

HARFORD COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



BARRY GLASSMAN, COUNTY EXECUTIVE

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2019



Prepared by:

*Department of the Treasury
Harford County, Maryland*

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

*Rick Pernas, CPA
Harford County Deputy Treasurer*



HARFORD
COUNTY

WELCOMES YOU!

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Introductory Section

BARRY GLASSMAN
HARFORD COUNTY EXECUTIVE

BILLY BONIFACE
DIRECTOR OF ADMINISTRATION



ROBERT F. SANDLASS, JR.
TREASURER

October 9, 2019

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, 2019, 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, 2019 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, 2019, 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 256,000. 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 2019 taxable assessable base resulted in an increase over the fiscal year 2018 assessable base of 2.15%. The estimated increase in property taxes from fiscal year 2019's approved budget to fiscal year 2020's approved budget is 2.78% or \$7,510,000. The increase is due to the properties known as "Group 1" 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 2019 assessments for "Group 1" properties were based on an evaluation of 64,807 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 2020 tax year. For the 2019 assessment, 87.5% of “Group 1” residential properties saw an increase in property value. Residential assessments increased by 6.2% and commercial assessments for Group 1 increased by 3.0% since their last assessment in December of 2016. 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 2019 using the modified accrual basis of accounting. The year over year increase for 2016 to 2017, 2017 to 2018, and 2018 to 2019 was 2.6%, 2.6% and 10.7%. Income tax is budgeted at \$233.5 million for fiscal year 2020.

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 15, 2019.

Fiscal year 2020 budget, including all funds, is \$903.6 million, an increase of 0.2% or \$1.8 million from fiscal year 2019. The total 2020 General Fund Operating Budget is \$595.4 million and the Capital Budget, excluding the Water and Sewer Capital Fund is \$151.2 million.

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

Capital budget in fiscal year 2020 includes \$42.9 million toward 12 Harford County Public School projects including security measures, technology, HVAC and roof replacements, special education facility improvements, replacement buses, and funds to complete the new \$100.0 million Havre de Grace Middle/High School. Other major capital projects budgeted for fiscal year 2020 include \$28.5 million for County road and bridge projects, \$10.9 million for stormwater remediation projects, and \$11.8 million for public safety projects including volunteer firehouse company renovations, a multi-agency public safety mobile command center, construction of a new County EMS station, support for the Next-Gen 911, and upgrades to public safety radio communications in schools.

In an effort to continue reinvesting in our workforce, County Executive Glassman instituted a \$2,000 merit-based annual salary increase per qualifying County employee for fiscal year 2020. Equivalent increases for the States’ Attorney, Circuit Court, and for Sheriff’s Office civilian employees were funded along with one step increase, in accordance with the Harford County Sheriff’s Office pay plan, plus 1% COLA for law enforcement and correctional personnel.

The fiscal year 2020 budget included record level funding for Harford County Public Schools. The operating funding for Harford County Public Schools at \$256.5 million is \$10.7 million over fiscal year 2019 and over the required Maintenance of Effort. \$10.0 million of the total budget increase in 2020 is dedicated to raising instructional salaries and \$0.7 million is budgeted to strengthen mental health services with added support for school psychologists.

The fiscal year 2020 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 22.5% 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 2019, the weighted average yield on investments was 2.12 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, 2018. This was the thirty-fourth 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 thirty-first GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2018. 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

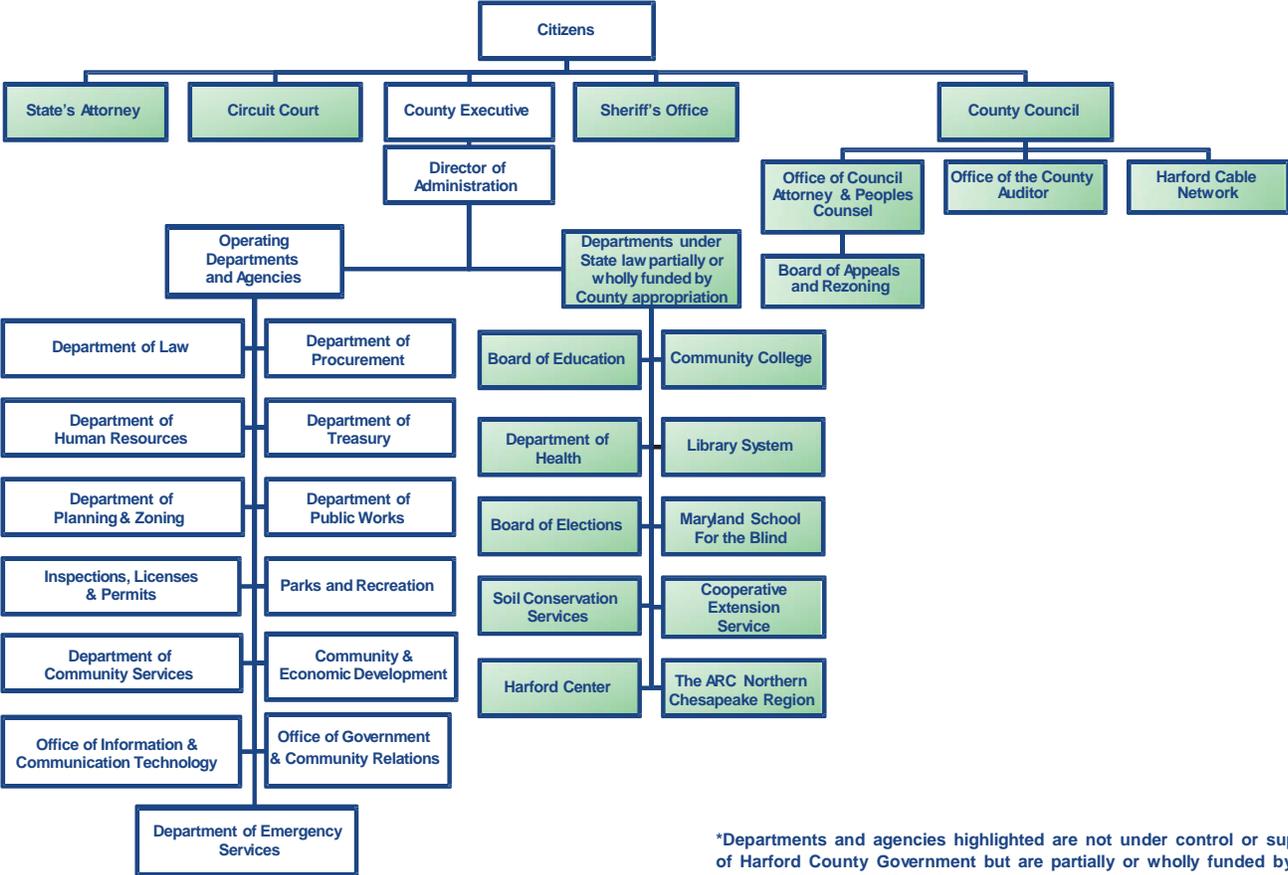
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

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, 2019**

CERTAIN ELECTED OFFICIALS

County Executive	Barry Glassman
President of the County Council	Patrick S. Vincenti
County Council Members	Andre V. Johnson
	Joseph M. Woods
	Tony “G” Giangiordano
	Chad R. Shrodes
	Robert S. Wagner
	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 and Communication Technology	Nicholas Kuba
Director of Governmental and Community Relations	Cindy Mumby

Independent Public Accountants
CliftonLarsonAllen, LLP
Certified Public Accountants
Timonium, Maryland

Bond Counsel
Miles & Stockbridge P.C.
Baltimore, Maryland

Financial Advisor
Davenport & Company
Towson, 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, 2019, 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 Library, and the Harford Center, Inc., which represent 18 percent and 43 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 Harford County Public Library and the Harford Center, Inc., 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Highways and Agricultural Land Preservation Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-13, and the required supplementary information on 112-122 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, budgetary comparison schedules 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
October 8, 2019

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, 2019. 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 \$691.6 million. The unrestricted portion of this is a deficit of \$279.4 million and is composed of an unrestricted deficit in the governmental activities of \$335.2 million and a balance of \$55.8 million unrestricted in the business-type activities.
- The County's net position increased \$103.0 million during the current fiscal year. The majority of the increase in the governmental activities is due to a successful appeal of a lawsuit from prior year of \$45.9 million, an increase of \$24.8 million from property and income taxes due to a strong economy, changes in tax laws, and \$5.2 million in investment earnings due to higher interest rates. The increase in the business-type activities was from \$5.3 million in connection charges, \$3.1 million in charges for services due to increase in water and sewer rates, and \$1.3 million in investment earnings due to higher interest rates.
- In the governmental activities, although total revenues increased 3.3% while expenses increased 6.0% from the prior fiscal year, the total revenues and total expenditures increased \$40.7 million and with the inclusion of a \$45.9 million special item of claims and judgements from appeal of a lawsuit, the total net position resulted in an \$86.6 million increase. In the business-type activities, total revenues exceeded total expenditures by \$16.4 million.

Fund Level:

- The General Fund had an increase in fund balance of \$20.2 million. The Highways Fund had a decrease in fund balance of less than \$0.1 million.
- Approximately 81.8% of the total governmental fund balance, \$209.9 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 \$128.7 million or 23.8% of total General Fund expenditures. Restricted fund balance of the General Fund was \$6.0 million or 4.4% of total fund balance, leaving \$1.0 million or 0.7% 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 \$5.3 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 schedule 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.

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, \$854.5 million, reflects its investment in capital assets net of depreciation (e.g. land, development rights, construction in progress, buildings, machinery, equipment, intangibles, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted net position at \$116.6 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 \$279.4 million; business-type activities have a balance of \$55.7 million unrestricted net position while the unrestricted net position for governmental activities is a negative \$335.2 million. The major reason for negative unrestricted net position in the governmental funds relates to the building of schools. Counties in the State of Maryland issue debt for public school construction; however school buildings are recorded as assets of each public school system. Although net position, as noted earlier, is an indicator of a government's overall financial condition, the issuance of debt for Harford County Public Schools and Harford Community College construction, which increases the government's liabilities without the addition of corresponding assets, causes an imbalance on the Statement of Net Position. Also the implementation of GASBs for Pensions and Other Post Employment

Benefits required the County to record long term liabilities that were well over \$189.4 million that were not required to be recorded in the past.

The net position of governmental activities increased \$86.6 million during fiscal year 2019, with more than half of the increase attributed to a special item of \$45.9 million, while program revenues decreased \$5.7 million and general revenues increased \$27.1 million over fiscal year 2018. Governmental activities general revenues for 2019 showed an increase in property taxes of \$6.1 million, an increase of income taxes of \$18.7 million, an increase of \$0.2 million in recordation taxes, a decrease in transfer tax of \$2.6 million, and an increase in investment earnings of \$5.2 million.

The net position of business-type activities increased \$16.4 million during fiscal year 2019. Charges for services revenue increased \$3.1 million, 7.2%, from fiscal year 2018 to 2019, due to legislation detailing a five year rate adjustment plan that became effective January 1, 2016. Expenses for the business-type activities increased \$2.0 million, 3.9%, 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	
	2019	2018	2019	2018	2019	2018
Current & Other Assets	\$ 346,645,988	\$ 315,051,900	\$ 166,485,631	\$ 143,408,215	\$ 513,131,619	\$ 458,460,115
Capital Assets	<u>727,320,227</u>	<u>709,730,658</u>	<u>434,342,134</u>	<u>444,315,360</u>	<u>1,161,662,361</u>	<u>1,154,046,018</u>
Total Assets	<u>1,073,966,215</u>	<u>1,024,782,558</u>	<u>600,827,765</u>	<u>587,723,575</u>	<u>1,674,793,980</u>	<u>1,612,506,133</u>
Deferred Outflows of						
Resources	<u>81,014,215</u>	<u>55,187,730</u>	<u>8,671,095</u>	<u>5,563,475</u>	<u>89,685,310</u>	<u>60,751,205</u>
Noncurrent Liabilities	854,969,540	869,453,765	146,416,871	145,214,404	1,001,386,411	1,014,668,169
Other Liabilities	<u>39,380,904</u>	<u>38,374,396</u>	<u>14,634,749</u>	<u>15,825,200</u>	<u>54,015,653</u>	<u>54,199,596</u>
Total Liabilities	<u>894,350,444</u>	<u>907,828,161</u>	<u>161,051,620</u>	<u>161,039,604</u>	<u>1,055,402,064</u>	<u>1,068,867,765</u>
Deferred Inflows of						
Resources	<u>15,749,606</u>	<u>13,853,023</u>	<u>1,682,821</u>	<u>1,921,500</u>	<u>17,432,427</u>	<u>15,774,523</u>
Net Investment in						
Capital Assets	536,321,847	518,637,112	318,187,398	325,690,256	854,509,245	844,327,368
Restricted	43,733,915	45,781,073	72,830,464	63,302,643	116,564,379	109,083,716
Unrestricted	<u>(335,175,382)</u>	<u>(406,129,081)</u>	<u>55,746,557</u>	<u>41,333,047</u>	<u>(279,428,825)</u>	<u>(364,796,034)</u>
Total Net Position	<u>\$ 244,880,380</u>	<u>\$ 158,289,104</u>	<u>\$ 446,764,419</u>	<u>\$ 430,325,946</u>	<u>\$ 691,644,799</u>	<u>\$ 588,615,050</u>

