000	10,441,833	167
700 MHZ Wireless Radio System Equipment	1,600,000	1,600,000	-
Efficiency Capital Investment Project	155,000	90,515	64,485
Guardrails Fiscal Year 2013	625,000	620,724	4,276
HMAN (Harford County Metro Area Network)	930,000	929,952	48
New Roads and Storm Drains	2,625,000	1,402,376	1,222,624
Refresh Program	440,500	390,655	49,845
Resurfacing Roadways	6,661,509	6,661,509	-
Edwards Lane Culvert	5,000	-	5,000
Landis Circle-Foxborough Farm	350,000	259,694	90,306
Traffic Signals 15	109,601	-	109,601
Resurfacing Roadways	5,603,106	5,399,404	203,702
Resurfacing Roadways	5,292,842	4,728,658	564,184
APG Gate Pilot	2,000,000	363,669	1,636,331
Resurfacing Roadways	5,002,435	4,309,768	692,667
Chapel Road Improvements	225,000	169,821	55,179
Resurfacing Roadways	5,705,017	4,354,864	1,350,153
Fleet Maintenance Facility	155,000	-	155,000
Moore's Mill Road	10,363,088	6,779,366	3,583,722
Total Roads	85,011,670	68,558,557	16,453,113
HIGHWAYS-BRIDGES			
* Harford Creamery Road Bridge #104	1,628,322	1,474,681	153,641
Watervale Road Bridge #63	4,155,000	4,109,317	45,683
Bridge Inspection Program	3,640,000	3,511,341	128,659
Bridge Rehabilitation	2,850,000	2,850,000	-
Road and Bridge Scour Repairs	1,400,000	1,043,199	356,801
Snake Lane Bridge #31	1,095,000	254,514	840,486

(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, 2018

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-BRIDGES (continued)			
Carrs Mill Road Bridge	2,575,000	2,290,780	284,220
Glen Cove Road Bridge #156	150,000	150,000	-
Robinson Mill Road Bridge #154	1,685,000	351,198	1,333,802
Abingdon Road Bridge #169 Over CSX	1,330,000	585,834	744,166
* Jericho Road Bridge #3	1,518,729	218,729	1,300,000
Chestnut Hill Bridge #40	525,000	427,326	97,674
Phillips Mill Road Bridge #70	550,000	448,235	101,765
* Hess Road Bridge #82	1,252,311	804,716	447,595
Bridge Rehabilitation	950,000	874,592	75,408
Green Road Bridge #122	719,087	176,387	542,700
Bridge Painting	300,000	98,330	201,670
Fawn Grove Road Bridge #132	10,000	5,467	4,533
New Park Road Bridge #125	700,000	255,380	444,620
Stafford Road Bridge	405,000	173,621	231,379
Glenville Road Bridge #30	410,000	146	409,854
Carea Road Bridge #126	89,207	20,309	68,898
Johnson Mill Road Bridge #45	200,000	197,445	2,555
Bridge Inspection Program	200,000	-	200,000
Structural Evaluation	420,000	364,894	55,106
Total Bridges	28,757,656	20,686,441	8,071,215
Total Highways	113,769,326	89,244,998	24,524,328
Total All Projects	1,049,488,407	871,631,439	177,856,968
*Less Closed Projects	(156,094,866)	(145,460,096)	(10,634,770)
Total Capital Project Funds	\$ 893,393,541	\$ 726,171,343	\$ 167,222,198

Enterprise Fund

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2018

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
SEWER PROJECTS			
* Joppatowne Pump Station No.47	\$ 3,423,865	\$ -	\$ 3,423,865
* Joppatowne Pump Station No.47	626,135	626,135	-
* Enhanced Nutrient Removal Refinement at Sod Run	12,892,310	-	12,892,310
* Enhanced Nutrient Removal Refinement at Sod Run Bush Creek Pump Station 4th Pump	44,607,690	44,607,690	-
* Bush Creek Pump Station 4th Pump	1,401,457	354,979	1,046,478
* Utility Protection/Restoration	26,998,543	26,998,543	-
* Infiltration & Inflow	700,000	215,880	484,120
* Infiltration & Inflow Bynum Run Parallel Phase 6 & 7	3,400,000	1,374,433	2,025,567
* Bynum Run Parallel Phase 6 & 7	4,252,146	-	4,252,146
* Edgewood Interceptor Sewer Parallel	7,868,178	7,868,178	-
* Green Ridge Pump Station Replacement	650,000	181,806	468,194
* Green Ridge Pump Station Replacement	392,094	46	392,048
* Infiltration & Inflow	1,107,906	1,107,906	-
* Sod Run Facility Improvements	350,000	151,398	198,602
* Sod Run Facility Improvements	2,813,876	1,199,819	1,614,057
* Sod Run Facility Improvements	286,124	286,124	-
* Renewal and Replacement - Sewer Bill Bass Pump Station Forcemain Replacement	800,000	119,013	680,987
* Harford Waste Water Treatment Plant Facility Improvements	900,384	242,698	657,686
* Oaklyn Manor/Joppa Area Sewer Relief	885,000	792,124	92,876
* Town Center Drive Pump Station	1,950,300	1,464,291	486,009
* Ring Factory Pump Station and Fairwind Farms Abandonment	350,000	36,331	313,669
* Bynum Ridge Sewer Replacement	1,465,000	1,402,631	62,369
* Bio Solids Facilities Enhancements	800,000	590,525	209,475
* Fallston Sanitation Sub-District Sewer Capacity Study	4,900,000	430,574	4,469,426
* Brentwood Park Pumping Station Improvements	300,000	167,044	132,956
* Delta Wastewater Treatment Plant Upgrades	200,000	25,718	174,282
* Inventory Storage Control and Improvements	200,000	-	200,000
* Pumping Station Improvements	85,000	-	85,000
* Sod Run Wastewater Treatment Plant Ultraviolet Disinfection Project	65,000	-	65,000
	200,000	54,295	145,705
Total Sewer Projects	124,871,008	90,298,181	34,572,827
WATER PROJECTS			
* Abingdon Water Treatment Plant Expansion	553,639	4,831	548,808
* Abingdon Water Treatment Plant Expansion	75,981,361	75,981,361	-
* Abingdon Road Water Main Parallel	8,298,251	269,791	8,028,460
* Abingdon Road Water Main Parallel	1,749	1,749	-
* Magnolia Booster Station	1,450,000	169,126	1,280,874
* Water Construction Unanticipated	300,000	231,147	68,853
* Tank Painting	300,000	299,999	1
* City of Baltimore Deer Creek Pump Station	3,700,000	3,093,949	606,051

(continued)

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2018

(continued)

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
WATER PROJECTS (continued)			
* City of Baltimore Raw Water Supply	3,300,000	1,219,765	2,080,235
* Renewal and Replacement Water	400,000	1,210	398,790
* Water Meter Upgrade	1,210,000	1,086,882	123,118
* Water Zone Improvements	600,000	145,039	454,961
* Tank Painting FY14	500,000	499,693	307
* Replacement of Water Booster Station	1,500,000	191,775	1,308,225
* Water Construction Unanticipated	460,000	220,442	239,558
* Tank Painting FY15	800,000	631,838	168,162
* U.S. 40 and Rt. 159 SHA Water Relocation	3,800,000	3,031,627	768,373
* Tank Painting FY16	700,000	66,523	633,477
Water System Model Study	300,000	-	300,000
Tank Painting FY17	800,000	-	800,000
* Infrastructure Management	300,000	18,837	281,163
Perryman GAC Plant Improvements	500,000	88,680	411,320
Perryman Wellfield Improvement	200,000	-	200,000
Total Water Projects	105,955,000	87,254,264	18,700,736
OTHER PROJECTS			
* Safeguarding Business Operations	2,772,431	2,597,194	175,237
Safeguarding Business Operations	378,513	378,513	-
* Safeguarding Business Operations	35,706	35,706	-
* Fleet Replacement	4,262,000	3,266,158	995,842
* 700 MHZ Wireless Radio System Equipment	649,000	607,660	41,340
* HMAN (Harford County Metro Area Network)	1,220,000	1,134,056	85,944
* Refresh Program	467,000	423,440	43,560
* Water and Sewer Rate Study	300,000	264,880	35,120
* Water and Sewer Authority Establishment	293,013	293,013	-
* Fuel Dispensing System Upgrade	120,000	120,000	-
* Underground and Aboveground Storage Tank Management	50,000	3,426	46,574
Water and Sewer Billing Project	1,500,000	-	1,500,000
* Efficiency Capital Investment Project	300,000	233,192	66,808
Fleet Maintenance Facility	30,000	-	30,000
Total Other Projects	12,377,663	9,357,238	3,020,425
Total Water, Sewer and Other Projects	243,203,671	186,909,683	56,293,988
*Less Closed and Capitalized Projects	(213,792,620)	(182,622,356)	(31,170,264)
Total Open Water, Sewer and Other Projects	\$ 29,411,051	\$ 4,287,327	\$ 25,123,724





STATISTICAL SECTION



Statistical Section

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

Tables 10 through 13 present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Economic & Demographic Information

Tables 14 and 15 offer economic and demographic indicators that may assist the reader in understanding the environment within which the County's financial activities take place.