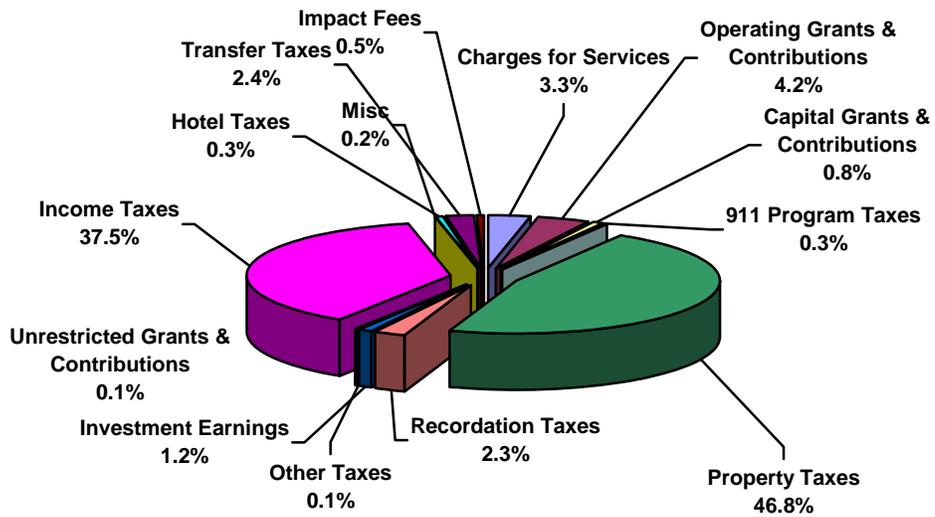
Harford County Government's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for Services	\$ 21,936,237	\$ 21,710,009	\$ 45,897,888	\$ 42,795,716	\$ 67,834,125	\$ 64,505,725
Operating Grants & Contributions	28,177,980	29,056,647	330,000	804,406	28,507,980	29,861,053
Capital Grants & Contributions	5,176,268	10,248,005	20,665,666	15,378,940	25,841,934	25,626,945
General revenues:						
Property Taxes	314,832,396	308,709,856	-	-	314,832,396	308,709,856
Income Taxes	252,411,277	233,759,923	-	-	252,411,277	233,759,923
Impact Fees	3,438,000	3,531,600	-	-	3,438,000	3,531,600
911 Program Taxes	1,767,924	1,790,042	-	-	1,767,924	1,790,042
Recordation Taxes	15,552,643	15,314,546	-	-	15,552,643	15,314,546
Transfer Taxes	16,035,648	18,671,392	-	-	16,035,648	18,671,392
Hotel Taxes	2,287,152	2,278,619	-	-	2,287,152	2,278,619
Other Taxes	783,577	760,047	-	-	783,577	760,047
Investment Earnings	8,011,491	2,788,417	4,115,871	2,803,118	12,127,362	5,591,535
Unrestricted Grants & Contributions	360,549	440,319	-	-	360,549	440,319
Miscellaneous	1,452,312	1,759,295	-	-	1,452,312	1,759,295
Total Revenues	672,223,454	650,818,717	71,009,425	61,782,180	743,232,879	712,600,897
Program Expenses:						
Agricultural Land Preservation	4,098,178	3,283,221	-	-	4,098,178	3,283,221
County Council	2,959,753	2,682,783	-	-	2,959,753	2,682,783
General Government	51,764,330	47,956,372	-	-	51,764,330	47,956,372
Education	286,146,378	273,561,170	-	-	286,146,378	273,561,170
Harford Center	578,036	553,036	-	-	578,036	553,036
Judicial	11,026,051	10,316,937	-	-	11,026,051	10,316,937
Libraries	18,725,244	18,330,481	-	-	18,725,244	18,330,481
Parks and Recreation	16,387,902	15,647,175	-	-	16,387,902	15,647,175
Public Safety	120,571,842	110,658,836	-	-	120,571,842	110,658,836
Public Works	74,092,972	67,707,510	-	-	74,092,972	67,707,510
Social Services	28,005,721	27,334,522	-	-	28,005,721	27,334,522
Unallocated Debt Interest / Other Costs	17,143,826	17,791,039	-	-	17,143,826	17,791,039
Water and Sewer	-	-	54,570,952	52,524,992	54,570,952	52,524,992
Total Expenses	631,500,233	595,823,082	54,570,952	52,524,992	686,071,185	648,348,074
Special Item: Claims & Judgements	45,868,055	(45,868,055)	-	-	45,868,055	(45,868,055)
Change in Net Position	86,591,276	9,127,580	16,438,473	9,257,188	103,029,749	18,384,768
Net Position--Beginning	158,289,104	237,040,718	430,325,946	431,294,614	588,615,050	668,335,332
Change in Accounting Principle	-	(87,879,194)	-	(10,225,856)	-	(98,105,050)
Net Position--Beginning, as Restated	158,289,104	149,161,524	430,325,946	421,068,758	588,615,050	570,230,282
Net Position--Ending	\$ 244,880,380	\$ 158,289,104	\$ 446,764,419	\$ 430,325,946	\$ 691,644,799	\$ 588,615,050

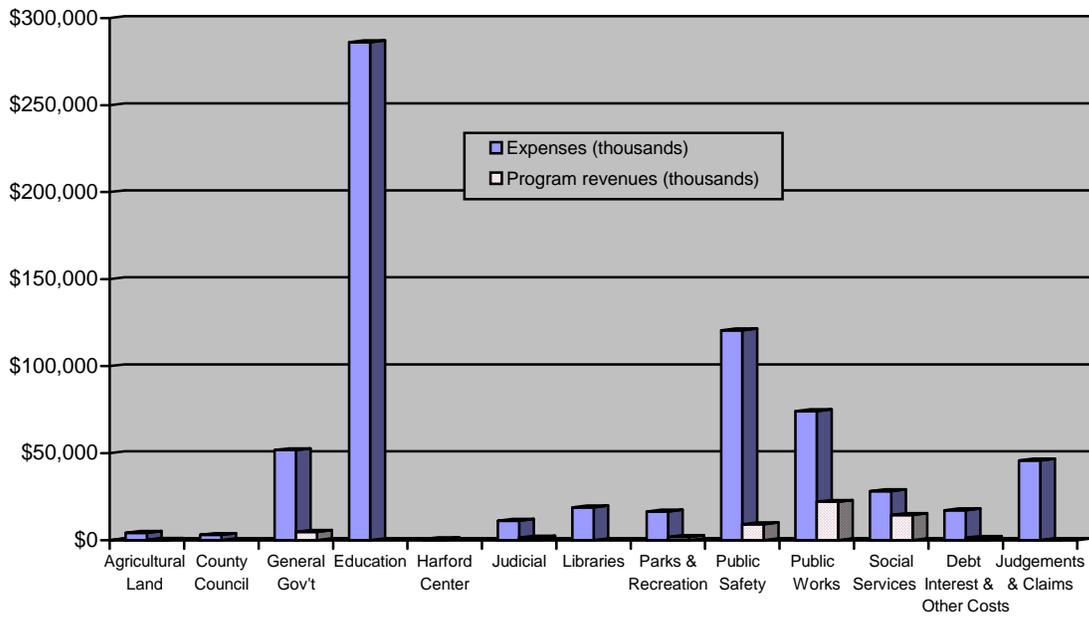
Governmental activities The change in net position of governmental activities increased \$86.6 million during fiscal year 2019. Key elements are as follows:

- Total Government Activities expenses increased \$35.7 million or 6.0% from fiscal year 2018. The increase is due to funding Education \$12.6 million over prior year, mainly for instructional salaries to support the teachers. Public Safety increased \$9.9 million mainly due to increase in personnel costs which included fully funding the Sheriff's Office request for salary increases as well as increases in insurance, retirement, and overtime. Public Safety also added an additional ambulance to our emergency medical service division. This increased the number of ambulances to two full time ambulances in fiscal year 2019 versus only having one ambulance for part of the year in fiscal year 2018. An increase in Agricultural Preservation of \$0.8 million from fiscal year 2018 was due to closing costs to purchase development rights to preserve over 20 farms in fiscal year 2019. General Government increased \$3.8 million over prior year mostly from repairs and renovations of major projects including the Abingdon Library, Courthouse, and technology infrastructure and replacement which amounted to \$3.2 million. An increase in Public Works of \$6.4 million, which comprises the majority of the County workforce, received raises in fiscal year 2019 and an increase in highways projects due to storms that caused one time damages that needed to be repaired in fiscal year 2019
- Property Taxes increased in fiscal year 2019 by \$6.1 million or 2.0% over prior year due to a growing economy which has translated to stronger home prices.
- The County recorded \$252.4 million in income tax revenue for fiscal year 2019. This is an \$18.7 million or 8.0% increase from fiscal year 2018 using full accrual accounting. The change was attributed to an improvement in the economy, wages and capital gains, and an increase in net taxable income due to a provision in the Tax Cuts and Jobs Act that limited deductions of state and local taxes from federal income taxes.
- Recordation and Transfer Tax decreased \$2.4 million in fiscal year 2019 over fiscal year 2018. In fiscal year 2019 the number of homes sold decreased due to rising interest rates resulting in decreased recordation and transfer tax revenue.
- Investment Earnings increased by \$5.2 million due to an increase in interest rates over fiscal year 2018.
- Capital Grants and Contributions decreased \$5.0 million or 49.5% from prior fiscal year. The County received less contributed assets from developers in the form of donated roads. Donated roads can increase or decrease depending when the County accepts the roads from a completed housing development. This corresponds with the decrease in Transfer Tax which showed fewer homes being sold, thus less developments being completed.

Revenues by Source-Governmental Activities



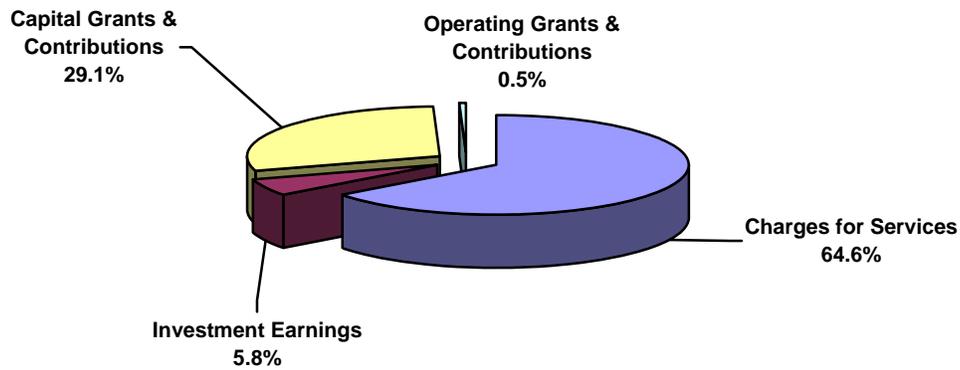
Expenses and Program Revenues-Governmental Activities



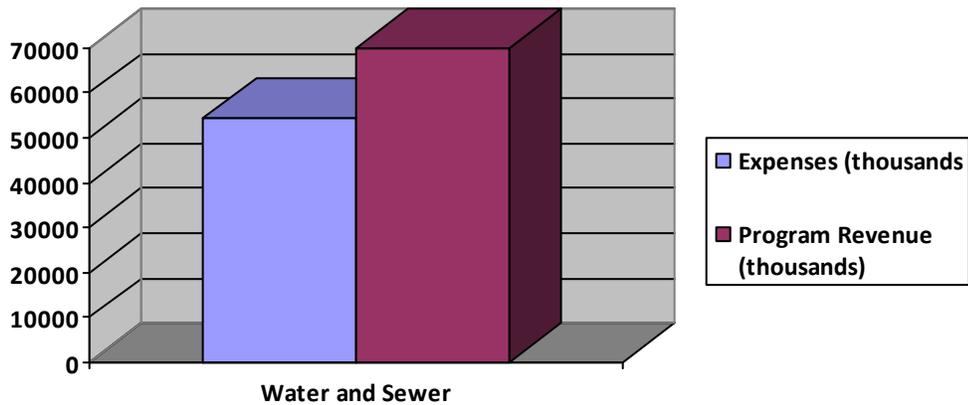
Business-type activities Business-type activities recorded an increase in net position of \$16.4 million during fiscal year 2019. Key elements are as follows:

- The increase in charges for services, \$3.1 million is attributed to an increase in the water and sewer rates.
- Investment Earnings totaled \$4.1 million, an increase of 46.8% or \$1.3 million from fiscal year 2018 due to increase in interest rates.
- Capital Grants and Contributions increased \$5.3 million or 34.4% from prior year due mostly to connections charges from development.

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 \$256.5 million. Approximately 81.8% of this total amount, or \$209.9 million, constitutes *assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$46.6 million, is *nonspendable or restricted* to indicate that it is not available for new spending because it has been dedicated. The nonspendable and restricted fund balance, at 18.2% 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, the assigned and unassigned fund balance of the General Fund was \$128.7 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 23.8% of total General Fund expenditures, while total fund balance represents 25.1% of that same amount.

The County's General Fund total fund balance has increased by \$20.2 million during the current fiscal year. The increase is mostly due to an increase in revenues of \$30.3 million with the majority from taxes which increased \$28.8 million due to a growing economy.

The Highways Fund has a total fund balance of \$22.3 million. The Highways Fund has 89.8%, \$20.0 million, of its total fund balance assigned. Of this amount, 13.8% is assigned for fiscal stabilization purposes, 11.1% is assigned for encumbrances, and 45.0% is assigned for the purpose of the fund. The Highways Fund balance of \$1.9 million classified as nonspendable represents inventory. The fund balance remains approximately the same as last fiscal year decreasing less than \$0.1 million.

The Grant Fund has a total fund balance of \$8.1 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 \$38.7 million. There is \$22.8 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 \$1.7 million is due mostly to down payments and settlement cost to purchase Development Rights for over 20 farms.

The Capital Project Fund has a total fund balance of \$40.1 million. General obligation bonds of \$34.0 million were issued during fiscal year 2019 to help pay the cost of County capital projects. Of the total fund balance, \$22.8 million is restricted under bond proceeds, \$3.4 million is restricted for dedicated revenues for Harford County Public Schools and Parks and Recreation projects and \$13.8 million is assigned. The decrease in fund balance of \$3.8 million is attributed to the forward funding of capital projects that are financed by 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, 2019 was \$11.6 million. Of the total fund balance, \$3.0 million is restricted for debt service and unspent bond proceeds and \$8.6 million is assigned to the purpose of the funds. The increase in fund balance of \$2.2 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 \$56.1 million and unrestricted net position of the Internal Service Fund totaled \$7.0 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 2019 increased by \$5.4 million over the original budget. The increase was allocated to appropriated funds to account for expenses attributable to OPEB and retirement payouts. Revenue variances increased from the final fiscal year 2019 budget by \$5.4 million mostly due to a bond premium that was not budgeted and a variance of \$14.8 million over estimated income tax revenue that saved the County from using \$19.4 million of appropriated fund balance. A cautious spending policy also led to the \$12.8 million or 2.2% 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, 2019, 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 \$7.6 million.

The County's Capital Assets							
(Net of depreciation)							
	Governmental		Business-type		Total		
	Activities		Activities		Primary Government		
	2019	2018	2019	2018	2019	2018	
Land	\$ 270,651,128	\$ 269,393,918	\$ 1,535,972	\$ 1,535,972	\$ 272,187,100	\$ 270,929,890	
Development Rights	146,831,684	132,360,785	-	-	146,831,684	132,360,785	
Construction in Process	23,365,346	20,548,158	4,012,963	4,287,327	27,378,309	24,835,485	
Buildings	135,888,178	136,959,625	153,118,353	159,138,635	289,006,531	296,098,260	
Improvements	22,126,217	22,835,040	218,291,094	220,964,688	240,417,311	243,799,728	
Machinery and Equipment	1,819,598	1,905,268	23,523,403	24,750,048	25,343,001	26,655,316	
Vehicles	13,476,022	12,909,316	2,066,392	1,954,882	15,542,414	14,864,198	
Intangibles	3,502,504	939,251	796,304	233,599	4,298,808	1,172,850	
Infrastructure	109,659,550	111,879,297	30,997,653	31,450,209	140,657,203	143,329,506	
Total	\$ 727,320,227	\$ 709,730,658	\$ 434,342,134	\$ 444,315,360	\$ 1,161,662,361	\$ 1,154,046,018	

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

- The New Park Road Bridge was completed in fiscal year 2019 and capitalized for \$1.0 million. The bridge opened in December 2018.
- Major renovations at the Harford County Sheriff’s Office on 45 South Main Street were completed for \$3.6 million. The renovations were completed in the spring of 2019.

- Workday, a new financial system was installed and capitalized for \$3.4 million. The new system went live April 2019.

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 2019 General County Capital Budget. Some of the major expenditures were:

- The Fallston Hall Renovation project will include updating the building’s HVAC system, elevator, building telecommunications and classroom technology along with interior architectural changes. In fiscal year 2019, \$2.1 million was spent on the renovations.
- The Bel Air Elementary School HVAC Systemic Renovation and Open Space Enclosure project will convert open floor plans to enclosed classrooms along with the replacement of the HVAC system. In fiscal year 2019, \$2.5 million was spent of the \$4.0 million County budget.
- The North Harford High School Aquaculture Lab and Greenhouse project had expenditures of \$0.7 million in fiscal year 2019. The project provides programmatic updates to support the agricultural program at the school which includes improvements for climate control and replacing the existing greenhouse system.

Long-term debt At the end of the current fiscal year, the County had Bonds and Installment Purchase Agreements debt outstanding of \$663.6 million. Of this amount, \$119.8 million is considered self-supporting debt, funded through various surcharges and assessments related to the operation of the water and sewer systems of the County. Also considered self-supporting are \$33.0 million in installment purchase agreements 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 \$13.9 million associated with the incremental property tax revenues related to a special taxing district.

The County’s Outstanding Debt

Bonds and Installment Purchase Agreements

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Installment						
Purchase Agree.	\$ 32,994,659	\$ 28,321,359	\$ -	\$ -	\$ 32,994,659	\$ 28,321,359
Bonds Payable	510,848,176	514,171,551	119,780,161	122,350,421	630,628,337	636,521,972
Notes Payable	-	1,300,000	-	-	-	1,300,000
	<u>\$ 543,842,835</u>	<u>\$ 543,792,910</u>	<u>\$ 119,780,161</u>	<u>\$ 122,350,421</u>	<u>\$ 663,622,996</u>	<u>\$ 666,143,331</u>

The total debt of the Primary Government decreased by \$2.5 million or 0.4%, during the current fiscal year. For governmental activities, debt increased by \$0.1 million due to a general obligation bond sale of \$34.0 million, a premium of \$3.6 million and the issue of \$9.4 million of installment purchase agreements offset by principal payments and reductions of \$46.9 million. In business-type activities, debt decreased \$2.6 million, due to bond principal payments and reductions of \$9.2 million, offset by a bond sale of \$6.0 million and a premium of \$0.6 million.

During fiscal year 2019, 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 \$1.9 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 2020 remains unchanged at \$1.042 per \$100 of assessed valuation. Net property tax receipts recorded in the General Fund for fiscal year 2020 are expected to increase by 2.78% over those approved for fiscal year 2019. The increase is primarily due to a 1.86% 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 9.1%, which represents an average increase of 8.2% for all residential property and 12.5% for all commercial property since they were last assessed in 2016. In Harford County, residential assessments increased by 6.2% and commercial assessments increased by 3.0%. The Homestead Tax Credit rate is 5% for Harford County for fiscal year 2020 and remains unchanged from the past fiscal year.
- In fiscal year 2020, the County's income tax rate stayed at 3.06%. Fiscal year 2020 income tax revenue that is budgeted is projected to increase over fiscal year 2019 income tax budgeted revenue amount by 3.00%. The increase in income tax revenue is largely due to an improving economy and lower unemployment. Income tax is budgeted at \$233.5 million for fiscal year 2020.
- 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 2020, the County anticipates recording \$19.3 million in transfer tax.
- 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 2019, the County original budget appropriated \$13.9 million in General Fund Balance to balance the 2019 budget. In fiscal year 2020, the County appropriated \$17.4 million in General Fund Balance to balance the 2020 budget.
- For fiscal year 2020, Harford County Public Schools are funded at \$256.5 million, which is \$10.7 million above the required Maintenance of Effort for fiscal year 2020. Included in the increase is \$10.0 million for instructional salaries to support the teachers and \$650,000 to strengthen the mental health services through enhancing the school psychologist pay.
- The County's support of Harford Community College fiscal year 2020 budget is \$17.1 million. The County increased appropriation for the full funding request of 2% from the fiscal year 2019 operating budget.

- Harford County Public Schools fiscal year 2020 capital budget contains 12 planned projects totaling \$42.9 million. Of the total General Fund debt service budget, 61.6% is allocated for school debt.

These and other economic factors were considered when preparing the fiscal year 2020 General Fund budget, which estimates total revenues at \$595.4 million; an increase of \$23.7 million or 4.2% over fiscal year 2019 original budgeted amounts. The budget directs historic level funding to our first responders and the largest increase in a decade for our public schools, including additional support for school psychologists. We also dedicated a record \$1 million to target the opioid epidemic. The 2020 approved budget includes a merit-based annual salary increase of \$2,000 per qualifying employee of the County Government. Equivalent increases for the States' Attorney, Circuit Court, and Sheriff's Office civilian employees were also appropriated. A one step increase, in accordance with the Harford County Sheriff's Office pay plan, plus 1% COLA for law enforcement and correctional personnel was also approved. The County also anticipates issuing bonds during fiscal year 2020.

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 2020 approved budget from the 2019 fiscal year original approved budget for the Water and Sewer Operating Fund is an increase of \$0.9 million or 1.5%.

Requests for Information

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

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

Basic Financial Statements

HARFORD COUNTY, MARYLAND
Statement of Net Position
June 30, 2019

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	\$ 203,394,749	\$ 125,907,991	\$ 329,302,740	\$ -	\$ -	\$ -	\$ -
Cash and Investments	96,487	2,200	98,687	19,127,620	1,478,731	30,300,744	6,546,447
Taxes and Accounts Receivable (Net)	6,996,757	11,072,307	18,069,064	8,651,728	10,115	7,417,499	219,204
Federal and State Receivable	77,777,926	-	77,777,926	2,424,284	68,997	812,648	-
Internal Balances	401,410	(401,410)	-	-	-	-	-
Due From Primary Government	-	-	-	7,037,991	-	1,495,356	4,506
Inventories	1,901,630	2,219,041	4,120,671	543,098	-	479,691	-
Loans Receivable	2,457,611	-	2,457,611	-	-	-	-
Prepaid Items and Other Assets	-	-	-	5,652	64,432	512,037	267,826
Deposit with Trustee	2,034,974	-	2,034,974	-	-	584,696	2,190,336
Benefit Assessments	591,861	26,087,127	26,678,988	-	-	-	-
Restricted Assets--Cash & Investments	50,992,583	1,598,375	52,590,958	-	-	16,896,401	-
Net OPEB Asset	-	-	-	-	-	10,733	-
Capital Assets:							
Land, Development Rights & CIP	440,848,158	5,548,935	446,397,093	54,766,589	-	3,741,759	-
Other Capital Assets, Net of Depreciation	286,472,069	428,793,199	715,265,268	601,627,416	701,417	94,947,737	4,331,492
Total Assets	1,073,966,215	600,827,765	1,674,793,980	694,184,378	2,323,692	157,199,301	13,559,811
DEFERRED OUTFLOWS OF RESOURCES							
Loss on Refunding	13,002,081	2,035,861	15,037,942	-	-	-	-
Pension and OPEB Deferrals	68,012,134	6,635,234	74,647,368	515,398,461	-	407,842	13,988,677
Total Deferred Outflow of Resources	81,014,215	8,671,095	89,685,310	515,398,461	-	407,842	13,988,677
LIABILITIES							
Accounts Payable	10,060,553	1,120,899	11,181,452	10,672,971	41,224	2,512,108	200,053
Due to Component Units	8,537,853	-	8,537,853	-	-	-	-
Retainages Payable	990,998	83,470	1,074,468	-	-	-	-
Payable to State of Maryland	425,440	1,156,648	1,582,088	-	57,896	-	-
Accrued Expenses	13,426,046	2,449,443	15,875,489	501,170	134,431	1,867,706	513,725
Unearned Revenue	2,228,145	384	2,228,529	634,053	-	8,282,504	55,754
Performance Deposits	1,587,794	114,191	1,701,985	-	-	-	-
Escrow Accounts	1,206,382	9,683,064	10,889,446	-	-	-	-
Other Liabilities	917,693	26,650	944,343	-	-	144,976	-
Noncurrent Liabilities:							
Due within one year	52,995,475	9,930,445	62,925,920	6,099,112	-	183,049	36,479
Due in more than one year	801,974,065	136,486,426	938,460,491	1,330,582,990	-	2,302,270	30,662,079
Total Liabilities	894,350,444	161,051,620	1,055,402,064	1,348,490,296	233,551	15,292,613	31,468,090
DEFERRED INFLOWS OF RESOURCES							
Gain on Refunding	-	8,809	8,809	-	-	-	-
Pension and OPEB Deferrals	15,749,606	1,674,012	17,423,618	373,609,776	-	160,159	6,281,545
Total Deferred Inflow of Resources	15,749,606	1,682,821	17,432,427	373,609,776	-	160,159	6,281,545
NET POSITION							
Net Investment in Capital Assets	536,321,847	318,187,398	854,509,245	645,695,633	701,417	98,689,496	4,278,994
Restricted for:							
Highways Projects	370,046	-	370,046	-	-	-	-
Grant Programs	8,103,192	-	8,103,192	-	-	-	-
Capital Projects	26,247,551	-	26,247,551	591,773	-	-	-
Debt Service	2,623,170	-	2,623,170	-	-	-	-
Stormwater Management	389,590	-	389,590	-	-	-	-
Other Purposes	6,000,366	72,830,464	78,830,830	2,849,880	89,650	11,007,411	281,248
Unrestricted	(335,175,382)	55,746,557	(279,428,825)	(1,161,654,519)	1,299,074	32,457,464	(14,761,389)
Total Net Position	\$ 244,880,380	\$ 446,764,419	\$ 691,644,799	\$ (512,517,233)	\$ 2,090,141	\$ 142,154,371	\$ (10,201,147)

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, 2019

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	\$ 4,098,178	\$ -	\$ 775,296	\$ -	\$ (3,322,882)	\$ -	\$ (3,322,882)	\$ -	\$ -	\$ -	\$ -
County Council	2,959,753	-	-	-	(2,959,753)	-	(2,959,753)	-	-	-	-
General Government	51,764,330	3,353,468	1,197,620	177,932	(47,035,310)	-	(47,035,310)	-	-	-	-
Education-Primary thru Comm. College	286,146,378	-	-	-	(286,146,378)	-	(286,146,378)	-	-	-	-
Harford Center	578,036	-	-	-	(578,036)	-	(578,036)	-	-	-	-
Judicial	11,026,051	-	1,411,590	-	(9,614,461)	-	(9,614,461)	-	-	-	-
Libraries	18,725,244	-	-	-	(18,725,244)	-	(18,725,244)	-	-	-	-
Parks, Recreation and Natural Resources	16,387,902	870,200	107,095	724,511	(14,686,096)	-	(14,686,096)	-	-	-	-
Public Safety	120,571,842	4,882,188	3,852,068	305,570	(111,532,016)	-	(111,532,016)	-	-	-	-
Public Works	74,092,972	12,070,856	5,928,113	3,968,255	(52,125,748)	-	(52,125,748)	-	-	-	-
Social Services	28,005,721	759,525	13,620,516	-	(13,625,680)	-	(13,625,680)	-	-	-	-
Unallocated Debt Interest / Other Costs	17,143,826	-	1,285,682	-	(15,858,144)	-	(15,858,144)	-	-	-	-
Total Governmental Activities	<u>631,500,233</u>	<u>21,936,237</u>	<u>28,177,980</u>	<u>5,176,268</u>	<u>(576,209,748)</u>	<u>-</u>	<u>(576,209,748)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities											
Water and Sewer	54,570,952	45,897,888	330,000	20,665,666	-	12,322,602	12,322,602	-	-	-	-
Total Business-type Activities	<u>54,570,952</u>	<u>45,897,888</u>	<u>330,000</u>	<u>20,665,666</u>	<u>-</u>	<u>12,322,602</u>	<u>12,322,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 686,071,185</u>	<u>\$ 67,834,125</u>	<u>\$ 28,507,980</u>	<u>\$ 25,841,934</u>	<u>(576,209,748)</u>	<u>12,322,602</u>	<u>(563,887,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:											
Harford County Public Schools	\$ 663,927,654	\$ 10,082,456	\$ 127,856,497	\$ 40,965,598	-	-	-	(485,023,103)	-	-	-
Harford Center, Inc.	3,315,376	-	2,863,065	-	-	-	-	(452,311)	-	-	-
Harford Community College	67,278,500	21,396,707	23,705,850	2,257,534	-	-	-	-	(19,918,409)	-	-
Harford County Public Library	24,979,797	665,908	3,742,027	-	-	-	-	-	-	-	(20,571,862)
Total Component Units	<u>\$ 759,501,327</u>	<u>\$ 32,145,071</u>	<u>\$ 158,167,439</u>	<u>\$ 43,223,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(485,023,103)</u>	<u>(452,311)</u>	<u>(19,918,409)</u>	<u>(20,571,862)</u>
General Revenues:											
Taxes:											
Property Taxes					314,832,396	-	314,832,396	-	-	-	-
Income Taxes					252,411,277	-	252,411,277	-	-	-	-
Impact Fees					3,438,000	-	3,438,000	-	-	-	-
911 Program Taxes					1,767,924	-	1,767,924	-	-	-	-
Recordation Taxes					15,552,643	-	15,552,643	-	-	-	-
Transfer Taxes					16,035,648	-	16,035,648	-	-	-	-
Hotel Taxes					2,287,152	-	2,287,152	-	-	-	-
Other Taxes					783,577	-	783,577	-	-	-	-
Investment Earnings					8,011,491	4,115,871	12,127,362	774,314	23,825	1,413,866	122,480
Grants and Contributions not Restricted to Specific Purposes					360,549	-	360,549	388,044,515	513,366	17,593,804	17,472,912
Miscellaneous					1,452,312	-	1,452,312	2,432,831	110,162	-	-
Total General Revenues					<u>616,932,969</u>	<u>4,115,871</u>	<u>621,048,840</u>	<u>391,251,660</u>	<u>647,353</u>	<u>19,007,670</u>	<u>17,595,392</u>
Special Item - Claims & Judgements					45,868,055	-	45,868,055	-	-	-	-
Change in Net Position					86,591,276	16,438,473	103,029,749	(93,771,443)	195,042	(910,739)	(2,976,470)
Net Position--Beginning, as Restated					158,289,104	430,325,946	588,615,050	(418,745,790)	1,895,099	143,065,110	(7,224,677)
Net Position--Ending					<u>\$ 244,880,380</u>	<u>\$ 446,764,419</u>	<u>\$ 691,644,799</u>	<u>\$ (512,517,233)</u>	<u>\$ 2,090,141</u>	<u>\$ 142,154,371</u>	<u>\$ (10,201,147)</u>