Operating Information

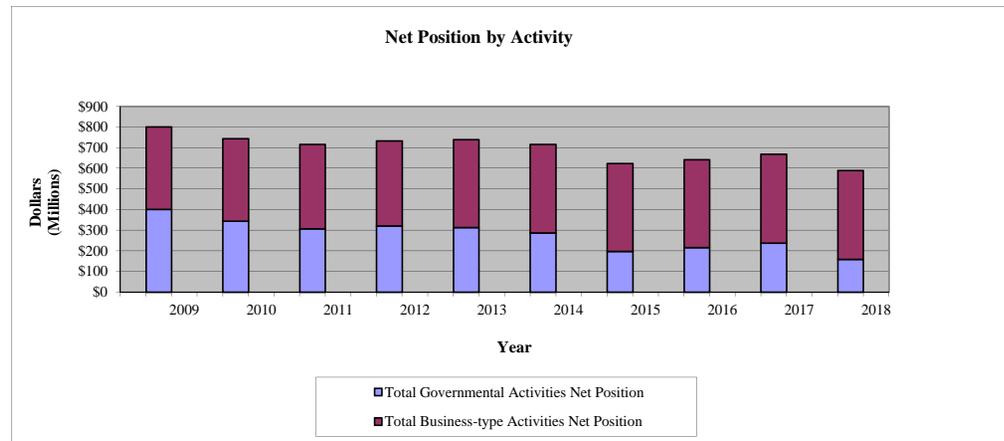
Tables 16 through 18 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Harford County, Maryland

Net Position by Component (accrual basis of accounting)

Table 1
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 449,571,374	\$ 444,082,892	\$ 422,414,425	\$ 434,233,561	\$ 449,378,060	\$ 436,216,089	\$ 435,846,522	\$ 476,366,433	\$ 475,161,617	\$ 518,637,112
Restricted	78,842,512	77,888,816	91,867,107	93,748,598	78,915,495	75,653,146	78,466,405	20,723,517	23,188,672	45,781,073
Unrestricted	(126,890,551)	(178,174,967)	(207,023,969)	(207,432,487)	(214,931,280)	(225,213,903)	(316,918,125)	(281,260,299)	(261,309,571)	(406,129,081)
Total Governmental Activities Net Position	\$ 401,523,335	\$ 343,796,741	\$ 307,257,563	\$ 320,549,672	\$ 313,362,275	\$ 286,655,332	\$ 197,394,802	\$ 215,829,651	\$ 237,040,718	\$ 158,289,104
Business-Type Activities										
Net Investment in Capital Assets	\$ 277,437,097	\$ 285,389,182	\$ 290,793,475	\$ 303,842,266	\$ 322,126,658	\$ 332,396,851	\$ 326,999,832	\$ 323,409,167	\$ 328,352,334	\$ 325,690,256
Restricted	58,734,019	61,189,342	65,915,265	64,575,609	49,704,209	51,921,308	54,279,937	56,778,013	60,809,692	63,302,643
Unrestricted	62,817,980	53,312,217	51,944,182	43,793,494	54,123,993	45,045,731	44,029,559	45,800,630	42,132,588	41,333,047
Total Business-type Activities Net Position	\$ 398,989,096	\$ 399,890,741	\$ 408,652,922	\$ 412,211,369	\$ 425,954,860	\$ 429,363,890	\$ 425,309,328	\$ 425,987,810	\$ 431,294,614	\$ 430,325,946
Primary Government										
Net Investment in Capital Assets	\$ 727,008,471	\$ 729,472,074	\$ 713,207,900	\$ 738,075,827	\$ 771,504,718	\$ 768,612,940	\$ 762,846,354	\$ 799,775,600	\$ 803,513,951	\$ 844,327,368
Restricted	137,576,531	139,078,158	157,782,372	158,324,207	128,619,704	127,574,454	132,746,342	77,501,530	83,998,364	109,083,716
Unrestricted	(64,072,571)	(124,862,750)	(155,079,787)	(163,638,993)	(160,807,287)	(180,168,172)	(272,888,566)	(235,459,669)	(219,176,983)	(364,796,034)
Total Primary Government Net Position	\$ 800,512,431	\$ 743,687,482	\$ 715,910,485	\$ 732,761,041	\$ 739,317,135	\$ 716,019,222	\$ 622,704,130	\$ 641,817,461	\$ 668,335,332	\$ 588,615,050



Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

**Table 2
Last Ten Fiscal Years**

Expenses (by function)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Governmental Activities</i>										
Agricultural Preservation	\$ 5,695,097	\$ 4,249,774	\$ 3,319,578	\$ 3,432,517	\$ 3,601,838	\$ 3,398,295	\$ 3,636,451	\$ 2,861,659	\$ 3,163,287	\$ 3,283,221
County Council	2,243,875	2,148,195	2,198,979	2,597,248	2,763,150	2,536,764	2,529,133	2,576,827	2,695,411	2,682,783
General Government	51,703,093	48,547,861	38,564,852	43,655,212	46,041,421	55,642,498	58,237,782	58,699,069	49,217,926	47,956,372
Education-Primary thru Com. College	319,330,062	291,542,340	257,424,328	256,361,884	248,045,564	250,907,788	256,219,860	269,123,661	268,713,217	273,561,170
Harford Center	582,143	553,036	553,036	553,036	553,036	553,036	553,036	693,036	553,036	553,036
Judicial	10,206,733	9,943,671	10,159,127	9,666,237	9,950,169	9,982,512	10,059,178	10,213,119	10,404,012	10,316,937
Libraries	16,809,566	16,446,279	21,721,995	17,359,356	17,314,092	17,271,606	17,697,885	18,122,008	18,289,122	18,330,481
Parks, Recreation and Natural Resources	14,431,566	17,598,714	20,811,081	14,416,981	15,697,516	17,520,868	17,895,586	14,552,707	14,993,728	15,647,175
Public Safety	95,086,768	96,984,770	113,230,332	95,202,878	106,668,221	105,436,479	107,574,608	107,308,307	108,223,495	110,658,836
Public Works	60,809,936	74,378,929	63,368,723	61,916,296	60,279,965	77,195,654	68,092,544	60,737,012	58,629,180	67,707,510
Social Services	28,677,264	29,228,702	29,806,456	28,365,201	28,769,204	26,384,324	26,622,115	25,633,629	27,050,519	27,334,522
Unallocated Debt Interest/Other Costs	10,563,561	13,071,359	19,962,786	18,871,700	14,273,378	17,409,320	13,830,034	17,152,250	17,557,592	17,791,039
Total Governmental Activities	616,139,664	604,693,630	581,121,273	552,398,546	553,957,554	584,239,144	582,948,212	587,673,284	579,490,525	595,823,082
<i>Business-type Activities</i>										
Water and Sewer	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124	48,734,923	48,746,983	48,596,655	51,194,393	52,524,992
Total Business-type Activities	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124	48,734,923	48,746,983	48,596,655	51,194,393	52,524,992
Total Primary Government Expenses	\$ 657,002,312	\$ 646,208,405	\$ 622,980,781	\$ 595,352,013	\$ 604,058,678	\$ 632,974,067	\$ 631,695,195	\$ 636,269,939	\$ 630,684,918	\$ 648,348,074
Program Revenues										
<i>Governmental Activities</i>										
Charges for Services										
General Government	\$ 2,149,523	\$ 2,407,582	\$ 2,375,772	\$ 2,662,846	\$ 2,778,718	\$ 2,478,640	\$ 3,300,921	\$ 3,091,390	\$ 3,271,301	\$ 3,215,494
Public Safety	5,370,147	4,029,330	3,636,934	3,978,388	3,701,079	3,889,979	4,177,039	3,765,058	4,043,488	4,446,967
Public Works	11,573,060	13,345,821	12,048,111	14,151,371	13,570,360	13,843,482	14,594,676	13,278,342	10,755,836	12,058,668
Other Activities	1,170,172	2,194,432	1,373,949	1,511,258	1,553,179	1,456,139	1,385,467	1,396,543	1,346,446	1,988,880
Operating Grants and Contributions	36,473,746	33,788,214	28,476,585	25,216,324	30,926,766	21,717,403	26,680,817	28,249,534	27,728,929	29,056,647
Capital Grants and Contributions	9,210,506	17,130,252	21,112,129	10,270,108	11,878,363	9,982,404	15,281,180	15,137,454	5,009,162	10,248,005
Total Governmental Activities Program Revenue	65,947,154	72,895,631	69,023,480	57,790,295	64,408,465	53,368,047	65,420,100	64,918,321	52,155,162	61,014,661
<i>Business-type Activities</i>										
Charges for Services	24,001,673	24,994,995	26,142,956	25,658,671	26,179,225	28,421,736	28,553,733	30,498,568	38,001,859	42,795,716
Operating Grants and Contributions	-	-	512,576	704,699	648,672	444,149	461,364	972,710	802,598	804,406
Capital Grants and Contributions	10,366,224	12,941,591	19,384,615	16,181,330	32,698,896	20,089,299	19,125,274	15,668,948	15,444,188	15,378,940
Total Business-type Activities Program Revenue	34,367,897	37,936,586	46,040,147	42,544,700	59,526,793	48,955,184	48,140,371	47,140,226	54,248,645	58,979,062
Total Primary Government Program Revenues	\$ 100,315,051	\$ 110,832,217	\$ 115,063,627	\$ 100,334,995	\$ 123,935,258	\$ 102,323,231	\$ 113,560,471	\$ 112,058,547	\$ 106,403,807	\$ 119,993,723
Net (Expense) Revenue										
<i>Governmental Activities</i>										
	\$ (550,192,510)	\$ (531,797,999)	\$ (512,097,793)	\$ (494,608,251)	\$ (489,549,089)	\$ (530,871,097)	\$ (517,528,112)	\$ (522,754,963)	\$ (527,335,363)	\$ (534,808,421)
<i>Business-type Activities</i>										
	(6,494,751)	(3,578,189)	4,180,639	(408,767)	9,425,669	220,261	(606,612)	(1,456,429)	3,054,252	6,454,070
Total Primary Government Net Expense	\$ (556,687,261)	\$ (535,376,188)	\$ (507,917,154)	\$ (495,017,018)	\$ (480,123,420)	\$ (530,650,836)	\$ (518,134,724)	\$ (524,211,392)	\$ (524,281,111)	\$ (528,354,351)