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

HARFORD COUNTY, MARYLAND

**Balance Sheet
Governmental Funds
June 30, 2019**

Exhibit 3

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	\$ 112,243,955	\$ 22,093,847	\$ 5,710,826	\$ 15,989,332	\$ 28,498,269	\$ 9,220,998	\$ 193,757,227
Cash and Investments	92,737	3,000	-	-	-	750	96,487
Taxes and Accounts Receivable (Net)	4,450,527	477,814	-	-	67,398	1,870	4,997,609
Federal and State Receivable	71,446,966	462,673	3,273,162	-	2,595,125	-	77,777,926
Inventories	-	1,901,630	-	-	-	-	1,901,630
Loans Receivable	1,000,515	-	1,457,096	-	-	-	2,457,611
Deposit with Trustee	-	-	-	-	-	2,034,974	2,034,974
Benefit Assessment	-	-	-	-	591,861	-	591,861
Restricted Assets - Investments	4,886,923	141,068	-	22,755,357	22,819,645	389,590	50,992,583
TOTAL ASSETS	\$ 194,121,623	\$ 25,080,032	\$ 10,441,084	\$ 38,744,689	\$ 54,572,298	\$ 11,648,182	\$ 334,607,908
LIABILITIES							
Accounts Payable	\$ 4,194,785	\$ 1,226,802	\$ 817,813	\$ 20,936	\$ 3,730,911	\$ 15,492	\$ 10,006,739
Due to Component Units	-	-	-	-	8,537,853	-	8,537,853
Retainages Payable	-	-	-	-	990,998	-	990,998
Payable to State of Maryland	425,440	-	-	-	-	-	425,440
Accrued Expenditures	3,878,429	514,215	269,489	-	-	6,352	4,668,485
Unearned Revenue	766,637	-	1,250,590	-	210,918	-	2,228,145
Performance Deposits	1,206,374	381,420	-	-	-	-	1,587,794
Escrow Accounts	341,226	436,731	-	-	422,467	5,958	1,206,382
Other Liabilities	916,395	1,298	-	-	-	-	917,693
Total Liabilities	11,729,286	2,560,466	2,337,892	20,936	13,893,147	27,802	30,569,529
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	46,673,137	234,325	-	-	591,861	-	47,499,323
Total Deferred Inflows of Resources	46,673,137	234,325	-	-	591,861	-	47,499,323
FUND BALANCES							
Nonspendable	1,000,515	1,901,630	-	-	-	-	2,902,145
Restricted	6,000,366	370,046	8,103,192	-	26,247,551	3,012,760	43,733,915
Assigned	108,491,361	20,013,565	-	38,723,753	13,839,739	8,607,620	189,676,038
Unassigned	20,226,958	-	-	-	-	-	20,226,958
Total Fund Balances	135,719,200	22,285,241	8,103,192	38,723,753	40,087,290	11,620,380	256,539,056
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 194,121,623	\$ 25,080,032	\$ 10,441,084	\$ 38,744,689	\$ 54,572,298	\$ 11,648,182	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements.	401,410
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	727,320,227
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.	47,499,323
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.	6,988,566
Deferred outflow of resources, including loss on refunding and pension and OPEB deferrals.	81,014,215
Deferred inflow of resources, including pension and OPEB deferrals.	(15,749,606)
Long-term liabilities, including bonds payable, compensated absences, installment purchase agreements, landfill closure, net pension liability, net OPEB liability, and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.	(859,132,811)

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

Net Position of Governmental Activities **\$ 244,880,380**

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2019

Exhibit 4

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Governmental Funds
REVENUES							
Taxes	\$ 525,099,401	\$ 38,598,757	\$ -	\$ 8,017,824	\$ 20,978,619	\$ 3,531,743	\$ 596,226,344
Revenues from Other Agencies	3,879,074	2,943,560	20,745,423	775,296	3,354,979	-	31,698,332
Investment Income	3,664,818	591,392	3,141	2,564,763	786,468	224,658	7,835,240
Charges for Current Services	14,186,896	1,041,300	934,346	-	67,113	731,278	16,960,933
Miscellaneous	573,008	119,018	1,193,897	9,197	311,988	857	2,207,965
Licenses and Permits	4,634,873	-	-	-	-	-	4,634,873
Fines and Forfeitures	149,266	18,951	239,613	-	-	-	407,830
Total Revenues	<u>552,187,336</u>	<u>43,312,978</u>	<u>23,116,420</u>	<u>11,367,080</u>	<u>25,499,167</u>	<u>4,488,536</u>	<u>659,971,517</u>
EXPENDITURES							
Current:							
Agricultural Preservation	-	-	-	16,339,682	-	-	16,339,682
County Council	2,979,879	-	-	-	-	-	2,979,879
General Government	46,082,044	-	1,738,202	-	-	-	47,820,246
Education-Primary thru Comm. College	262,627,257	-	-	-	-	-	262,627,257
Harford Center	578,036	-	-	-	-	-	578,036
Judicial	9,252,919	-	1,789,749	-	-	-	11,042,668
Libraries	17,472,912	-	-	-	-	-	17,472,912
Parks, Recreation and Natural Resources	9,953,760	-	129,814	-	-	674,940	10,758,514
Public Safety	108,428,850	-	2,622,892	-	-	-	111,051,742
Public Works	17,039,500	29,222,142	4,432,037	-	-	-	50,693,679
Social Services	11,224,393	-	16,308,471	-	-	-	27,532,864
Capital Outlay	-	-	-	-	68,123,819	-	68,123,819
Debt Service:							
Principal	37,089,295	638,617	-	4,758,938	-	280,672	42,767,522
Interest	18,548,753	390,826	-	1,146,220	-	1,223,481	21,309,280
Administrative Costs	282,447	8,418	-	221,549	-	35,273	547,687
Total Expenditures	<u>541,560,045</u>	<u>30,260,003</u>	<u>27,021,165</u>	<u>22,466,389</u>	<u>68,123,819</u>	<u>2,214,366</u>	<u>691,645,787</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>10,627,291</u>	<u>13,052,975</u>	<u>(3,904,745)</u>	<u>(11,099,309)</u>	<u>(42,624,652)</u>	<u>2,274,170</u>	<u>(31,674,270)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	20,839,056	-	2,672,818	-	25,061,938	-	48,573,812
Transfers (Out)	(14,388,790)	(12,920,966)	(632,356)	-	(20,206,700)	(425,000)	(48,573,812)
Issuance of Bonds	-	-	-	-	34,000,000	-	34,000,000
Premium on Issuance of Bonds	3,149,462	104,974	-	-	-	302,576	3,557,012
Issuance of Installment Purchase Agreements	-	-	-	9,432,238	-	-	9,432,238
Total Other Financing Sources (Uses)	<u>9,599,728</u>	<u>(12,815,992)</u>	<u>2,040,462</u>	<u>9,432,238</u>	<u>38,855,238</u>	<u>(122,424)</u>	<u>46,989,250</u>
Net Change in Fund Balances	<u>20,227,019</u>	<u>236,983</u>	<u>(1,864,283)</u>	<u>(1,667,071)</u>	<u>(3,769,414)</u>	<u>2,151,746</u>	<u>15,314,980</u>
Fund Balances--Beginning	115,492,181	22,332,902	9,967,475	40,390,824	43,856,704	9,468,634	241,508,720
Increase (Decrease) in Inventory	-	(284,644)	-	-	-	-	(284,644)
Fund Balances--Ending	<u>\$ 135,719,200</u>	<u>\$ 22,285,241</u>	<u>\$ 8,103,192</u>	<u>\$ 38,723,753</u>	<u>\$ 40,087,290</u>	<u>\$ 11,620,380</u>	<u>\$ 256,539,056</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, 2019

Exhibit 5

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

Net change in fund balances--total governmental funds	\$	15,314,980
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.		16,328,758
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		57,943,741
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.		(862,718)
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.		(5,308,591)
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.		(252,362)
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.		3,427,468
Change in net position of governmental activities	\$	86,591,276

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, 2019

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	\$ 504,389,000	\$ 504,389,000	\$ 523,850,753	\$ 19,461,753	\$ 37,776,000	\$ 37,776,000	\$ 38,391,603	\$ 615,603
Revenues from Other Agencies	3,845,000	3,845,000	3,879,074	34,074	3,020,000	3,020,000	2,943,560	(76,440)
Investment Income	1,695,000	1,695,000	3,664,818	1,969,818	212,000	212,000	591,392	379,392
Charges for Current Services	12,703,850	12,703,850	14,186,896	1,483,046	1,398,100	1,398,100	1,041,300	(356,800)
Miscellaneous	8,222,105	8,222,105	8,110,338	(111,767)	7,520,000	7,520,000	6,653,796	(866,204)
Licenses and Permits	4,554,400	4,554,400	4,634,873	80,473	-	-	-	-
Fines and Forfeitures	95,000	95,000	149,266	54,266	45,000	45,000	18,951	(26,049)
Total Revenues	<u>535,504,355</u>	<u>535,504,355</u>	<u>558,476,018</u>	<u>22,971,663</u>	<u>49,971,100</u>	<u>49,971,100</u>	<u>49,640,602</u>	<u>(330,498)</u>
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	-	-	-	-	-
County Council	3,241,639	3,265,100	2,989,135	275,965	-	-	-	-
General Government	57,925,622	59,534,306	53,880,810	5,653,496	-	-	-	-
Education-Primary thru Comm. College	262,627,257	262,627,257	262,627,257	-	-	-	-	-
Harford Center	578,036	578,036	578,036	-	-	-	-	-
Judicial	9,620,326	9,862,018	9,260,685	601,333	-	-	-	-
Libraries	17,472,912	17,472,912	17,472,912	-	-	-	-	-
Parks, Recreation and Natural Resources	10,416,890	10,658,746	9,870,047	788,699	-	-	-	-
Public Safety	108,642,837	111,692,115	108,897,899	2,794,216	-	-	-	-
Public Works	18,014,229	18,108,742	17,053,535	1,055,207	39,039,063	40,042,433	37,327,568	2,714,865
Social Services	11,999,838	12,095,931	11,233,375	862,556	-	-	-	-
	<u>500,539,586</u>	<u>505,895,163</u>	<u>493,863,691</u>	<u>12,031,472</u>	<u>39,039,063</u>	<u>40,042,433</u>	<u>37,327,568</u>	<u>2,714,865</u>
Debt Service	56,538,121	56,538,121	55,920,495	617,626	1,064,971	1,064,971	1,037,861	27,110
Total Expenditures	<u>557,077,707</u>	<u>562,433,284</u>	<u>549,784,186</u>	<u>12,649,098</u>	<u>40,104,034</u>	<u>41,107,404</u>	<u>38,365,429</u>	<u>2,741,975</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(21,573,352)</u>	<u>(26,928,929)</u>	<u>8,691,832</u>	<u>35,620,761</u>	<u>9,867,066</u>	<u>8,863,696</u>	<u>11,275,173</u>	<u>2,411,477</u>
OTHER FINANCING SOURCES (USES)								
Appropriated Fund Balance	13,993,945	19,358,522	-	(19,358,522)	978,900	4,057,270	1,540,819	(2,516,451)
Transfers In	22,156,700	22,156,700	20,839,056	(1,317,644)	-	-	-	-
Transfers (Out)	(14,577,293)	(14,586,293)	(14,388,790)	197,503	(10,845,966)	(12,920,966)	(12,920,966)	-
Premium on Issuance of Bonds	-	-	3,149,462	3,149,462	-	-	104,974	104,974
Issuance of Installment Purchase Agreements	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>21,573,352</u>	<u>26,928,929</u>	<u>9,599,728</u>	<u>(17,329,201)</u>	<u>(9,867,066)</u>	<u>(8,863,696)</u>	<u>(11,275,173)</u>	<u>(2,411,477)</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	\$ <u>18,291,560</u>	\$ <u>18,291,560</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Less: Appropriated Fund Balance							(1,540,819)	
Fund Balance - Beginning			118,119,957				22,280,183	
Prior Year Encumbrances Cancelled			444,561				116,003	
Decrease in Inventory			-				(284,644)	
Fund Balance - Ending			\$ <u>136,856,078</u>				\$ <u>20,570,723</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, 2019

(continued)

Exhibit 6

	Agricultural Land Preservation			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget Positive(Negative)
REVENUES				
Taxes	\$ 8,600,000	\$ 8,600,000	\$ 8,017,824	\$ (582,176)
Revenues from Other Agencies	350,000	350,000	775,296	425,296
Investment Income	2,515,000	2,515,000	2,564,763	49,763
Charges for Current Services	-	-	-	-
Miscellaneous	-	-	9,197	9,197
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Total Revenues	11,465,000	11,465,000	11,367,080	(97,920)
EXPENDITURES				
Current:				
Agricultural Preservation	24,359,843	24,229,843	16,339,682	7,890,161
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	24,359,843	24,229,843	16,339,682	7,890,161
Debt Service	6,075,157	6,205,157	6,126,707	78,450
Total Expenditures	30,435,000	30,435,000	22,466,389	7,968,611
Excess/(Deficiency) of Revenues Over Expenditures	(18,970,000)	(18,970,000)	(11,099,309)	7,870,691
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	16,815,000	16,815,000	1,667,071	(15,147,929)
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Premium on Issuance of Bonds	-	-	-	-
Issuance of Installment Purchase Agreements	2,155,000	2,155,000	9,432,238	7,277,238
Total Other Financing Sources (Uses)	18,970,000	18,970,000	11,099,309	(7,870,691)
Net Change in Fund Balances	\$ -	\$ -	-	\$ -
Less: Appropriated Fund Balance			(1,667,071)	
Fund Balance - Beginning			40,390,824	
Prior Year Encumbrances Cancelled			-	
Decrease in Inventory			-	
Fund Balance - Ending			\$ 38,723,753	

HARFORD COUNTY, MARYLAND
Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit 7

ASSETS	Business-Type Activities	Governmental Activities
Current Assets:	Enterprise Fund, Water and Sewer	Internal Service Fund
Equity in Pooled Cash and Investments	\$ 125,907,991	\$ 9,637,522
Cash and Investments	2,200	-
Restricted Assets - Investments	1,598,375	-
Accounts Receivable (Net)	11,072,307	1,999,148
Inventories	2,219,041	-
Benefit Assessments	2,345,601	-
Total Current Assets	143,145,515	11,636,670
Noncurrent Assets:		
Benefit Assessments	23,741,526	-
Capital Assets, Net of Depreciation		
Land and Construction in Process	5,548,935	-
Property, Plant & Equipment	428,793,199	-
Total Capital Assets	434,342,134	-
Total Noncurrent Assets	458,083,660	-
Total Assets	601,229,175	11,636,670
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Refunding	2,035,861	-
Contributions Subsequent to Measurement Date	2,570,878	-
Changes of Assumptions	277,341	-
Changes in Proportion	576,750	-
Difference Between Actual and Proportionate Share of Contributions	51,702	-
Difference Between Expected and Actual Experience	2,784,690	-
Net Difference Between Projected and Actual Investment Earnings	373,873	-
Total Deferred Outflow of Resources	8,671,095	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	942,226	53,814
Accounts Payable from Restricted Assets	178,673	-
Retainage Payable from Restricted Assets	83,470	-
Payable to the State of Maryland	1,156,648	-
Accrued Expenses	2,449,443	-
Unearned Revenue	384	-
Performance Deposits	114,191	-
Escrow Accounts	9,683,064	-
Other Liabilities	26,650	-
Compensated Absences-Current	1,261,450	-
Bonds Payable-Current	8,668,995	-
Estimated Current Liability for Claims in Process	-	1,993,650
Total Current Liabilities	24,565,194	2,047,464
Noncurrent Liabilities:		
Compensated Absences	1,952,120	-
Bonds Payable	111,111,166	-
Net Pension Liability	9,616,789	-
Net OPEB Liability	13,806,351	-
Estimated Liability for Claims in Process	-	2,600,640
Total Noncurrent Liabilities	136,486,426	2,600,640
Total Liabilities	161,051,620	4,648,104
DEFERRED INFLOWS OF RESOURCES		
Gain on Refunding	8,809	-
Changes in Proportion	468,382	-
Difference Between Actual and Proportionate Share of Contributions	656	-
Difference Between Expected and Actual Experience	723,831	-
Net Difference Between Projected and Actual Investment Earnings	481,143	-
Total Deferred Inflow of Resources	1,682,821	-
NET POSITION		
Net Investment in Capital Assets	318,187,398	-
Restricted - Capital Projects/Debt Service	72,830,464	-
Unrestricted	56,147,967	6,988,566
Total Net Position	447,165,829	\$ 6,988,566
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	(401,410)	
Net Position of Business-Type Activities	\$ 446,764,419	

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, 2019

Exhibit 8

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Enterprise Fund, Water and Sewer	Internal Service Fund, Self Insurance
Operating Revenues:		
Charges for Services	\$ -	\$ 30,382,535
Income from Water Operations	19,377,513	-
Income from Sewer Operations	24,913,697	-
Miscellaneous	1,606,678	734,676
Total Operating Revenues	<u>45,897,888</u>	<u>31,117,211</u>
Operating Expenses:		
General and Administrative Expenses	7,105,127	-
Operations and Maintenance-Water	13,863,375	-
Operations and Maintenance-Sewer	16,136,528	-
Insurance Claims and Expenses	-	27,865,994
Depreciation	14,084,271	-
Total Operating Expenses	<u>51,189,301</u>	<u>27,865,994</u>
Operating (Loss) Income	<u>(5,291,413)</u>	<u>3,251,217</u>
Non-operating Revenues (Expenses):		
Grant Revenue	778,935	-
Interest Income	4,115,871	176,251
Interest Expense	(3,610,197)	-
Other Income (Expense)	(23,816)	-
Total Non-operating Revenue (Expenses)	<u>1,260,793</u>	<u>176,251</u>
Income Before Contributions	(4,030,620)	3,427,468
Capital Contributions	20,216,731	-
Change in Net Position	<u>16,186,111</u>	<u>3,427,468</u>
Total Net Position--Beginning	430,979,718	3,561,098
Total Net Position--Ending	<u>\$ 447,165,829</u>	<u>\$ 6,988,566</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	\$ 16,186,111
Eliminating the effect of the internal service fund, using the "look-back" method resulted in decreased expenses in the enterprise fund	<u>252,362</u>
Net Change in Net Position -- Business-Type Activities	<u>\$ 16,438,473</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, 2019

Exhibit 9

	<u>Business Type Activities</u>		<u>Governmental Activities</u>	
	<u>Enterprise Fund, Water and Sewer</u>		<u>Internal Service Fund, Self Insurance</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$	45,027,614	\$	-
Receipts from Interfund Services Provided		-		30,382,535
Receipts from Others for Claims		-		734,676
Receipts from Customer Deposits and Rental Income		811,687		-
Proceeds from Federal and State Grants		330,000		-
Payment of Deposits to Customer		(17,737,493)		-
Payments to Employees for Services		(19,163,440)		-
Payments to Suppliers for Goods and Services		(454,650)		(5,302,323)
Payments for Claims		-		(26,598,760)
Net Cash (Used In) Operating Activities		<u>8,813,718</u>		<u>(783,872)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets		(2,930,227)		-
Principal Payments on Long Term Debt		(7,986,683)		-
Bond/Lease Service Costs		(132,271)		-
Interest Paid on Bonds/Leases		(4,710,349)		-
Proceeds from Federal and State Grants		448,935		-
Tap Fees in Excess of Connection Costs		19,148,202		-
Proceeds from Bond Sale		6,000,000		-
Premium and Accrued Interest, net of Underwriters Fees		627,708		-
Proceeds from Sale of Capital Assets		7,501		-
Net Cash Used By Capital and Related Financing Activities		<u>10,472,816</u>		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income		4,113,179		176,251
Net Cash Provided by Investing Activities		<u>4,113,179</u>		<u>176,251</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>23,399,713</u>		<u>(607,621)</u>
Cash and Cash Equivalents, Beginning		104,108,853		10,245,143
Cash and Cash Equivalents, Ending (Includes Restricted Cash of \$1,598,375)	\$	<u>127,508,566</u>	\$	<u>9,637,522</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES				
Operating (Loss) Income	\$	(5,291,413)	\$	3,251,217
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation		14,084,271		-
Rental Income		108,455		-
Proceeds from Federal and State Grants		330,000		-
Effect of Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable		(870,929)		(1,999,148)
Inventory		(75,729)		-
Contributions Subsequent to Measurement Date		(338,153)		-
Changes in Assumptions		77,943		-
Changes in Proportion		(500,360)		-
Difference Between Actual and Proportionate Share of Contributions		(51,702)		-
Difference Between Expected and Actual Experience		(2,784,690)		-
Net Difference Between Projected and Actual Investment Earnings		279,351		-
Accounts Payable		98,294		(2,886,829)
Accrued Expenses		(31,640)		-
Estimated Payables for Future Claims		-		850,888
Escrow Accounts		243,341		-
Unearned Revenue		(1,645)		-
Other Liabilities		(982)		-
Compensated Absences		23,788		-
Net Pension Liability		783,773		-
Net OPEB Liability		2,965,166		-
Changes in Proportion		(453,650)		-
Difference Between Actual and Proportionate Share of Contributions		254		-
Difference Between Expected and Actual Experience		97,016		-
Net Difference Between Projected and Actual Investment Earnings		122,959		-
Net Cash Provided by (Used In) Operating Activities	\$	<u>8,813,718</u>	\$	<u>(783,872)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Developer Contributions of Capital Assets to the Water and Sewer Fund	\$	<u>2,592,538</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, 2019

Exhibit 10

	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Agency Fund
ASSETS			
Equity in Pooled Cash and Investments	\$ 4,905,975	\$ 1,772,408	\$ -
Cash Equivalents	970,274	792,411	11,521,781
Investments, at Fair Value			
Debt Securities	45,059,866	-	-
Fixed Income Fund	8,437,856	-	-
Equities and Equivalents	162,565,264	-	-
Total Investments	216,062,986	-	-
Total Assets	221,939,235	2,564,819	\$ 11,521,781
LIABILITIES			
Accounts Payable	35,000	7,970	\$ -
Due to Beneficiaries	-	792,411	11,521,781
Total Liabilities	35,000	800,381	\$ 11,521,781
NET POSITION			
Net Position Restricted for Pensions, OPEB and Other Purposes	\$ 221,904,235	\$ 1,764,438	

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, 2019

Exhibit 11

	Pension and OPEB Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions and Donations	\$ -	\$ 220,525
Employee Contributions	572,139	-
Employer Contributions	16,206,354	-
Plan Sponsor Contributions	2,072,513	-
Total Contributions	18,851,006	220,525
Investment Earnings		
Net Gain in Fair Value of Investments	8,904,040	-
Interest and Dividends	3,573,800	40,085
Total Investment Earnings	12,477,840	40,085
Less Investment Expense	(555,082)	-
Net Investment Income	11,922,758	40,085
Total Additions	30,773,764	260,610
DEDUCTIONS		
Administrative Expenses	88,286	-
Benefits	15,881,729	-
Contractual Services	-	134,843
Total Deductions	15,970,015	134,843
Change in Net Position	14,803,749	125,767
Net Position--Beginning	207,100,486	1,638,671
Net Position --Ending	\$ 221,904,235	\$ 1,764,438

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

Notes to Basic Financial Statements

HARFORD COUNTY, MARYLAND
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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 usage 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 usage 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, 2019

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, 2019

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, 2019 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, 2019

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. 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, 2019

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, 2019

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, 2019. 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 83 entitled *Certain Asset Retirement Obligations* and Statement No. 88 entitled *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The early implementation of Statement 89 entitled

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounting for Interest Cost Incurred before the End of a Construction Period, was adopted by County in fiscal year 2019. The adoption of these standards did not have a material effect on these statements.

As of year ended June 30, 2019, GASB issued Statement No. 84 entitled *Fiduciary Activities*, Statement No. 87 entitled *Leases*, and Statement 90 entitled *Majority Equity Interests*. 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, 2019

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, installment purchase agreements, landfill closure, net pension liability, net OPEB 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	\$	8,757,561
Installment Purchase Agreements		32,994,659
Bonds Payable (Net)		510,848,176
Landfill Closure Liability		24,204,897
Compensated Absences		27,179,911
Net Pension Liability		138,091,323
Net OPEB Liability		117,056,284
	\$	859,132,811

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, net difference in projected and actual investment earnings, and the difference between expected and actual experience, 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	\$	13,002,081
Contribution Subsequent to Measurement Date		24,234,624
Changes of Assumptions		4,235,284
Changes in Proportion		12,393,074
Difference between Actual and Proportionate Share of Contributions		575,341
Net Difference Between Projected and Actual Investment Earnings		3,758,624
Difference Between Expected and Actual Experience		22,815,187
	\$	81,014,215

Another element of that reconciliation explains that, “deferred inflows of resources, including difference between expected and actual experience, differences between actual and proportionate share of contributions, and net difference in projected and 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, 2019

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

Difference Between Expected and Actual Experience	\$	10,404,316
Difference Between Actual and Proportionate Share of Contributions		8,372
Net Difference Between Projected and Actual Investment Earnings		5,336,918
	\$	15,749,606

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	\$	39,419,413
Depreciation		(23,090,655)
	\$	16,328,758

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

Contributed Assets	\$	1,558,904
Trade in Value of Assets		39,660
Disposal of Assets		(337,752)
Property Tax Unavailable Revenue		(36,229)
Income Tax Unavailable Revenue		10,918,502
Special Assessments Unavailable Revenue		(67,399)
Claims & Judgements/Special Item		45,868,055
	\$	57,943,741

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 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	\$	716,376
Amortization of Bond Premium		4,171,803
Amortization of Deferred Loss		(1,529,169)
Issuance of Bonds Payable		(34,000,000)
Bond Premium		(3,557,012)
Issuance of Installment Purchase Agreements		(9,432,238)
Principal Payments on General Obligation Debt		42,767,522
	\$	<u><u>(862,718)</u></u>

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

Difference between Pension Expense and Contributions	\$	(3,922,215)
Difference between OPEB Expense and Contributions		(1,328,877)
Compensated Absences Expense		(1,498,052)
Consumption Method of Inventory Used in Entity Wide Statements vs. the Purchase Method used in the Fund Statements		(284,644)
Landfill Closure/Solid Waste Expense		1,725,197
	\$	<u><u>(5,308,591)</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, supplemental appropriations adopted in the General Fund were \$5,364,577; \$3,078,370 in the Highways Fund; \$3,661 in the Parks and Recreation Fund; \$2,325,000 in the Capital Projects Fund and \$781,689 in the Enterprise 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, 2019

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, 2019, 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	\$ 18,291,560	\$ -
Basis Adjustments:		
Revenue for Budgetary, not GAAP Purposes	(6,288,682)	(6,327,624)
Encumbrances Adjustment	1,321,876	1,625,314
Expenditures for Budgetary, not GAAP Purposes	6,288,682	6,327,624
Expenditures for GAAP, not for Budgetary Purposes	613,583	152,488
Fund Balance Appropriated for Budget not GAAP	<u>-</u>	<u>(1,540,819)</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ 20,227,019</u>	<u>\$ 236,983</u>

As of June 30, 2019, the ending fund balances are reconciled as follows:

	General Fund	Highways Fund
	<u> </u>	<u> </u>
Basis of Budgeting - Fund Balances	\$ 136,856,078	\$ 20,570,723
Encumbrances	2,741,551	2,228,733
Expenditures for GAAP, not for Budgetary Purposes	<u>(3,878,429)</u>	<u>(514,215)</u>
GAAP Basis - Fund Balances	<u>\$ 135,719,200</u>	<u>\$ 22,285,241</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 (\$811,557) and the collected bank balance was \$1,561,324. 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, 2019, 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	\$	329,302,740
Cash and Investments		98,687
Restricted Assets - Cash and Investments		52,590,958
Pension and Other Post Employment Benefit Trust Funds - Exhibit 10		
Equity in Pooled Cash and Investments		4,905,975
Cash Equivalents		970,274
Investments		216,062,986
Private Purpose Trust Funds - Exhibit 10		
Equity in Pooled Cash and Investments		1,772,408
Cash Equivalents		792,411
Agency Funds - Exhibit 10		
Cash Equivalents		11,521,781
Total All Equity in Pooled Cash		618,018,220
Less: Investments - Primary Government, page 48		(618,829,777)
The Carrying Amount of Combined Deposits	\$	(811,557)