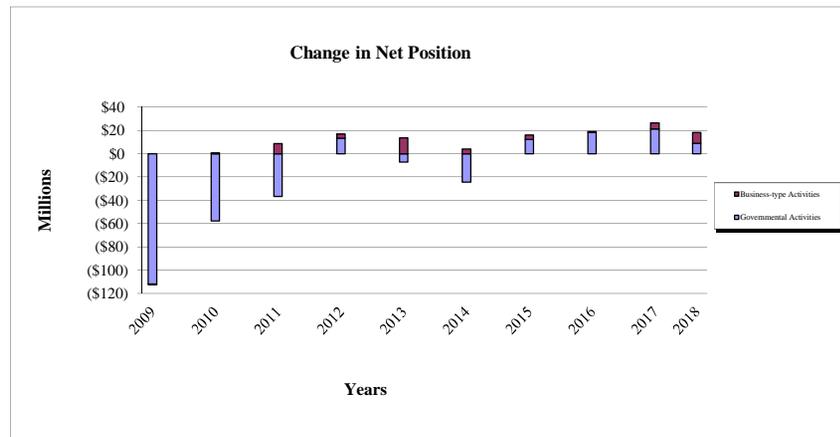
(continued)

Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

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

General Revenues and Other Changes in Net Position	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Governmental Activities</i>										
<i>Taxes</i>										
Property Taxes	\$ 269,385,374	\$ 286,733,047	\$ 290,004,412	\$ 295,910,417	\$ 286,926,355	\$ 285,269,614	\$ 286,911,796	\$ 293,100,653	\$ 298,947,432	\$ 308,709,856
Income Taxes	136,159,443	155,948,152	158,374,084	182,590,526	169,703,257	190,722,550	206,469,855	207,466,492	211,253,182	233,759,923
Other Taxes	21,920,852	25,609,883	23,980,727	22,791,891	24,124,916	26,539,923	32,548,932	35,984,933	37,046,438	42,346,246
Investment Earnings	7,883,023	5,094,195	2,113,223	5,607,895	(520,840)	1,532,992	1,771,885	3,261,278	206,364	2,788,417
Grants and Contributions	100,161	132,964	185,216	189,543	239,369	269,076	254,020	245,326	407,167	440,319
Miscellaneous	2,863,224	553,164	900,953	810,088	1,888,635	2,231,878	1,849,327	1,131,130	685,847	1,759,295
Total Governmental Activities	438,312,077	474,071,405	475,558,615	507,900,360	482,361,692	506,566,033	529,805,815	541,189,812	548,546,430	589,804,056
<i>Business-type Activities</i>										
Recordation Tax	1,572,507	1,706,028	1,651,107	1,514,835	1,783,159	1,767,810	2,174,467	-	-	-
Investment Earnings	4,488,011	2,773,806	2,582,713	2,452,379	2,534,663	2,225,142	2,155,375	2,134,911	2,252,552	2,803,118
Miscellaneous	-	-	347,722	-	-	-	-	-	-	-
Total Business-type Activities	6,060,518	4,479,834	4,581,542	3,967,214	4,317,822	3,992,952	4,329,842	2,134,911	2,252,552	2,803,118
Total Primary Government	\$ 444,372,595	\$ 478,551,239	\$ 480,140,157	\$ 511,867,574	\$ 486,679,514	\$ 510,558,985	\$ 534,135,657	\$ 543,324,723	\$ 550,798,982	\$ 592,607,174
Special Item										
<i>Governmental Activities</i>										
Claims & Judgements	-	-	-	-	-	-	-	-	-	(45,868,055)
Total Primary Government	-	-	-	-	-	-	-	-	-	(45,868,055)
Change in Net Position										
<i>Governmental Activities</i>	\$ (111,880,433)	\$ (57,726,594)	\$ (36,539,178)	\$ 13,292,109	\$ (7,187,397)	\$ (24,305,064)	\$ 12,277,703	\$ 18,434,849	\$ 21,211,067	\$ 9,127,580
<i>Business-type Activities</i>	(434,233)	901,645	8,762,181	3,558,447	13,743,491	4,213,213	3,723,230	678,482	5,306,804	9,257,188
Total Primary Government	\$ (112,314,666)	\$ (56,824,949)	\$ (27,776,997)	\$ 16,850,556	\$ 6,556,094	\$ (20,091,851)	\$ 16,000,933	\$ 19,113,331	\$ 26,517,871	\$ 18,384,768



Harford County, Maryland

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

Table 3
Last Ten Fiscal Years; Restated

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Nonspendable:										
Inventory	\$ 2,079,969	\$ 2,019,073	\$ 2,114,574	\$ 2,025,093	\$ 1,922,189	\$ 1,519,258	\$ 2,053,832	\$ 2,301,347	\$ 2,250,008	\$ 2,186,274
Prepaid	131,282	131,282	131,282	539,162	576,287	872,050	340,899	-	-	-
Long-term Receivable	907,399	1,449,301	538,285	471,561	398,743	327,495	253,248	1,086,229	2,178,341	1,056,216
	<u>3,118,650</u>	<u>3,599,656</u>	<u>2,784,141</u>	<u>3,035,816</u>	<u>2,897,219</u>	<u>2,718,803</u>	<u>2,647,979</u>	<u>3,387,576</u>	<u>4,428,349</u>	<u>3,242,490</u>
Restricted for:										
Education	17,044,211	6,279,957	13,711,336	8,358,301	2,660,492	1,955,920	3,850,435	3,885,170	3,124,681	4,670,481
Bond Proceeds	32,377,981	83,110,584	35,468,418	18,814,860	23,809,815	10,529,766	10,269,113	4,692,533	6,187,872	24,750,433
Debt Service	-	-	-	2,089,432	1,994,150	2,051,207	2,222,965	2,180,643	2,160,752	2,740,657
Public Safety	765,303	952,289	1,010,310	1,010,012	899,169	800,569	646,864	556,310	612,775	576,882
Tourism	-	-	-	-	-	-	740,827	1,383,890	1,512,400	1,892,033
Highways	-	-	-	-	39,518	642,710	592,430	230,604	237,065	205,966
Parks and Recreation	129,104	849,988	594,673	-	457,135	403,329	299,346	663,216	887,478	977,146
Grants	4,635,607	8,684,777	8,584,742	6,825,412	7,718,401	6,385,091	6,090,409	7,131,151	8,465,649	9,967,475
Lease Purchase Proceeds	-	1,191,984	-	-	-	-	-	-	-	-
	<u>54,952,206</u>	<u>101,069,579</u>	<u>59,369,479</u>	<u>37,098,017</u>	<u>37,578,680</u>	<u>22,768,592</u>	<u>24,712,389</u>	<u>20,723,517</u>	<u>23,188,672</u>	<u>45,781,073</u>
Committed to:										
Development Rights	37,983,430	42,038,898	43,308,194	51,212,976	48,873,277	48,625,100	49,265,285	44,793,964	37,090,908	-
	<u>37,983,430</u>	<u>42,038,898</u>	<u>43,308,194</u>	<u>51,212,976</u>	<u>48,873,277</u>	<u>48,625,100</u>	<u>49,265,285</u>	<u>44,793,964</u>	<u>37,090,908</u>	<u>-</u>
Assigned to:										
Appropriation of Fund Balance	9,754,106	12,031,257	50,646,722	32,774,997	27,863,378	2,193,164	2,042,620	2,826,833	397,172	9,987,833
Fiscal Stabilization Fund	25,738,539	25,745,240	27,028,071	27,792,167	28,056,319	27,411,936	28,206,062	28,604,000	29,565,000	31,130,250
Encumbrances	20,999,378	34,889,776	18,868,628	36,579,261	47,352,361	44,988,951	33,281,886	4,473,436	24,662,673	20,921,703
Other Post Employment Benefits	63,350	7,390,878	-	9,529,486	7,643,503	7,378,857	3,645,046	2,978,658	4,652,291	4,928,214
Landfill Closure Costs	15,301,157	15,500,786	9,020,231	17,961,438	13,732,971	16,060,419	14,965,543	8,882,058	8,981,700	9,115,076
WTE Plant Closure	-	-	-	-	4,000,000	4,000,000	3,000,000	8,600,000	7,196,247	3,836,247
Income Tax	-	-	-	-	2,439,735	2,577,900	3,172,882	1,571,967	1,759,134	1,788,631
Healthcare Consortium	-	-	-	-	2,112,308	1,970,314	2,184,155	2,251,926	2,443,741	2,420,418
Development Rights	37,983,430	42,038,898	43,308,194	51,212,976	48,873,277	48,625,100	49,265,285	44,793,964	37,090,908	19,617,798
Debt Repayment	-	-	-	-	-	-	-	-	1,300,000	-
Self-Insurance	-	-	-	-	-	-	-	-	-	6,500,000
Stormwater Management	-	-	-	-	-	-	-	12,295,295	24,338,133	26,299,417
Highways	14,217,744	14,380,858	11,661,675	6,158,931	2,533,371	3,237,844	2,870,447	6,461,375	12,020,852	15,023,885
Ag Preservation	1,220,005	3,467,777	5,146,399	2,575,330	2,740,326	4,526,391	6,684,560	11,499,293	15,637,478	20,773,026
Capital Projects	-	-	-	-	-	871,781	-	-	3,229,300	-
P&R Fund	76,424	114,506	225,413	334,332	405,112	267,015	383,333	158,758	62,794	106,369
	<u>125,354,133</u>	<u>155,559,976</u>	<u>165,905,333</u>	<u>184,918,918</u>	<u>187,752,661</u>	<u>164,109,672</u>	<u>149,701,819</u>	<u>135,397,563</u>	<u>173,337,423</u>	<u>172,448,867</u>
Unassigned:	12,953,584	8,126,063	7,310,375	17,942,179	6,933,118	8,415,752	10,144,451	12,694,506	18,615,902	20,036,290
Total Fund Balance	<u>\$ 234,362,003</u>	<u>\$ 310,394,172</u>	<u>\$ 278,677,522</u>	<u>\$ 294,207,906</u>	<u>\$ 284,034,955</u>	<u>\$ 246,637,919</u>	<u>\$ 236,471,923</u>	<u>\$ 216,997,126</u>	<u>\$ 256,661,254</u>	<u>\$ 241,508,720</u>

Harford County, Maryland

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

Table 4
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes	\$ 452,667,810	\$ 466,531,995	\$ 480,666,752	\$ 496,535,537	\$ 495,330,898	\$ 501,523,551	\$ 513,835,241	\$ 534,559,224	\$ 548,777,295	\$ 569,724,966
Revenues from Other Agencies	39,468,501	46,537,712	43,118,868	29,749,668	33,686,277	29,595,350	33,802,477	34,278,746	30,247,886	34,464,443
Investment Income	7,658,217	5,043,402	2,079,353	5,581,671	(542,222)	1,503,056	1,732,563	3,209,914	134,002	2,644,802
Charges for Current Services	18,410,619	16,194,617	15,688,351	18,136,842	17,374,063	17,832,577	18,516,176	17,061,200	14,514,597	16,684,953
Miscellaneous	3,659,409	3,152,079	3,284,872	2,478,915	3,534,451	2,776,961	5,254,065	4,443,489	4,595,136	2,511,523
Licenses and Permits	2,746,769	3,152,131	3,302,291	3,602,640	3,637,218	3,939,672	4,637,143	4,539,298	4,567,960	4,494,635
Fines and Forfeitures	293,516	715,952	227,873	340,840	383,513	427,730	397,330	150,677	272,392	398,120
Total Revenues	524,904,841	541,327,888	548,368,360	556,426,113	553,404,198	557,598,897	578,174,995	598,242,548	603,109,268	630,923,442
EXPENDITURES										
Agricultural Preservation	14,419,355	1,069,805	188,385	7,417,674	2,486,811	249,145	3,742,534	36,513	3,041,950	1,426,023
County Council	2,181,966	2,077,277	2,191,906	2,495,986	2,750,755	2,554,700	2,528,328	2,472,194	2,575,440	2,655,247
General Government	43,946,514	39,126,361	33,984,438	39,610,270	37,250,164	41,960,700	47,122,698	43,933,540	42,769,500	46,232,647
Education-Primary thru Comm. College	222,918,540	226,354,606	225,580,152	232,933,767	234,782,980	236,262,341	238,628,914	243,470,583	249,096,116	255,127,257
Harford Center	582,143	553,036	553,036	553,036	553,036	553,036	553,036	693,036	553,036	553,036
Judicial	9,489,000	9,190,480	9,525,838	9,596,365	9,856,080	9,929,303	10,096,464	9,829,912	9,965,708	10,435,856
Libraries	16,135,917	15,312,147	15,112,147	15,692,144	16,054,666	16,158,310	16,137,189	16,279,546	16,644,574	17,100,985
Parks, Recreation and Natural Resources	11,140,363	10,436,404	10,864,188	10,853,176	11,626,440	11,970,808	11,470,033	10,222,943	9,787,552	10,234,014
Public Safety	86,708,998	89,322,138	94,157,346	91,778,607	98,418,762	98,702,584	97,415,839	95,370,670	98,209,883	102,781,583
Public Works	43,296,084	43,737,049	41,088,647	38,448,739	40,468,362	44,625,171	49,563,413	46,629,351	41,618,105	47,579,451
Social Services	29,229,188	28,775,089	27,393,475	27,337,422	31,740,859	26,067,117	25,848,168	24,557,522	25,995,605	26,677,093
Capital Outlay	146,470,982	118,270,600	89,082,362	61,703,327	53,425,443	84,079,924	79,055,063	86,949,927	50,277,858	59,164,429
Debt Service										
Principal	22,135,758	23,386,490	26,060,395	35,109,464	33,879,261	33,888,884	32,889,398	40,680,548	41,161,399	53,416,848
Interest	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092	22,689,162	21,792,602	21,837,513	22,010,012
Administrative Cost	685,625	1,210,978	1,197,249	642,797	586,418	287,423	729,415	284,018	649,068	412,624
Total Expenditures	663,451,288	624,667,967	596,947,646	597,671,651	596,470,200	629,898,538	638,469,654	643,202,905	614,183,307	655,807,105
Excess (Deficiency) of Revenues Over Expenditures	(138,546,447)	(83,340,079)	(48,579,286)	(41,245,538)	(43,066,002)	(72,299,641)	(60,294,659)	(44,960,357)	(11,074,039)	(24,883,663)
OTHER FINANCING SOURCES (USES)										
Transfers In	43,873,509	30,132,690	34,565,953	36,423,583	55,519,578	44,180,743	31,746,904	36,406,830	37,226,572	43,652,436
Transfers (Out)	(43,873,509)	(30,132,690)	(33,068,114)	(36,423,583)	(55,519,578)	(44,180,743)	(31,746,904)	(36,406,830)	(37,226,572)	(43,652,436)
Issuance of Bonds	96,100,000	143,556,129	14,000,000	40,000,000	30,000,000	33,180,257	42,000,000	27,132,515	53,177,000	43,000,000
Issuance of Refunding Bonds	21,738,036	25,161,828	-	6,931,393	59,750,398	-	55,994,243	-	-	-
Premium on Issuance of Bonds	8,106,323	14,359,593	-	2,347,926	13,638,004	2,373,456	12,245,541	2,576,851	3,505,932	3,885,771
Issuance of Installment Purchase Agreements	7,065,889	-	-	6,995,127	2,013,095	-	3,097,591	-	1,809,630	-
Issuance of Notes and Leases	1,316,999	1,186,000	-	-	-	-	-	-	-	-
Payment to Escrow Agent for Refunding	(22,812,194)	(28,885,874)	-	(7,313,825)	(70,065,844)	-	(64,383,471)	-	-	-
Total Other Financing Sources(Uses)	111,515,053	155,377,676	15,497,839	48,960,621	35,335,653	35,553,713	48,953,904	29,709,366	58,492,562	46,885,771
Net Change in Fund Balances	\$ (27,031,394)	\$ 72,037,597	\$ (33,081,447)	\$ 7,715,083	\$ (7,730,349)	\$ (36,745,928)	\$ (11,340,755)	\$ (15,250,991)	\$ 47,418,523	\$ 22,002,108

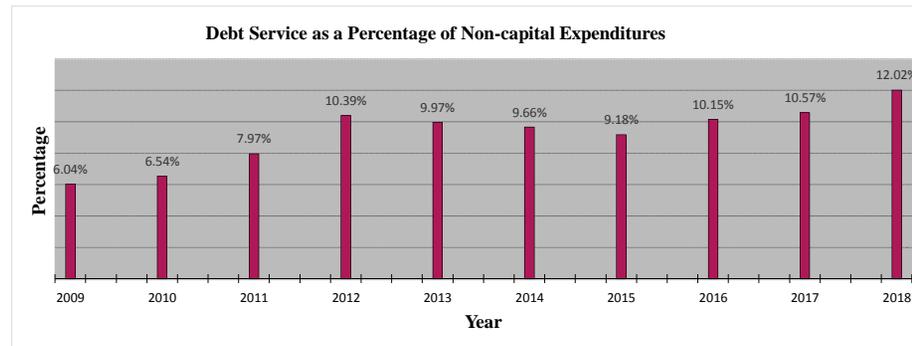
Harford County, Maryland

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

Table 5
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Expenditures	\$ 663,451,288	\$ 624,667,967	\$ 596,947,646	\$ 597,671,651	\$ 596,470,200	\$ 629,898,538	\$ 638,469,654	\$ 643,202,905	\$ 614,183,307	\$ 655,807,105
⁽¹⁾ Less Capital Asset Expenditures	63,496,219	24,528,046	19,300,086	33,395,752	30,214,888	44,998,619	33,065,591	27,450,364	18,448,670	28,237,893
Non-capital Expenditures	\$ 599,955,069	\$ 600,139,921	\$ 577,647,560	\$ 564,275,899	\$ 566,255,312	\$ 584,899,919	\$ 605,404,063	\$ 615,752,541	\$ 595,734,637	\$ 627,569,212
Debt Service Expenditures										
Principal	\$ 22,135,758	\$ 23,386,490	\$ 26,060,395	\$ 35,109,464	\$ 33,879,261	\$ 33,888,884	\$ 32,889,398	\$ 40,680,548	\$ 41,161,399	\$ 53,416,848
Interest	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092	22,689,162	21,792,602	21,837,513	22,010,012
Total Debt Service Expenditures	\$ 36,246,613	\$ 39,231,997	\$ 46,028,477	\$ 58,608,341	\$ 56,469,424	\$ 56,497,976	\$ 55,578,560	\$ 62,473,150	\$ 62,998,912	\$ 75,426,860
Debt Service as a Percentage of Non-capital Expenditures	<u>6.04%</u>	<u>6.54%</u>	<u>7.97%</u>	<u>10.39%</u>	<u>9.97%</u>	<u>9.66%</u>	<u>9.18%</u>	<u>10.15%</u>	<u>10.57%</u>	<u>12.02%</u>