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$13,330,086. 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	\$	19,127,620
Harford Center, Inc.		1,478,731
Harford Community College		30,300,744
Harford Community College restricted		16,896,401
Harford County Public Library		6,546,447
Total Component Unit Cash & Investments		<u>74,349,943</u>
Less: Investments--Component Units; page 53		<u>(61,019,857)</u>
Cash in the Bank	\$	<u><u>13,330,086</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2019, 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	\$ 30,055,230	\$ 30,055,230	\$ -	\$ -
MLGIP	143,170,132	143,170,132	-	-
Repurchase Agreements	161,662,320	161,662,320	-	-
Mutual Funds	2,003,685	2,003,685	-	-
Subtotal	<u>336,891,367</u>	<u>336,891,367</u>	<u>-</u>	<u>-</u>
<u>Non-Pooled Investments</u>				
MLGIP	29,835,601	29,835,601	-	-
² U.S. Strip Treasuries	22,755,357	929,928	3,192,229	18,633,200
³ Trust Fund Annuity Contract	792,411	51,060	311,262	430,089
MLGIP - Fiduciary Funds	11,521,781	11,521,781	-	-
Benefits and Pension Funds:				
Short-Term Investments	970,273	970,273	-	-
³ Equities	141,444,666	141,444,666	-	-
³ Multi-Adviser Hedge Fund	21,120,599	21,120,599	-	-
³ Fixed Income Funds	8,437,856	8,437,856	-	-
US Government Agencies	10,962,020	-	-	10,962,020
Corporate Bonds	18,960,310	2,021,751	9,883,443	7,055,116
² US Treasury Obligations	<u>15,137,536</u>	<u>2,628,024</u>	<u>4,492,039</u>	<u>8,017,473</u>
Subtotal	<u>281,938,410</u>	<u>218,961,539</u>	<u>17,878,973</u>	<u>45,097,898</u>
Total	<u>\$ 618,829,777</u>	<u>\$ 555,852,906</u>	<u>\$ 17,878,973</u>	<u>\$ 45,097,898</u>

¹ These Agencies mature in Fiscal Years 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, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford County, Maryland had the following recurring fair value measurements as of June 30, 2019:

	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, 2019
Investments by fair value level:				
Pooled Investments				
Federal Agencies	\$ -	\$ 30,055,230	\$ -	\$ 30,055,230
Mutual Funds	-	2,003,685	-	2,003,685
Non-Pooled Investments				
U.S. Strip Treasuries	-	22,755,357	-	22,755,357
Other Post Employment Benefits and Pension Funds:				
Short-Term Investments	-	970,273	-	970,273
Equities	141,444,666	-	-	141,444,666
Fixed Income Funds	8,437,856	-	-	8,437,856
US Government Agencies	-	10,962,020	-	10,962,020
Corporate Bonds	-	18,960,310	-	18,960,310
US Treasury Obligations	-	15,137,536	-	15,137,536
Total investments at Fair Value	<u>\$ 149,882,522</u>	<u>\$ 100,844,411</u>	<u>\$ -</u>	<u>\$ 250,726,933</u>
Investments carried at amortized cost:				
Pooled Investments				
MLGIP				143,170,132
Repurchase Agreements				161,662,320
Non-Pooled Investments				
MLGIP				29,835,601
Trust Fund Annuity Contract				792,411
MLGIP - Fiduciary Funds				11,521,781
Total investments at amortized cost:				<u>346,982,245</u>
Investments Measured at Net Asset Value:				
Multi-Adviser Hedge Fund				<u>21,120,599</u>
Total Investments				<u>\$ 618,829,777</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, 2019

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 43 percent event driven investment funds, 26 percent relative value investment funds and 31 percent other assets. The Company uses the NAV provided by the Investment Funds as its measure of fair value.

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, 2019 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.

Real Estate Income Trust, Inc.: The investment strategy is to acquire primarily stabilized income-oriented commercial real estate in the United States. To a lesser extent, will also invest in real estate-related securities to provide current income and a source of liquidity for the share repurchase plan, cash management and other purposes.

The investment strategy seeks to capitalize on Blackstone's scale and real-time information provided by its real estate holdings to identify and acquire the target investments at attractive pricing. It also seeks to benefit from

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Blackstone's reputation and ability to transact in scale with speed and certainty, and its long-standing and extensive relationships in the real estate industry.

The investments in primarily stabilized income-oriented commercial real estate in the United States focus on a range of asset types. These may include multifamily, retail, office, hotel, and industrial assets, as well as others including, without limitation, healthcare, student housing, senior living, data centers, manufactured housing and storage properties.

The current investment portfolio includes approximately 20 percent debt securities and 80 percent real estate. The calculation of the NAV is intended to be a calculation of the fair value of the assets less any outstanding liabilities.

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, 2019 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, 2019, 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, 2019, the County's investments were not exposed to custodial credit risk.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

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

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

	<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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

As of June 30, 2019, total investments of the component units, in the amount of \$61,019,857 was distributed by type as follows:

	<u>MLGIP</u>	<u>Other Investments</u>	<u>Total</u>
Harford County Public Schools	\$ 3,114,828	\$ 12,000,000	\$ 15,114,828
Harford Center, Inc.	-	688,195	688,195
Harford Community College	28,509,662	11,076,914	39,586,576
Harford County Public Library	<u>5,630,258</u>	<u>-</u>	<u>5,630,258</u>
	<u>\$ 37,254,748</u>	<u>\$ 23,765,109</u>	<u>\$ 61,019,857</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.

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:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	<u>General</u>	<u>Highways</u>	<u>Capital Project</u>	<u>Non-major Governmental</u>
Property Taxes	\$ 2,108,915	\$ 281,421	\$ -	\$ -
Impact Fees	48,000	-	-	-
Hotel Taxes	268,173	-	-	-
Interest Accrual	66,000	588	-	1,664
Service Billings	2,214,130	240,183	67,398	206
Miscellaneous	14,657	-	-	-
Gross Receivables	<u>4,719,875</u>	<u>522,192</u>	<u>67,398</u>	<u>1,870</u>
Less: Allowance for Uncollectible	<u>(269,348)</u>	<u>(44,378)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,450,527</u>	<u>\$ 477,814</u>	<u>\$ 67,398</u>	<u>\$ 1,870</u>

	<u>Water and Sewer</u>	<u>Internal Service Fund</u>	<u>Total</u>
Property Taxes	\$ -	\$ -	\$ 2,390,336
Impact Fees	-	-	48,000
Hotel Taxes	-	-	268,173
Interest Accrual	1,482,095	-	1,550,347
Service Billings	9,622,722	-	12,144,639
Miscellaneous	-	1,999,148	2,013,805
Gross Receivables	<u>11,104,817</u>	<u>1,999,148</u>	<u>18,415,300</u>
Less: Allowance for Uncollectible	<u>(32,510)</u>	<u>-</u>	<u>(346,236)</u>
	<u>\$ 11,072,307</u>	<u>\$ 1,999,148</u>	<u>\$ 18,069,064</u>

b. LOANS RECEIVABLE

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

	<u>General</u>	<u>Grant</u>	<u>Total</u>
Havre de Grace, Maryland	\$ 990,000	\$ -	\$ 990,000
Stuart Terrace	10,515	-	10,515
Housing Agency	-	1,158,785	1,158,785
CDBG	-	1,063,246	1,063,246
Economic Development Opportunity	-	333,890	333,890
	<u>1,000,515</u>	<u>2,555,921</u>	<u>3,556,436</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>(1,098,825)</u>	<u>(1,098,825)</u>
	<u>\$ 1,000,515</u>	<u>\$ 1,457,096</u>	<u>\$ 2,457,611</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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	\$ 44,987,386	\$ -	\$ -	\$ 44,987,386
Property Taxes Receivable	1,685,751	234,325	-	1,920,076
Special Assessments Receivable	-	-	591,861	591,861
	<u>\$ 46,673,137</u>	<u>\$ 234,325</u>	<u>\$ 591,861</u>	<u>\$ 47,499,323</u>

d. UNEARNED REVENUE

	<u>General</u>	<u>Grants</u>	<u>Capital Project</u>	<u>Total</u>
Build America Bonds Subsidy	\$ 644,214	\$ -	\$ -	\$ 644,214
Prepaid Property Taxes	116,644	-	-	116,644
Walk-in Assessment Escrow	5,779	-	-	5,779
Grant Drawdown in Excess of Expenditures	-	1,250,590	-	1,250,590
Prepaid Contribution-Capital Project	-	-	210,918	210,918
	<u>\$ 766,637</u>	<u>\$ 1,250,590</u>	<u>\$ 210,918</u>	<u>\$ 2,228,145</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2019, was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 269,393,918	\$ 1,568,010	\$ (310,800)	\$ 270,651,128
Development Rights	132,360,785	14,470,899	-	146,831,684
Construction in Process	20,548,158	20,691,774	(17,874,586)	23,365,346
Total Capital Assets, not being depreciated or amortized	<u>422,302,861</u>	<u>36,730,683</u>	<u>(18,185,386)</u>	<u>440,848,158</u>
Capital Assets, being depreciated or amortized:				
Buildings	206,682,431	3,672,314	(74,488)	210,280,257
Improvements other than buildings	91,956,150	1,609,659	-	93,565,809
Machinery and Equipment	28,927,074	695,596	-	29,622,670
Vehicles	45,988,617	4,717,440	(1,865,725)	48,840,332
Intangibles	1,779,802	2,778,977	-	4,558,779
Infrastructure	241,832,258	8,687,893	(259,188)	250,260,963
Total Capital Assets, being depreciated or amortized	<u>617,166,332</u>	<u>22,161,879</u>	<u>(2,199,401)</u>	<u>637,128,810</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(69,722,806)	(4,743,761)	74,488	(74,392,079)
Improvements other than buildings	(69,121,110)	(2,318,482)	-	(71,439,592)
Machinery and Equipment	(27,021,806)	(781,266)	-	(27,803,072)
Vehicles	(33,079,301)	(4,123,782)	1,838,773	(35,364,310)
Intangibles	(840,551)	(215,724)	-	(1,056,275)
Infrastructure	(129,952,961)	(10,907,640)	259,188	(140,601,413)
Total Accumulated Depreciation or Amortization	<u>(329,738,535)</u>	<u>(23,090,655)</u>	<u>2,172,449</u>	<u>(350,656,741)</u>
Total Capital Assets, being depreciated or amortized, net	<u>287,427,797</u>	<u>(928,776)</u>	<u>(26,952)</u>	<u>286,472,069</u>
Governmental Activities Capital Assets, net	<u>\$ 709,730,658</u>	<u>\$ 35,801,907</u>	<u>\$ (18,212,338)</u>	<u>\$ 727,320,227</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, not being depreciated or amortized:				
Land	\$ 1,535,972	\$ -	\$ -	\$ 1,535,972
Construction in Process	4,287,327	802,422	(1,076,786)	4,012,963
Total Capital Assets, not being depreciated or amortized	5,823,299	802,422	(1,076,786)	5,548,935
Capital Assets, being depreciated or amortized:				
Buildings	274,197,133	-	-	274,197,133
Improvements other than buildings	323,168,377	2,947,517	(97,280)	326,018,614
Machinery and Equipment	33,285,163	47,247	(126,665)	33,205,745
Vehicles	5,401,959	645,021	(201,223)	5,845,757
Intangibles	541,891	623,954	-	1,165,845
Infrastructure	32,635,399	129,171	-	32,764,570
Total Capital Assets, being depreciated or amortized	669,229,922	4,392,910	(425,168)	673,197,664
Less Accumulated Depreciation or Amortization for:				
Buildings	(115,058,498)	(6,020,282)	-	(121,078,780)
Improvements other than buildings	(102,203,689)	(5,621,111)	97,280	(107,727,520)
Machinery and Equipment	(8,535,115)	(1,273,892)	126,665	(9,682,342)
Vehicles	(3,447,077)	(526,010)	193,722	(3,779,365)
Intangibles	(308,292)	(61,249)	-	(369,541)
Infrastructure	(1,185,190)	(581,727)	-	(1,766,917)
Total Accumulated Depreciation or Amortization	(230,737,861)	(14,084,271)	417,667	(244,404,465)
Total Capital Assets, being depreciated or amortized, net	438,492,061	(9,691,361)	(7,501)	428,793,199
Business-type Activities Capital Assets, net	\$ 444,315,360	\$ (8,888,939)	\$ (1,084,287)	\$ 434,342,134

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

Governmental Activities:

County Council	\$ 306
General Government	1,173,571
Judicial	6,499
Libraries	1,048,325
Parks and Recreation	3,158,530
Public Safety	3,595,513
Public Works	13,496,882
Social Services & Health	611,029
Total Depreciation or Amortization Expense - Governmental Activities	\$ 23,090,655

Business-type Activities

Water and Sewer	\$ 14,084,271
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Harford County Public Schools: Capital Asset Activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in Process	69,975,022	37,461,854	(62,343,229)	45,093,647
Total Capital Assets, not being depreciated	<u>79,647,964</u>	<u>37,461,854</u>	<u>(62,343,229)</u>	<u>54,766,589</u>
Capital Assets, being depreciated				
Land Improvements	19,118,890	195,110	-	19,314,000
Buildings and Improvements	742,350,361	1,245,996	62,343,229	805,939,586
Furniture and Equipment	47,588,595	2,008,871	(816,552)	48,780,914
Total Capital Assets, being depreciated	<u>809,057,846</u>	<u>3,449,977</u>	<u>61,526,677</u>	<u>874,034,500</u>
Accumulated Depreciation				
Land Improvements	(8,809,279)	(855,147)	-	(9,664,426)
Buildings and Improvements	(206,173,570)	(17,845,690)	-	(224,019,260)
Furniture and Equipment	(36,455,489)	(3,028,437)	760,528	(38,723,398)
Total Accumulated Depreciation	<u>(251,438,338)</u>	<u>(21,729,274)</u>	<u>760,528</u>	<u>(272,407,084)</u>
Total Capital Assets, being depreciated, net	<u>557,619,508</u>	<u>(18,279,297)</u>	<u>62,287,205</u>	<u>601,627,416</u>
Total Capital Assets, net	<u>\$ 637,267,472</u>	<u>\$ 19,182,557</u>	<u>\$ (56,024)</u>	<u>\$ 656,394,005</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Equipment - Other	\$ 242,810	\$ 41,503	\$ (31,327)	\$ 252,986
Equipment - Transportation	861,572	4,015	-	865,587
Leasehold Improvements	628,951	106,495	-	735,446
Total Capital Assets, being depreciated	<u>1,733,333</u>	<u>152,013</u>	<u>(31,327)</u>	<u>1,854,019</u>
Accumulated Depreciation:				
Capital Assets	<u>(1,046,595)</u>	<u>(133,966)</u>	<u>27,959</u>	<u>(1,152,602)</u>
Total Capital Assets, net	<u>\$ 686,738</u>	<u>\$ 18,047</u>	<u>\$ (3,368)</u>	<u>\$ 701,417</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford Community Colledge: Capital Asset Activity for the year ended June 30, 2019 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	141,022,279	316,947	(3,459,573)	137,879,653
Furniture and Equipment	6,331,871	23,152	(23,992)	6,331,031
Computer Technology	4,252,025	150,963	(23,851)	4,379,137
Vehicles	877,615	25,196	(25,283)	877,528
Library Books	1,523,660	102,432	(137,255)	1,488,837
Total Capital Assets, being depreciated	<u>154,007,450</u>	<u>618,690</u>	<u>(3,669,954)</u>	<u>150,956,186</u>
Accumulated Depreciation				
Buildings and Improvements	(43,790,503)	(4,001,135)	1,719,282	(46,072,356)
Furniture and Equipment	(4,288,792)	(426,741)	23,992	(4,691,541)
Computer Technology	(3,427,871)	(257,587)	23,522	(3,661,936)
Vehicles	(567,314)	(87,432)	23,477	(631,269)
Library Books	(987,482)	(101,120)	137,255	(951,347)
Total Accumulated Depreciation	<u>(53,061,962)</u>	<u>(4,874,015)</u>	<u>1,927,528</u>	<u>(56,008,449)</u>
Total Capital Assets, being depreciated, net	<u>100,945,488</u>	<u>(4,255,325)</u>	<u>(1,742,426)</u>	<u>94,947,737</u>
Total Capital Assets, net as restated	<u>\$ 104,687,247</u>	<u>\$ (4,255,325)</u>	<u>\$ (1,742,426)</u>	<u>\$ 98,689,496</u>