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

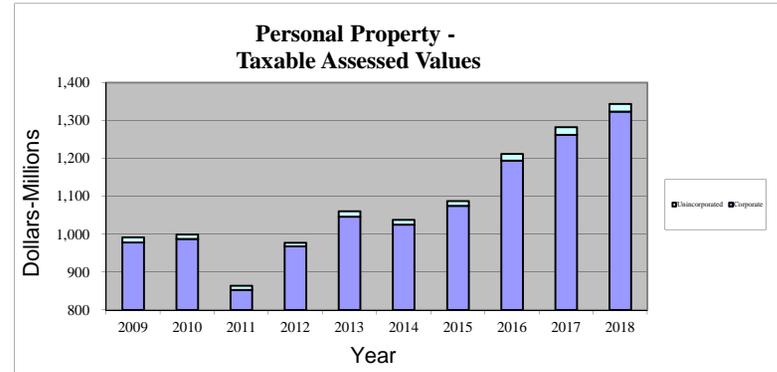
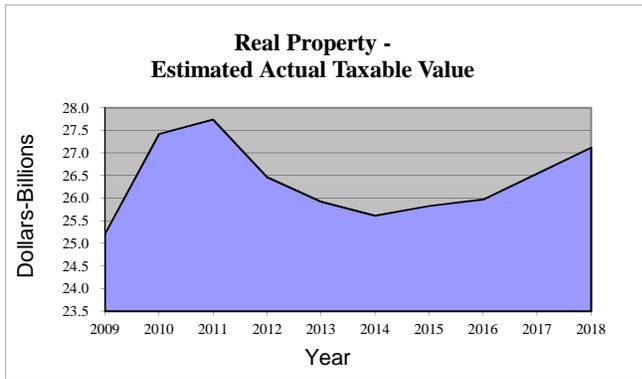


Harford County, Maryland

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

**Table 6
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Real Property				Personal Property			Total
	Assessed Value	Exempt Property	Taxable Assessed Value	Real Property Direct Tax Rate	Corporate Taxable Assessed Value	Unincorporated Taxable Assessed Value	Personal Property Direct Tax Rate	Taxable Assessed Value
2009	\$ 27,438,977,269	\$ 2,225,139,558	\$ 25,213,837,711	1.0820	\$ 978,058,220	\$ 13,982,600	2.7050	\$ 26,205,878,531
2010	29,765,437,549	2,346,618,410	27,418,819,139	1.0640	987,547,770	11,403,430	2.6600	28,417,770,339
2011	30,248,925,066	2,506,869,202	27,742,055,864	1.0420	853,133,530	10,730,670	2.6050	28,605,920,064
2012	28,999,153,255	2,535,432,934	26,463,720,321	1.0420	967,854,980	9,828,620	2.6050	27,441,403,921
2013	28,565,045,698	2,644,365,574	25,920,680,124	1.0420	1,046,509,272	13,921,700	2.6050	26,981,111,096
2014	28,304,103,554	2,691,553,831	25,612,549,723	1.0420	1,025,199,440	12,700,230	2.6050	26,650,449,393
2015	28,541,096,046	2,714,157,631	25,826,938,415	1.0420	1,074,588,650	13,237,060	2.6049	26,914,764,125
2016	28,720,286,982	2,750,540,908	25,969,746,074	1.0420	1,194,260,330	17,284,140	2.6049	27,181,290,544
2017	29,332,122,303	2,789,102,083	26,543,020,220	1.0420	1,262,202,190	20,640,510	2.6049	27,825,862,920
2018	29,994,476,820	2,877,927,864	27,116,548,956	1.0420	1,323,867,530	20,328,480	2.6049	28,460,744,966



(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 9% for Fiscal Years 2009 and 2010; and 5% for Fiscal Year 2011 forward.

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)
	2009	0.9260	0.1560	1.0820	0.5000	0.7000
2010	0.9080	0.1560	1.0640	0.5000	0.6875	0.6100
2011	0.8960	0.1460	1.0420	0.5000	0.6875	0.6000
2012	0.8960	0.1460	1.0420	0.5000	0.6800	0.5900
2013	0.8960	0.1460	1.0420	0.5000	0.6800	0.5800
2014	0.8960	0.1460	1.0420	0.5000	0.6800	0.5600
2015	0.8937	0.1483	1.0420	0.5000	0.6800	0.5600
2016	0.8937	0.1483	1.0420	0.5000	0.6566	0.5600
2017	0.8937	0.1483	1.0420	0.5000	0.6566	0.5697
2018	0.8937	0.1483	1.0420	0.5000	0.6502	0.5650

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)
	2009	2.3150	0.3900	2.7050	1.1600	1.7000
2010	2.2700	0.3900	2.6600	1.1600	1.7000	1.7050
2011	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2012	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2013	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2014	2.2400	0.3650	2.6050	1.1600	1.7000	1.7050
2015	2.2342	0.3707	2.6049	1.1600	1.7000	1.7050
2016	2.2342	0.3707	2.6049	1.1600	1.7000	1.7050
2017	2.2342	0.3707	2.6049	1.1600	1.7000	1.7050
2018	2.2342	0.3707	2.6049	1.1600	1.7000	1.7050

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

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

(2) Assessed against all property within Harford County.

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

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

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

Harford County, Maryland

Principal Taxpayers

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

Fiscal Year 2018					
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation	
Baltimore Gas & Electric Company	Public Utility	\$ 423,438,220	\$ 9,460,456	1.49%	
Constellation Power Source Generation Inc.	Non-Utility Generator	84,367,540	1,884,940	0.30%	
Exelon Generation Company	Non-Utility Generator	66,482,780	1,485,358	0.23%	
Verizon-Maryland	Public Utility	61,441,640	1,372,729	0.22%	
Frito-Lay, Inc.	Office/Industrial Ctr.	34,668,950	774,574	0.12%	
Delmarva Power & Light Co	Public Utility	31,925,420	713,278	0.11%	
MCI Communication Services	Public Utility	29,570,820	660,671	0.10%	
Columbia Gas Transmission	Public Utility	28,349,720	633,389	0.10%	
Comcast of Harford County LLC	Cable Provider	27,217,570	608,095	0.10%	
Noxell Corporation	Office/Industrial Ctr.	16,835,080	376,129	0.06%	
		<u>\$ 804,297,740</u>	<u>\$ 17,969,619</u>	<u>2.83%</u>	
Total Taxable Assessed Valuation		<u>\$ 28,460,744,966</u>			

Fiscal Year 2009					
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation	
Baltimore Gas & Electric Company	Public Utility	\$ 288,069,620	\$ 7,717,373	1.10%	
Susquehanna Power Company	Public Utility	106,492,600	2,880,013	0.41%	
Verizon - Maryland	Public Utility	80,527,410	2,085,462	0.31%	
Constellation Power Source Generation, Inc.	Non-Utility Generator	46,529,580	1,064,305	0.18%	
Harford Mall Business Trust	Shopping Center	67,853,832	628,326	0.26%	
Festival at Bel Air LLC	Shopping Center	58,028,300	627,866	0.22%	
Columbia Gas Transmission	Public Utility	17,274,950	467,250	0.07%	
Wells Fargo Northwest	Office/Industrial Ctr	56,744,100	442,030	0.22%	
Bel Air Square LLC	Shopping Center	46,867,966	433,997	0.18%	
Comcast of Harford County LLC	Cable Provider	13,210,470	346,136	0.05%	
		<u>781,598,828</u>	<u>\$ 16,692,758</u>	<u>3.00%</u>	
Total Taxable Assessed Valuation		<u>\$ 26,205,876,531</u>			

SOURCE: Harford County Department of the Treasury

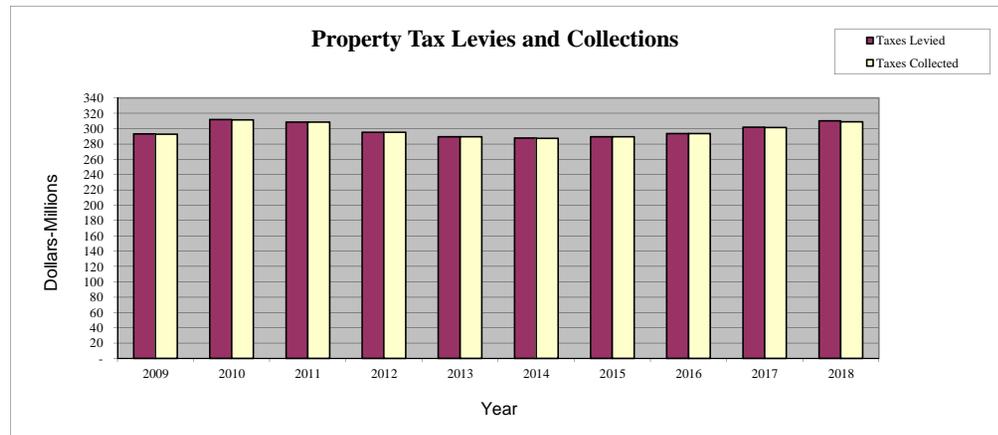
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

Harford County, Maryland

Property Tax Levies and Collections

Table 9
Last Ten Fiscal Years

Year Ending June 30,	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		
2009	\$ 292,351,782	\$ 593,348	\$ 292,945,130	\$ 290,917,209	99.31%	\$ 1,904,370	\$ 292,821,579	99.96%	\$ 123,551	0.04%
2010	310,635,791	1,135,375	311,771,166	309,581,012	99.30%	2,021,820	311,602,832	99.95%	168,334	0.05%
2011	304,126,005	4,264,059	308,390,064	303,254,570	98.33%	5,065,442	308,320,012	99.98%	70,052	0.02%
2012	295,797,824	(632,301)	295,165,523	293,408,627	99.40%	1,647,864	295,056,491	99.96%	109,032	0.04%
2013	290,142,026	(574,299)	289,567,727	289,161,782	99.86%	235,884	289,397,666	99.94%	170,061	0.06%
2014	287,953,502	(385,487)	287,568,015	286,122,040	99.50%	1,299,368	287,421,408	99.95%	146,607	0.05%
2015	289,650,116	(184,201)	289,465,915	288,877,184	99.80%	324,743	289,201,927	99.91%	263,988	0.09%
2016	294,521,222	(758,152)	293,763,070	293,605,282	99.95%	8,626	293,613,908	99.95%	149,162	0.05%
2017	302,063,517	(225,345)	301,838,172	301,316,849	99.83%	317,639	301,634,488	99.93%	203,684	0.07%
2018	310,139,719	-	310,139,719	309,134,638	99.68%	-	309,134,638	99.68%	1,005,081	0.32%



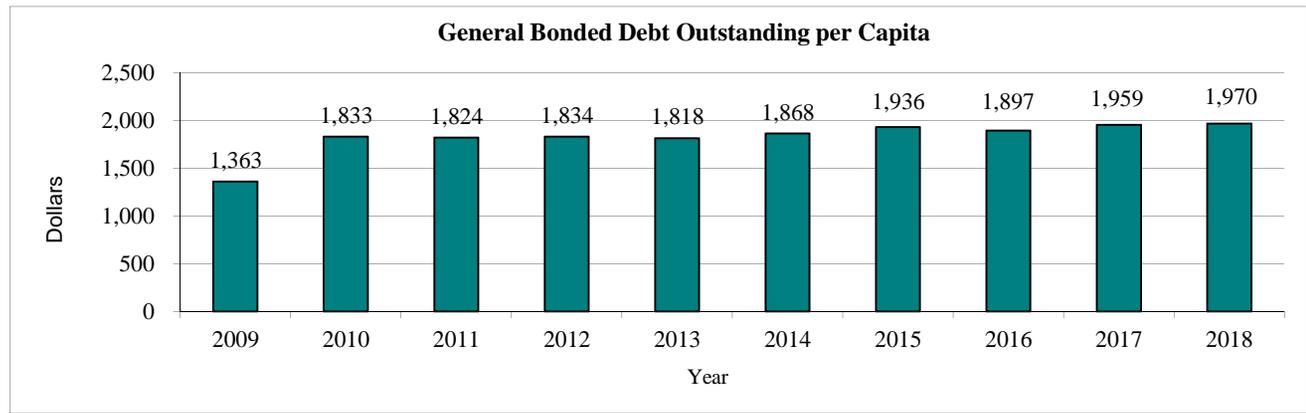
Harford County, Maryland

Ratios of General Bonded Debt Outstanding ⁽¹⁾

Table 10
Last Ten Fiscal Years

Year Ending June 30,	Governmental General Obligation Debt ⁽²⁾	Business-type General Obligation Debt	Less Amounts to be Paid with Restricted Resources ⁽³⁾	Net General Bonded Debt	Percentage of Taxable Assessed Value of Property ⁽⁴⁾	Per Capita ⁽⁴⁾
2009	\$ 390,165,496	\$ 88,379,669	\$ 146,485,275	\$ 332,059,890	1.27%	1,363
2010	506,690,179	128,412,388	185,512,510	449,590,057	1.58%	1,833
2011	506,315,389	125,771,843	181,951,421	450,135,811	1.57%	1,824
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%	1,818
2014 ⁽⁵⁾	524,885,655	132,046,646	191,075,915	465,856,386	1.75%	1,868
2015	542,589,182	127,341,763	186,701,066	483,229,879	1.80%	1,936
2016	527,417,700	131,755,478	184,038,327	475,134,851	1.75%	1,897
2017	540,628,030	124,264,790	170,886,221	494,006,599	1.78%	1,959
2018	529,822,910	122,350,421	150,671,780	501,501,551	1.76%	1,970

- (1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments and surcharges. See Table 11 for specific information on business-type bonded debt.
 - (2) Includes Notes Payable; all are backed by the full faith and credit and unlimited taxing authority of the County.
 - (3) Agricultural Land Preservation debt and Water and Sewer debt are subtracted from the bonded debt because Agricultural Land Preservation debt is paid from dedicated revenues in the Agricultural Land Preservation Special Revenue Fund and Water and Sewer debt is paid from the Water and Sewer Enterprise Fund.
 - (4) Information from Tables 6 and 14.
 - (5) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to liabilities and reclass as a deferred outflow/inflow of resources.
- Note: Detail regarding the County's debt can be found in the notes to the financial statements.



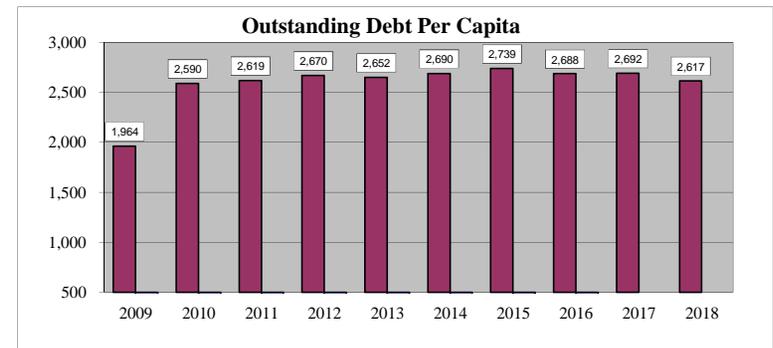
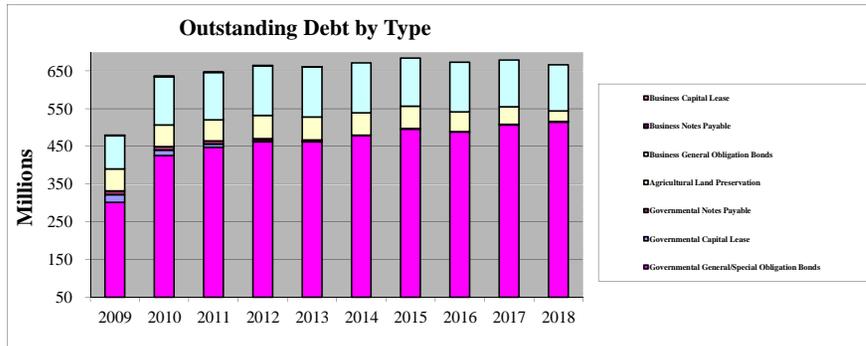
Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

Table 11
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities					Business-type Activities				Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
	General/Special Obligation Bonds	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities	General Obligation Bonds	Notes Payable	Capital Lease Obligation	Total Business-type Activities			
2009	\$ 301,480,584	\$ 20,325,901	\$ 10,181,999	\$ 58,177,012	\$ 390,165,496	\$ 88,110,699	\$ 71,406	\$ 197,564	\$ 88,379,669	\$ 478,545,165	4.36%	1,964
2010	425,205,736	14,801,760	9,582,561	57,100,122	506,690,179	128,242,149	36,089	134,150	128,412,388	635,102,567	5.57%	2,590
2011	447,558,610	8,590,078	7,987,123	56,179,578	520,315,389	125,140,703	-	631,140	125,771,843	646,087,232	5.41%	2,619
2012	462,132,841	2,941,940	4,871,422	62,058,577	532,004,780	131,235,775	-	380,989	131,616,764	663,621,544	5.42%	2,670
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	5.41%	2,652
2014 ⁽³⁾	478,542,366	-	1,314,020	59,029,269	538,885,655	132,046,646	-	-	132,046,646	670,932,301	5.29%	2,690
2015	495,916,560	-	1,313,319	59,359,303	556,589,182	127,341,763	-	-	127,341,763	683,930,945	5.18%	2,739
2016	487,822,233	-	1,312,618	52,282,849	541,417,700	131,755,478	-	-	131,755,478	673,173,178	4.94%	2,688
2017	506,694,682	-	1,311,917	46,621,431	554,628,030	124,264,790	-	-	124,264,790	678,892,820	4.84%	2,692
2018	514,171,551	-	1,300,000	28,321,359	543,792,910	122,350,421	-	-	122,350,421	666,143,331	4.60%	2,617

- (1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.
- (2) Information from Table 14.
- (3) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to liabilities and reclassified as a deferred outflow/inflow of resources.



Harford County, Maryland

Legal Debt Margin Information

**Table 12
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to the Limit</u>	<u>Legal Debt Margin</u>	<u>Total Debt Applicable to the Limit as a % of Debt Limit</u>
2009	1,661,636,386	331,988,484	1,329,647,902	19.98%
2010	1,794,971,828	449,590,057	1,345,381,771	25.05%
2011	1,794,102,982	450,135,811	1,343,967,171	25.09%
2012	1,734,475,759	455,946,203	1,278,529,556	26.29%
2013	1,714,305,453	452,595,162	1,261,710,291	26.40%
2014	1,692,448,434	465,856,386	1,226,592,048	27.53%
2015	1,712,790,162	483,229,879	1,229,560,283	28.21%
2016	1,739,916,435	475,134,851	1,264,781,584	27.31%
2017	1,785,007,618	494,006,599	1,291,001,019	27.68%
2018	1,828,622,339	501,501,551	1,327,120,788	27.43%

Legal Debt Margin Calculation for Fiscal Year 2018

(1) Net Assessed Value - Real Property	\$ 27,116,548,956	
(2) Debt Limit=6% of Net Assessed Value - Real Property		\$ 1,626,992,937
(1) Assessed Value - Personal Property	1,344,196,010	
(2) Debt Limit=15% of Net Assessed Value - Personal Property		201,629,402
Total Debt Limit		1,828,622,339
(3) Amount of Debt Applicable to Debt Limit	666,143,331	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(28,321,359)	
Debt Payable from Debt Service Fund	(13,970,000)	
(3) Debt Payable from Enterprise Revenues	(122,350,421)	
Total Debt Applicable to Debt Limitation		501,501,551
Legal Debt Margin		\$ 1,327,120,788