Harford County Public Library: Capital Asset Activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Circulating Materials	\$ 5,533,197	\$ 1,649,726	\$ (1,894,708)	\$ 5,288,215
Improvements to Buildings	2,143,462	190,585	(3,334)	2,330,713
Furniture and Equipment	2,801,192	23,767	(35,415)	2,789,544
Computer Equipment	2,463,164	48,943	(99,517)	2,412,590
Vehicles	356,694	125,453	-	482,147
Copier Equipment	116,455	49,903	-	166,358
Total Capital Assets, being depreciated	<u>13,414,164</u>	<u>2,088,377</u>	<u>(2,032,974)</u>	<u>13,469,567</u>
Accumulated Depreciation:				
Circulating Materials	(2,789,777)	(1,803,568)	1,894,708	(2,698,637)
Improvements to Buildings	(1,107,750)	(151,224)	2,564	(1,256,410)
Furniture and Equipment	(2,354,416)	(108,402)	30,925	(2,431,893)
Computer Equipment	(2,280,610)	(100,393)	98,781	(2,282,222)
Vehicles	(356,695)	(12,822)	-	(369,517)
Copier Equipment	(66,955)	(32,441)	-	(99,396)
Total Accumulated Depreciation	<u>(8,956,203)</u>	<u>(2,208,850)</u>	<u>2,026,978</u>	<u>(9,138,075)</u>
Total Capital Assets, net	<u>\$ 4,457,961</u>	<u>\$ (120,473)</u>	<u>\$ (5,996)</u>	<u>\$ 4,331,492</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 2019, rental expenditures approximated \$3,857,136. 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, 2019:

Year Ending June 30,	Amount
2020	\$ 3,523,207
2021	2,422,453
2022	1,595,838
2023	836,316
2024	394,085
2025-2026	483,112
Total Minimum Payments Required	\$ 9,255,011

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, 2019, these interfund balances are:

	Due To	Due From
Primary Government:		
Capital Projects Fund	\$ 8,537,853	\$ -
Component Units:		
Harford County Public Schools	-	7,037,991
Harford Community College	-	1,495,356
Harford County Public Library	-	4,506
	\$ 8,537,853	\$ 8,537,853

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, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Transfers In				
Transfers Out	General Fund	Grant Fund	Capital Project Fund	Total
General Fund	\$ -	\$ 2,672,818	\$ 11,715,972	\$ 14,388,790
Highways Fund	-	-	12,920,966	12,920,966
Grant Fund	632,356	-	-	632,356
Capital Projects Fund	20,206,700	-	-	20,206,700
Non-major Gov't Funds	-	-	425,000	425,000
Total Transfers In	\$ 20,839,056	\$ 2,672,818	\$ 25,061,938	\$ 48,573,812

F. TAX ABATEMENTS

As of June 30, 2019, 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, 2019

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, 2019

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	\$ 652,451
Agricultural Preservation Credits	1,455,802
Enterprise Zone Credits	1,171,962

G. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2018	Additions	Principal Repayments & Reductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Installment Purchase Agree.	\$ 28,321,359	\$ 9,432,238	\$ (4,758,938)	\$ 32,994,659	\$ 1,456,711
Bonds Payable					
General Obligation Bonds	500,201,551	37,557,012 ²	(40,830,387) ¹	496,928,176	38,666,004
Special Obligation Bonds	13,970,000	-	(50,000)	13,920,000	75,000
Notes Payable	1,300,000	-	(1,300,000)	-	-
Landfill Closure/Solid Waste	25,930,094	-	(1,725,197)	24,204,897	288,860
Compensated Absences	25,681,859	4,472,753	(2,974,701)	27,179,911	10,515,250
Est. Liab. For Claims in Pro.	3,743,402	2,850,425	(1,999,537)	4,594,290	1,993,650
Claims & Judgements	45,868,055	-	(45,868,055)	-	-
Net Pension Liability	130,426,225	7,665,098	-	138,091,323	-
Net OPEB Liability	94,011,220	23,045,064	-	117,056,284	-
	<u>\$ 869,453,765</u>	<u>\$ 85,022,590</u>	<u>\$ (99,506,815)</u>	<u>\$ 854,969,540</u>	<u>\$ 52,995,475</u>
Governmental Activities - Long-term Liabilities					
Business-type Activities:					
Bonds Payable	\$ 122,350,421	\$ 6,627,708 ²	\$ (9,197,968) ¹	\$ 119,780,161	\$ 8,668,995
Compensated Absences	3,189,782	603,999	(580,211)	3,213,570	1,261,450
Net Pension Liability	8,833,016	783,773	-	9,616,789	-
Net OPEB Liability	10,841,185	2,965,166	-	13,806,351	-
	<u>\$ 145,214,404</u>	<u>\$ 10,980,646</u>	<u>\$ (9,778,179)</u>	<u>\$ 146,416,871</u>	<u>\$ 9,930,445</u>
Business-type activities - Long-term Liabilities					

1 Includes amortization of premium of \$4,171,803 for Governmental Activities. Business-type Activities include amortization of premium of \$1,006,552

2 Includes Premium of \$3,557,012 for Governmental Activities. Business-type Activities include premium of \$627,708.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Installment Purchase Agreements 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, 2019, was \$1,876,768,918 and the legal debt margin was \$1,379,840,742.

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:

	Beginning Balance	Changes	Ending Balance	Due Within One Year
<u>Harford County Public Schools</u>				
Capital Leases	\$ 8,069,716	\$ (559,942)	\$ 7,509,774	\$ 578,253
Compensated Absences	28,858,197	691,039	29,549,236	5,520,859
Net OPEB Liability	1,385,045,000	(110,182,000)	1,274,863,000	-
Net Pension Liability	23,543,713	1,216,379	24,760,092	-
	<u>\$ 1,445,516,626</u>	<u>\$ (108,834,524)</u>	<u>\$ 1,336,682,102</u>	<u>\$ 6,099,112</u>
<u>Harford Community College</u>				
Compensated Absences	\$ 1,148,601	\$ 73,563	\$ 1,222,164	\$ 183,049
Net Pension Liability	1,110,420	152,735	1,263,155	-
	<u>\$ 2,259,021</u>	<u>\$ 226,298</u>	<u>\$ 2,485,319</u>	<u>\$ 183,049</u>
<u>Harford County Public Library</u>				
Capital Lease	\$ 35,814	\$ 16,684	\$ 52,498	\$ 31,102
Compensated Absences	356,055	16,104	372,159	5,377
Net OPEB Liability	32,387,632	(3,699,000)	28,688,632	-
Net Pension Liability	1,353,117	232,152	1,585,269	-
	<u>\$ 34,132,618</u>	<u>\$ (3,434,060)</u>	<u>\$ 30,698,558</u>	<u>\$ 36,479</u>

b. INSTALLMENT PURCHASE AGREEMENTS

PRIMARY GOVERNMENT

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. The primary source of revenue for repayment of the indebtedness is a transfer tax of one-half of one percent on all transfers of real property in the County. Under the terms of the installment contracts, which range in length from ten to twenty years, the County pays the property owner annual interest and minimal portions of the installment purchase price for the term of the agreement. The final principal payment is made with a stripped-coupon U.S. Treasury obligation purchased at settlement and held to maturity. The interest rate of the stripped-coupon U.S. Treasury obligation is the interest rate used for the installment purchase agreement. Interest rates on securities owned at June 30, 2019, range from 2.34% to 6.53%. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2019, are as follows:

AGRICULTURAL LAND PRESERVATION INSTALLMENTS

Year Ending June 30,	Principal	Interest	Total Requirement
2020	\$ 1,456,711	\$ 1,164,612	\$ 2,621,323
2021	952,667	1,087,736	2,040,403
2022	505,677	1,045,132	1,550,809
2023	2,318,330	1,028,426	3,346,756
2024	1,582,494	921,239	2,503,733
2025	738,473	843,187	1,581,660
2026	1,053,966	815,384	1,869,350
2027	768,758	772,476	1,541,234
2028	965,139	742,699	1,707,838
2029	10,941,079	703,867	11,644,946
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	2,514,882	112,224	2,627,106
2036	18,279	38,341	56,620
2037	1,462,329	37,867	1,500,196
	\$ 32,994,659	\$ 10,593,090	\$ 43,587,749

For the year ended June 30, 2019, total principal and interest incurred related to agricultural land preservation installment was \$4,758,938 and \$1,146,220, respectively.

c. BONDS PAYABLE

1. General Obligation Bonds

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUND TYPES – CONTINUED

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 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, 2018 and 2019 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 2019, the County issued \$34,000,000 in the Governmental activities and \$6,000,000 in the Business-Type activities of general obligation bonds. As of June 30, 2019, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2019</u>
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	\$ 21,738,036	\$ 451,656
Public Improvement Bond of 2009 - 4.0% - 5.0% - 2.25% due serially to 2029	96,100,000	5,605,831
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	5,873,046
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	14,461,200
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	26,944,965
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	6,931,393	3,305,254
Public Improvement Bond of 2013 - 3.0% - 5.0% due serially to 2033	30,000,000	21,000,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	59,750,398	47,633,856
Public Improvement Bond of 2014 - 2.0% - 5.0% due serially to 2034	33,180,257	24,880,257
Public Improvement Bond of 2015 - 3.0% - 5.0% due serially to 2034	42,000,000	33,600,000
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	23,062,638
Public Improvement Bond of 2017 - 3.0% - 5.0% due serially to 2036	53,177,000	47,857,000
Public Improvement Bond of 2018 - 2.5% - 5.0% due serially to 2037	43,000,000	40,850,000
Public Improvement Bond of 2019 - 3.0% - 5.0% due serially to 2038	<u>34,000,000</u>	<u>34,000,000</u>
Total Bonds Outstanding	711,721,799	461,040,996
Premium	<u>72,497,569</u>	<u>35,887,180</u>
Total	<u>\$ 784,219,368</u>	<u>\$ 496,928,176</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2020	\$ 38,666,004	\$ 18,774,702	\$ 57,440,706
2021	38,089,223	16,689,919	54,779,142
2022	36,902,207	14,867,257	51,769,464
2023	35,247,694	13,182,361	48,430,055
2024	34,463,985	11,566,859	46,030,844
2025-2029	155,757,767	37,694,294	193,452,061
2030-3034	92,038,863	11,763,829	103,802,692
2035-2039	29,875,253	1,745,564	31,620,817
Premium	35,887,180	-	35,887,180
	<u>\$ 496,928,176</u>	<u>\$ 126,284,785</u>	<u>\$ 623,212,961</u>

For the year ended June 30, 2019, total principal and interest incurred related to general obligation bonds was \$36,658,584 and \$19,042,435, respectively.

Business-Type Activities:

	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2019</u>
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	\$ 4,251,964	\$ 88,344
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	1,394,169
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	141,954
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	5,038,800
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	10,105,035
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	2,043,607	974,746
Public Improvement Bond of 2013 - 3.0% - 5.0% - due serially to 2033	10,000,000	7,750,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	14,909,602	11,886,144
Public Improvement Bond of 2014 - 2.0% - 5.0% - due serially to 2034	6,819,743	5,569,743
Public Improvement Bond of 2015 - 3.0% - 5.0% - due serially to 2034	3,000,000	2,565,000
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	11,612,362
Public Improvement Bond of 2017 - 3.0% - 5.0% - due serially to 2036	1,823,000	1,708,000
Public Improvement Bond of 2018 -2.5% - 5.0% - due serially to 2037	7,000,000	6,815,000
Public Improvement Bond of 2019 -3.0% - 5.0% - due serially to 2038	6,000,000	6,000,000
Total Bonds Outstanding	<u>172,168,201</u>	<u>111,944,004</u>
Premium	<u>14,005,593</u>	<u>7,836,157</u>
Total	<u>\$ 186,173,794</u>	<u>\$ 119,780,161</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2020	\$ 8,668,995	\$ 4,584,255	\$ 13,253,250
2021	8,660,777	4,126,285	12,787,062
2022	8,712,793	3,708,346	12,421,139
2023	8,642,306	3,309,392	11,951,698
2024	8,536,015	2,919,758	11,455,773
2025-2029	39,817,233	9,399,321	49,216,554
2030-2034	23,156,137	2,678,113	25,834,250
2035-2039	5,749,748	329,302	6,079,050
Premium	7,836,157	-	7,836,157
	<u>\$ 119,780,161</u>	<u>\$ 31,054,772</u>	<u>\$ 150,834,933</u>

For the year ended June 30, 2019, total principal and interest incurred related to business-type activities was \$8,191,416 and \$3,610,197 respectively.

2. Special Obligations Bonds

PRIMARY GOVERNMENT

As of June 30, 2019, there was \$13,920,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment district. This debt is included in the primary government's long term debt on the Statement of Net Position. In the future, these bonds will be paid from incremental property tax revenue and/or special district tax on the district. These bonds do not have Harford County, Maryland's full faith and credit pledged.