(1) Table 6

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

(3) Table 11

Harford County, Maryland

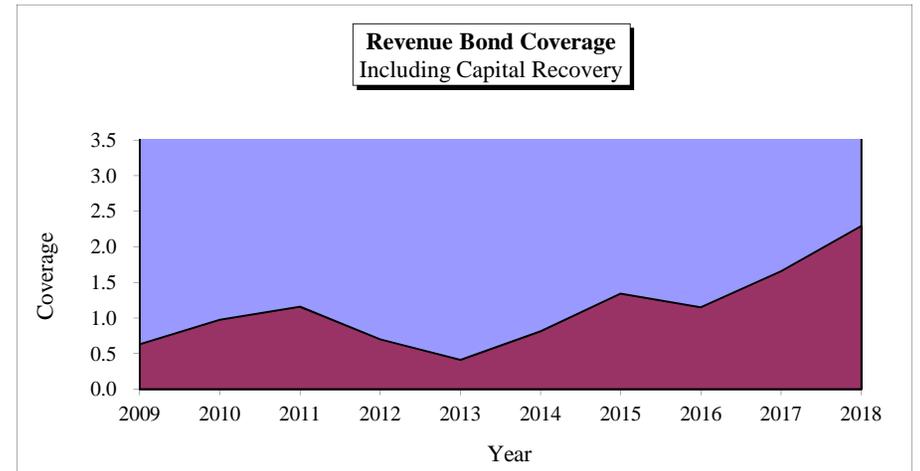
**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**Table 13
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Gross Revenues (2)	Area Connection Charges	Benefit Assessment	User Assessments and Surcharges (5)	Total Gross Revenues	Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
								Principal	Interest	Total	
2009	\$ 30,062,191	\$ 553,400	\$ 691,019	\$ 6,181,532	\$ 37,488,142	\$ 29,144,669	\$ 8,343,473	\$ 10,368,564	\$ 2,797,801	\$ 13,166,365	0.63
2010	29,474,829	3,714,030	716,553	8,290,235	42,195,647	29,149,190	13,046,457	10,031,325	3,342,871	13,374,196	0.98
2011	31,237,074	4,814,179	746,977	8,593,385	45,391,615	27,598,274	17,793,341	10,346,027	4,993,322	15,339,349	1.16
2012	30,330,584	602,650	772,003	7,773,260	39,478,497	28,395,794	11,082,703	11,036,098	4,754,184	15,790,282	0.70
2013	31,145,719	808,550	860,161	7,760,565	40,574,995	34,875,138	5,699,857	9,388,778	4,407,906	13,796,684	0.41
2014	32,858,837	1,108,397	899,888	9,332,385	44,199,507	33,619,976	10,579,531	8,546,381	4,434,807	12,981,188	0.81
2015	33,344,939	1,543,075	934,765	13,913,785	49,736,564	33,211,697	16,524,867	8,269,283	4,022,016	12,291,299	1.34
2016	33,606,189	1,102,986	954,401	10,840,633	46,504,209	32,151,623	14,352,586	8,655,544	3,802,578	12,458,122	1.15
2017	41,057,009	1,485,134	976,332	11,393,358	54,911,833	34,282,770	20,629,063	8,370,350	4,066,972	12,437,322	1.66
2018	46,403,240	1,250,097	967,232	14,450,415	63,070,984	34,794,112	28,276,872	8,570,141	3,760,439	12,330,580	2.29

- (1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.
- (2) Includes Total Operating Revenue, Interest Income, Recordation Tax, Grant and Transfer revenues.
- (3) Includes Total Operating Expenses exclusive of Depreciation plus Other Income (Expense).
- (4) Includes Principal and Interest on Water and Sewer Bonds net of Refunded Bonds.
- (5) User Assessments and Charges updated in FY 2018 for all fiscal years reported.

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



Harford County, Maryland

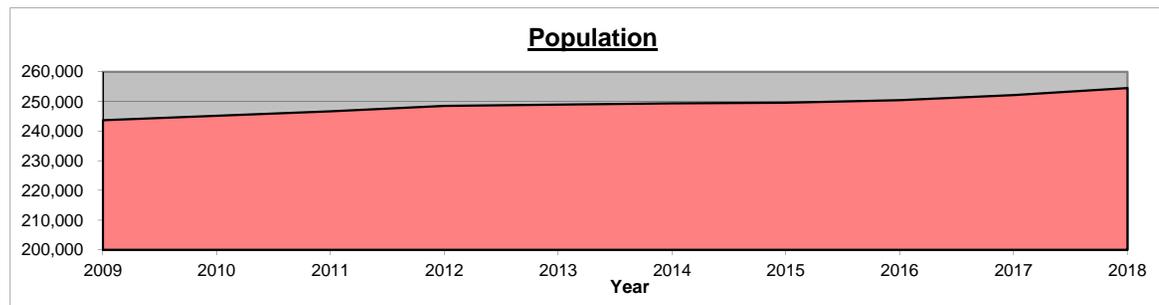
Demographic Statistics

Table 14
Last Ten Fiscal Years

Fiscal Year	Ending	Population (1)	Per Capita	Personal	Unemployment	School	Median	Education of
June 30,	Population (1)	Income (2)	Income (2)	Rate (3)	Enrollment (4)	Age (5)	Bachelor Degree	or Higher (5)
				(000's)				
2009	243,685	\$ 45,092	\$ 10,988,340	7.7%	38,610	38.1	27.6%	
2010	245,224	46,489	11,400,848	7.3%	38,637	38.1	30.3%	
2011	246,730	48,433	11,948,693	7.3%	38,394	38.3	30.5%	
2012	248,585	49,199	12,233,940	7.4%	38,224	39.2	28.9%	
2013	248,969	48,957	12,200,680	7.5%	37,868	39.5	31.5%	
2014	249,430	50,753	12,680,159	6.0%	37,842	39.8	32.7%	
2015	249,661	52,779	13,201,922	5.5%	37,537	39.9	33.4%	
2016	250,439	54,232	13,613,942	4.4%	37,448	40.1	33.8%	
2017	252,160	55,725 ⁽⁶⁾	14,038,833 ⁽⁶⁾	4.2%	37,426	40.3	34.5%	
2018	254,560	57,259 ⁽⁶⁾	14,476,985 ⁽⁶⁾	4.1%	37,780	Not Available	Not Available	

SOURCE:

- (1) Planning and Zoning provided population estimates for FY2017
- (2) U.S. Bureau of Economic Analysis Table CAO4
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information
- (4) Harford County Public Schools
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning and Zoning
- (6) Personal income and per capita income for fiscal years 2017 and 2018 were estimated because data was unavailable



Harford County, Maryland

Principal Employers

Table 15
Current Fiscal Year and Ten Years Ago

Fiscal Year 2018			
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	24,000	1	25.68%
Harford County Public Schools	5,285	2	5.66%
UM Upper Chesapeake Medical Center	3,300	3	3.53%
US Army Research Laboratory (ARL)	2,000	4	2.14%
Secure Shot LLC	2,000	5	2.14%
Harford County Government	1,541	6	1.65%
Klein's ShopRite of Maryland	1,200	7	1.28%
Kohl's E-Fulfillment Center	1,200	8	1.28%
Rite Aid Mid-Atlantic Customer Support Center	1,030	9	1.10%
Harford Community College	1,011	10	1.08%
Total	<u>42,567</u>		<u>45.54%</u>
Total County Employment (1)	<u>93,443</u>		<u>100%</u>
Fiscal Year 2009			
	Number of Employees (3)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	12,200	1	16.74%
Harford County Public Schools	5,333	2	7.32%
Upper Chesapeake Health System	1,932	3	2.65%
Harford County Government	1,608	4	2.21%
Rite Aid Mid-Atlantic Customer Support Center	1,270	5	1.74%
Harford Community College	1,219	6	1.67%
SAIC	788	7	1.08%
Klein's Supermarkets	663	8	0.91%
Jacobs Technology	656	9	0.90%
Saks Fifth Avenue	520	10	0.71%
Total	<u>26,189</u>		<u>35.93%</u>
Total County Employment (2)	<u>72,895</u>		<u>100%</u>

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) U.S. Census Bureau, Center for Economic Studies, May 7, 2008
- (3) Harford County Comprehensive Annual Fiscal Report Table 15 - Fiscal Year 2009

Harford County, Maryland

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

Table 16
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agricultural Preservation										
Acres of Farm Land in Preservation Program	34,387	34,723	35,024	36,563	37,195	37,443	38,671	39,078	39,680	39,680
General Government										
Office Buildings	13	13	13	13	13	13	13	13	5	5
Garage	1	1	1	1	1	1	1	1	1	1
Vehicles	30	34	42	36	36	27	25	17	28	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	33	33	33	33	33	33	33
High Schools	9	9	9	9	9	9	9	9	9	9
Middle Schools	9	9	9	9	9	9	9	9	9	9
Public Charter School	1	-	-	-	-	-	-	-	-	-
Special Education	1	1	1	1	1	1	1	1	1	1
Vocational/Technical High School	1	1	1	1	1	1	1	1	1	1
Harford Center--Rehabilitation Center for Disabled	1	1	1	1	1	1	1	1	1	1
Judicial										
Courthouse	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	2	1	1	1	1	1
Libraries	11	11	11	11	11	11	11	11	11	11
Parks and Recreation										
Number of Parks	89	91	91	93	93	96	96	95	95	96
Rec, Comm. & Visitor Ctrs	8	8	8	8	8	8	8	8	8	8
Acres of Land	4,612	4,640	4,640	4,594	4,473	4,608	4,608	4,543	4,543	4,539
Vehicles	86	88	86	52	57	50	48	58	58	55
Public Safety										
Detention Center	1	1	1	1	1	1	1	1	1	1
Emergency Operations Center	1	1	1	1	1	1	1	1	1	1
Number of Stations	3	3	3	3	3	3	3	3	3	3
Sheriff's Vehicles	358	371	363	374	372	375	379	367	336	361
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

(continued)

Harford County, Maryland

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

Table 16 (continued)
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety (continued)										
Emergency Operations Vehicles	6	6	9	9	11	16	16	13	13	17
Hazmat Vehicles	10	11	10	10	11	11	9	8	8	9
DILP Vehicles	29	23	27	25	25	18	17	29	21	21
Public Works										
Highways										
County Maintained Roads-Paved Miles	998	1,000	1,002	1,008	1,011	1,013	1,017	1,018	1,023	1,027
County Maintained Roads-Unpaved Miles	47	46	46	47	46	46	46	45	45	44
Office Buildings	3	3	3	3	3	3	3	3	3	3
Equipment Sheds	8	8	8	8	8	8	8	8	8	8
Truck Bay	1	1	1	1	1	1	1	1	1	1
Salt Dome	4	4	4	4	4	4	4	4	4	4
Vehicles	371	314	332	296	291	288	303	276	253	252
Water & Sewer										
Miles of Water Mains and Laterals	687	690	691	685	683	689	691	696	703	705
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	12	12	12	12	12	12
Miles of Wastewater Mains and Laterals	762	765	766	770	776	784	787	792	798	801
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	54	55	55	55	56	53	50	52	51	51
Vehicles	110	128	119	109	116	120	113	103	109	108
Waste Disposal										
Waste to Energy Facility	1	1	1	1	1	1	1	1	-	-
Vehicles	19	19	20	12	11	12	9	5	-	-
Landfills										
Buildings	2	2	2	2	2	2	2	2	2	2
Pole barn/garage	2	2	2	2	2	2	2	2	2	2
Vehicles	88	77	59	55	50	45	44	35	42	41
Social Services & Health										
Senior/Activity Centers	4	5	5	5	5	5	5	5	5	5
Buses	34	33	36	31	43	43	43	43	43	38
Office Buildings	3	3	3	3	3	3	3	3	3	3
Transportation Facility	1	1	1	1	1	1	1	1	1	1
Other Vehicles	11	6	13	12	12	13	9	4	2	2

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

(2) Information from County Agencies/Component Units

Harford County, Maryland

Operating Indicators by Function (1)

**Table 17
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Agricultural Preservation</u>										
Number of settlements	20	-	-	9	6	-	9	-	3	-
<u>County Council</u>										
Number of bills introduced	42	46	46	67	54	49	25	44	26	43
Number of bills passed	39	39	42	57	52	43	24	42	24	41
<u>General Government</u>										
<u>Land Use</u>										
Total acres	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727
Percent residential	17.50%	17.50%	17.50%	27.27%	27.27%	27.27%	27.27%	27.27%	27.27%	27.27%
Percent agricultural	36.70%	36.70%	36.70%	29.25%	29.25%	29.25%	29.25%	29.25%	29.25%	29.25%
Percent commercial	2.10%	2.10%	2.10%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
<u>Inspections & Permits</u>										
Permits issued	13,687	11,937	14,019	14,633	15,896	18,293	19,215	19,933	17,261	17,295
Commercial construction permits	50	18	348	35	22	15	24	15	4	9
Residential construction permits	494	681	713	577	459	700	1,079	488	846	632
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed (Calendar year)	2,184	2,162	2,067	2,066	2,188	2,118	1,998	1,847	1,839	1,889
<u>District Court</u>										
Number of cases filed (Calendar year)	8,320	8,513	8,372	8,202	7,658	7,623	8,228	7,826	7,738	7,645
<u>Education</u>										
<u>Board of Education</u>										
Administrators	269	275	274	266	260	256	253	254	254	254
Support	1,976	1,983	2,105	2,073	2,064	2,018	2,003	1,974	1,919	1,909
Teachers/Counselors/Mentors	3,088	3,092	3,100	3,101	3,045	2,982	3,000	2,989	2,985	2,962
Number of students	38,610	38,639	38,394	38,224	37,868	37,842	37,537	37,448	37,426	37,780
<u>Community College</u>										
Number of credit students	5,838	6,324	6,482	6,547	6,481	6,201	5,962	5,759	5,764	5,375
Faculty	473	497	480	474	471	469	450	415	407	383
Administrators	33	33	33	32	32	32	31	31	26	28
Staff	395	411	426	454	461	485	489	530	534	543
Visiting Professors	38	41	37	39	42	43	41	41	42	39
<u>Libraries</u>										
Number of registered borrowers	201,032	214,116	163,129	175,887	182,000	191,239	181,393	185,638	193,747	196,219
Circulation (000) (2)	4,851	4,699	4,815	4,500	4,111	4,130	3,872	3,783	3,697	3,616
Materials collection (000)	1,003	1,032	1,025	994	941	941	822	979	1,090	1,113
Library personnel	242	236	239	241	241	242	243	240	242	242

(continued)

Harford County, Maryland

Operating Indicators by Function (1)

**Table 17 (continued)
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Parks and Recreation (3)</u>										
Volunteer recreation councils	20	20	21	22	23	22	22	22	20	20
Number of P&R volunteers	14,053	13,577	20,165	15,439	14,396	14,297	14,250	13,271	13,571	14,308
Recreation registrations	75,021	70,720	87,694	72,953	76,456	73,359	73,066	66,074	69,625	65,122
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	1,520	1,520	1,483	1,145	1,123	1,169	1,170	1,189	1,181	1,178
Fire & EMS responses	32,132	24,997	26,089	30,952	26,372	26,195	29,704	28,604	29,974	30,482
Police responses	143,618	145,072	145,509	150,711	135,990	137,801	227,027	296,213	273,589	284,966
911 calls	101,959	104,590	106,801	108,865	105,584	99,555	101,915	101,033	104,385	104,456
Hazardous material incidents	329	208	175	169	163	210	187	196	183	193
EOC activations/exercises	12	17	15	15	26	30	25	38	26	32
Community policing programs	311	349	314	298	298	139	134	156	122	240
Neighborhood watch programs	39	63	59	24	27	33	38	35	26	25
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials (4)	187,249	193,487	190,715	165,475	146,800	126,923	10,358	21,184	9,974	8,704
Tons of solid waste processed (4)	143,217	160,742	142,753	141,962	167,500	133,890	140,792	120,509	12,638	12,654
<u>Highways</u>										
Number of snow routes	75	75	75	75	75	75	75	75	75	75
<u>Social Services/Health</u>										
<u>Transportation</u>										
Annual ridership	291,577	305,523	273,712	299,865	355,978	356,770	365,905	359,269	326,706	298,405
Vehicle miles traveled	684,957	772,523	526,957	595,480	709,276	744,346	741,767	769,333	743,196	848,951
<u>Water & Sewer Operations</u>										
Daily average water consumption in gal.(000)	10,500	10,500	11,500	12,100	12,500	12,073	9,800	9,379	9,350	9,350
Daily average effluent treatment in gal. (000)	12,300	12,000	13,000	13,300	12,500	12,073	12,714	12,126	10,712	11,854
Number of new accounts added	345	315	384	282	343	312	227	291	287	371

(1) Information from County Agencies/Component Units

(2) Library circulation amount for FY 17 updated in FY 18.

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

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

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 18
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
County Council	22	22	22	24	22	28	28	27	27	27
General Government										
County Executive	8	8	12	11	11	11	11	4	4	4
Administration	96	106	92	63	64	65	67	49	49	50
Procurement	20	20	19	16	15	14	14	14	11	10
Treasury	51	52	49	47	48	44	44	42	42	41
Law	16	16	15	15	15	16	16	16	15	15
Planning & Zoning	44	44	43	42	42	41	41	38	37	36
Human Resources	11	10	8	8	9	7	7	9	8	8
Gov't & Community Relations	5	5	-	-	-	-	-	4	6	6
Information & Communication Technology	-	-	-	26	27	29	29	24	23	23
Conservation of Natural Resources	-	-	-	4	4	4	4	5	5	5
Economic Development	13	12	12	16	17	17	17	22	20	14
	264	273	250	248	252	248	250	227	220	212
Judicial										
Judicial	28	28	29	29	29	29	29	30	30	32
State's Attorney	52	56	56	57	57	59	59	59	59	59
	80	84	85	86	86	88	88	89	89	91
Parks and Recreation	99	105	106	106	104	102	103	94	94	86
Public Safety										
Sheriff's Office	510	511	514	514	515	525	528	535	535	529
Emergency Services	92	92	91	90	92	94	94	91	90	106
Inspections, Licenses & Permits	45	43	40	40	40	39	39	29	30	31
	647	646	645	644	647	658	661	655	655	666
Public Works										
Public Works - Administration	31	32	24	24	24	24	24	30	14	20
Public Works - Solid Waste	33	33	33	33	34	33	33	23	-	-
Public Works - Stormwater Management	-	-	-	-	-	12	12	-	-	-
Public Works - Highways	217	206	206	207	208	196	196	190	187	175
Public Works - Water & Sewer	170	170	170	170	170	171	172	170	170	170
	451	441	433	434	436	436	437	413	371	365
Social Services & Health										
Community Services	37	33	34	36	38	39	40	25	25	25
Housing Agency	8	8	8	6	6	6	7	9	8	8
	45	41	42	42	44	45	47	34	33	33
Grand Totals	1,608	1,612	1,583	1,584	1,591	1,605	1,614	1,539	1,489	1,480

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



HARFORD

COUNTY

BARRY GLASSMAN, COUNTY EXECUTIVE

Maryland's New Center of Opportunity

www.harfordcountymd.gov