Governmental activities:	Originally Issued	Outstanding as of June 30, 2019
Special Obligation Bond of 2011		
7.5% - due serially to 2041	<u>\$ 14,000,000</u>	<u>\$ 13,920,000</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
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	1,014,938	1,179,938
2024	200,000	1,001,250	1,201,250
2025-2029	1,665,000	4,693,313	6,358,313
2030-2034	3,170,000	3,804,375	6,974,375
2035-2039	5,405,000	2,222,813	7,627,813
2040-2041	3,010,000	231,000	3,010,000
	<u>\$ 13,920,000</u>	<u>\$ 16,069,502</u>	<u>\$ 29,758,502</u>

For the year ended June 30, 2019, the total principal and interest incurred related to Special Obligation Bonds was \$50,000 and \$1,045,875, 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 3.27%. 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>(2,930,147)</u>
Net Book Value	<u>\$ 7,922,248</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Year Ending June 30,	Amount
2020	\$ 823,822
2021	823,822
2022	823,822
2023	823,822
2024	823,822
2025-2029	4,119,110
2030-2031	823,822
Total Minimum Lease Payments	9,062,042
Less: Amount Representing Interest	(1,552,268)
Present Value Minimum Lease Payments	\$ 7,509,774

Harford County Public Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2024. 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 \$132,776 as of June 30, 2019. Depreciation of assets under capital leases is included in depreciation expense. The depreciation expenses relating to the leases was \$32,441 for the year ended June 30, 2019. Accumulated depreciation relating to the leases was \$99,396 as of June 30, 2019. Future minimum lease payments under capital leases are as follows:

Year Ending June 30,	Amount
2020	\$ 35,119
2021	12,968
2022	4,673
2023	4,200
2024	2,472
Total Minimum Lease Payments	59,432
Less: Amount Representing Interest	(6,934)
Present Value Minimum Lease Payments	\$ 52,498

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Governmental activities:

The County paid the note payable from Paca Ltd., Inc. The note payable had an annual rate of 5.75%/annually that began September 2008 and matured September 2018. For the year ended June 30, 2019, total principal and interest incurred related to notes payable was \$1,300,000 and \$74,750 respectively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

f. LANDFILL CLOSURE/SOLID WASTE LIABILITIES

PRIMARY GOVERNMENT

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

As of June 30, 2019, 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	\$ 10,133,407	\$ 93,054	\$ 10,226,461
Estimated Liability for Closed Landfills	4,743,246	(303,539)	4,439,707
Waste to Energy Liability	11,053,441	(1,514,712)	9,538,729
	<u>\$ 25,930,094</u>	<u>\$ (1,725,197)</u>	<u>\$ 24,204,897</u>

The Cumulative Liability for Open Landfills represents the cost, based on use of 82.5% of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$2,167,802 as the remaining estimated capacity is used.

The Cumulative Liability for Open Landfills as of June 30, 2019 is \$10,226,461. Harford County has a landfill capping capital project with a remaining balance of \$1,143,331 resulting from prior appropriations to begin the closure of the older cells and has assigned fund balance of \$9,083,130 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, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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 \$2,461,271 were incurred, leaving a liability of \$9,538,729 at June 30, 2019. Harford County has a Waste-to-Energy facility capital project with a remaining balance of \$5,702,483, resulting from prior appropriations to begin the closure of the facility. There is an assigned fund balance of \$3,836,247 million remaining for the estimated cost of the facility closure.

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, 2019, \$66.4 million of bonds outstanding are considered defeased.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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	\$ -	\$ 1,901,630	\$ -	\$ -	\$ -	\$ -	\$ 1,901,630
Long Term Rec.	1,000,515	-	-	-	-	-	1,000,515
Sub-total	<u>1,000,515</u>	<u>1,901,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,902,145</u>
Restricted for:							
Education	-	-	-	-	2,851,912	-	2,851,912
Bond Proceeds	4,886,923	141,068	-	-	22,819,645	389,590	28,237,226
Debt Service	-	-	-	-	-	2,623,170	2,623,170
Public Safety	459,873	-	-	-	-	-	459,873
Tourism	653,570	-	-	-	-	-	653,570
Highways	-	228,978	-	-	-	-	228,978
Parks and Rec	-	-	-	-	575,994	-	575,994
Grants	-	-	8,103,192	-	-	-	8,103,192
Sub-total	<u>6,000,366</u>	<u>370,046</u>	<u>8,103,192</u>	<u>-</u>	<u>26,247,551</u>	<u>3,012,760</u>	<u>43,733,915</u>
Assigned to:							
Approp. of Fund Bal.	13,862,751	5,442,708	-	-	257,000	-	19,562,459
Fiscal Stabilization Fund	29,769,500	2,769,250	-	-	-	-	32,538,750
Encumbrances:							
General Government	1,755,596	-	-	-	-	-	1,755,596
Public Safety	966,340	-	-	-	-	-	966,340
Public Works	-	2,228,733	-	-	-	-	2,228,733
Parks and Recreation	12,223	-	-	-	-	-	12,223
County Council	7,392	-	-	-	-	-	7,392
Other Post Emp. Benef.	2,256,756	282,398	-	-	-	1,902	2,541,056
Landfill Closure Costs	9,083,130	-	-	-	-	-	9,083,130
WTE Plant Closure	3,836,247	-	-	-	-	-	3,836,247
Income Tax	1,788,631	-	-	-	-	-	1,788,631
Healthcare Consortium	2,652,795	290,956	-	-	-	6,904	2,950,655
Development Rights	-	-	-	22,755,357	-	-	22,755,357
Self-Insurance	6,500,000	-	-	-	-	-	6,500,000
Stormwater Management	30,000,000	-	-	-	-	8,359,763	38,359,763
State Mandates	6,000,000	-	-	-	-	-	6,000,000
Highways	-	8,999,520	-	-	-	-	8,999,520
Ag. Preservation	-	-	-	15,968,396	-	-	15,968,396
Capital Projects	-	-	-	-	13,582,739	-	13,582,739
P&R Fund	-	-	-	-	-	239,051	239,051
Sub-total	<u>108,491,361</u>	<u>20,013,565</u>	<u>-</u>	<u>38,723,753</u>	<u>13,839,739</u>	<u>8,607,620</u>	<u>189,676,038</u>
Unassigned:							
	<u>20,226,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,226,958</u>
Total Fund Balances	<u>\$ 135,719,200</u>	<u>\$ 22,285,241</u>	<u>\$ 8,103,192</u>	<u>\$ 38,723,753</u>	<u>\$ 40,087,290</u>	<u>\$ 11,620,380</u>	<u>\$ 256,539,056</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$4,594,290 reported in the Internal Service fund as of June 30, 2019, 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, 2019. The estimated outstanding losses are the cost of unpaid claims, including case reserves, the development of known claims and claims incurred but not reported. The amounts are limited to the self-insured retention. No estimate was made for unpaid unallocated loss adjustment expenses. The losses projected to be paid are the claim disbursements, regardless of accident or report date. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

There have been no significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years. The changes in the fund's claims liability are as follows:

Fiscal Year	Beginning of Year	Claims and Changes in Estimates	Payments	End of Year
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
2019	3,743,402	2,850,425	(1,999,537)	4,594,290

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, 2019

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 and interest of \$447,979 accrued that fiscal year. The County appealed the decision and the ruling was reversed on August 1, 2019 thus the \$45,868,055 liability was reversed in fiscal year 2019.

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, 2019, the County estimates that no material liabilities will result from such audits.

The County had \$208,689,035 authorized but unobligated capital project appropriations as of June 30, 2019, in the governmental capital fund and \$42,046,598 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.

The Board leases certain equipment and properties for storage and other uses under long-term operating leases. Expenditures under operating leases amounted to approximately \$1,275,251 for the year ended June 30, 2019.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

Harford Community College: The College has outstanding commitments for ongoing capital projects and deferred maintenance of \$4,381,554 as of June 30, 2019.

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 \$1,511,507.

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, 2015, 2016, 2017, 2018 and 2019. 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, 2019.

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, 2019, there were 6 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding is \$67.7 million.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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.

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, 2019 to the System, exclusive of contributions made directly by the State of Maryland, were equal to the actuarially determined amount, as follows:

	2019	2018	2017
Primary Government	\$ 13,166,502	\$ 12,257,530	\$ 11,280,505

PRIMARY GOVERNMENT

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2019, the County reported a liability of \$128,973,320 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the County’s proportion was 0.6146973%. This is an increase of 0.0604657% from the prior fiscal year.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

For the year ended June 30, 2019, the County recognized pension expense of \$4,814,138. As of June 30, 2019, 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	\$ 13,166,502	\$ -
Changes of Assumptions	3,472,967	-
Changes in Proportion	12,969,824	468,382
Differences Between Actual and Proportionate Share of Contributions	627,043	9,028
Net Difference Between Projected and Actual Investment Earnings	4,132,497	-
Difference Between Expected and Actual Experience	-	9,747,041
Total	\$ 34,368,833	\$ 10,224,451

Contributions subsequent to the measurement date in the amount of \$13,166,502, reported as deferred outflows of resources related to pensions, will be recognized as a reduction in net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2020	\$	6,638,165
2021		3,827,721
2022		(1,178,064)
2023		492,261
2024		1,197,797

Actuarial Assumptions: The key actuarial assumptions used to perform the June 30, 2018, pension liability calculations are as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.60% general, 3.10% Wage
Salary Increases	3.10% to 9.10%, Including Wage Inflation
Investment Rate of Return	7.45%
Mortality	RP-2014 Mortality Tables

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	37%	5.8%
Private Equity	13%	6.7%
Rate Sensitive	19%	1.1%
Credit Opportunity	9%	3.6%
Real Assets	14%	4.8%
Absolute Return	8%	3.2%
Total	<u>100%</u>	

Discount Rate: A single discount rate of 7.45% 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 7.45%. 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 7.45%, 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 (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	<u>1% Decrease 6.45%</u>	<u>Discount Rate 7.45%</u>	<u>1% Increase 8.45%</u>
County's Proportionate Share of the Net Pension Liability	\$ 185,765,852	\$ 128,973,320	\$ 81,839,618

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. 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, 2019, the Public Schools reported a liability of approximately \$24.8 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, 2018, 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, 2019, the Board’s proportion for ERS was 0.12%, which was substantially the same from its proportion measured as of June 30, 2018. For the year ended June 30, 2019, the Public Schools recognized pension expense for ERS of approximately \$2.6 million. As of June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 2,588,989	\$ -
Changes in Assumptions	568,832	-
Changes in Proportion	2,132,532	2,216,220
Differences Between Actual and Proportionate Share of Contributions	42,499	727,602
Differences in Expected and Actual Experience	-	1,795,954
Net Difference between Projected and Actual Earnings on Pension Plan Investments	998,609	-
	<u>\$ 6,331,461</u>	<u>\$ 4,739,776</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, 2019, the College reported a liability of \$1,263,155 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the College’s proportionate share was 0.0060%.

For the year ended June 30, 2019 the College recognized pension expenses of \$186,738. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date	\$ 128,408	\$ -
Changes in Assumptions	34,208	-
Change in Proportion	193,430	66,569
Differences Between Actual and Proportionate Share of Contributions	6,397	46
Difference Between Expected and Actual Experience	-	93,544
Net Difference Between Projected and Actual Investment Earnings	45,399	-
	<u>\$ 407,842</u>	<u>\$ 160,159</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, 2019, the Library reported a liability of \$1,585,269 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library’s proportion of the net pension liability was based on a projection of the Library’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2018, the Library’s proportion was approximately 0.0075556%.

For the year ended June 30, 2019, the Library recognized pension expense of \$164,253. At the measurement date of June 30, 2018, 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
Contributions Subsequent to the Measurement Date	\$ 164,253	\$ -
Changes in Assumptions	441,374	-
Change in Proportion	(91,950)	(14,567)
Difference Between Expected and Actual Experience	-	121,128
Net Difference Between Projected and Actual Investment Earnings	-	360,984
	<u>\$ 513,677</u>	<u>\$ 467,545</u>

The deferred outflow of resources of \$164,253 relating to contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the Library’s net pension liability during the fiscal year 2020. The deferred outflows and inflows of resources due to change in assumptions, differences between expected and

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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 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, 2018 was as follows:

Retirees and Beneficiaries Currently Receiving Benefits	91
Terminated Plan Members Entitled to, but not yet Receiving Benefits	6
Active Plan Members	127
Total	<u>224</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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 31.7% 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.

As of June 30, 2019, 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	\$ 3,984,667	\$ -	\$ -	\$ -	\$ 3,984,667
U.S. Governmental Agencies	2,917,665	-	-	-	2,917,665
Corporate & Foreign bonds	-	423,420	1,645,969	3,023,983	5,093,372
Total	\$ 6,902,332	\$ 423,420	\$ 1,645,969	\$ 3,023,983	\$ 11,995,704

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, 2019, 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, 2019, the annual money-weighted rate or return on pension plan investments, net of pension plan investment expense, was 5.96%. 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, 2019, were as follows:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

Total pension liability	\$	77,069,186
Plan fiduciary net position		(63,635,845)
County's net pension liability	\$	<u>13,433,341</u>
Plan fiduciary net position as a percentage of the total pension liability		82.57%

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2019 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, 2018.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	8.8%
International Equity	18%	8.6%
Fixed Income	20%	3.9%
Hedged Strategies	20%	7.0%

Discount rate: The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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 6/30/2018	\$ 73,055,883	\$ 60,336,910	\$ 12,718,973
Changes for the Year:			
Service Cost	1,745,542	-	1,745,542
Interest	4,998,244	-	4,998,244
Differences Between Expected and Actual Experience	574,317	-	574,317
Contributions - Employer	-	2,567,354	(2,567,354)
Contributions - Employee	-	572,139	(572,139)
Net Investment Income	-	3,519,540	(3,519,540)
Benefit Payments, Including Refunds of Employee Contributions	(3,304,800)	(3,304,800)	-
Administrative Expense	-	(55,298)	55,298
Net Changes	<u>4,013,303</u>	<u>3,298,935</u>	<u>714,368</u>
Balances at 6/30/2019	<u>\$ 77,069,186</u>	<u>\$ 63,635,845</u>	<u>\$ 13,433,341</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:

	Discount Rate		
	1% Decrease 6%	7%	1% Increase 8%
County's Net Pension Liability	\$ 24,056,174	\$ 13,433,341	\$ 4,758,183

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

For the year ended June 30, 2019, the County recognized pension expense of \$2,630,862. As of June 30, 2019, 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, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 689,346	\$ -
Net Difference Between Projected and Actual Investment Earnings	-	419,135
Difference Between Expected and Actual Experience	1,021,780	1,097,867
Total	\$ 1,711,126	\$ 1,517,002

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,			
2020	\$	387,924	
2021		(581,673)	
2022		133,745	
2023		254,128	

d. LENGTH OF SERVICE AWARD PROGRAM – VOLUNTEER FIREMEN

PRIMARY GOVERNMENT

1. Summary of Significant Accounting Policies

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

2. General Pension Plan Information

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

of this section, which means the payments to the fire fighters are not treated as “wages”; and, because the County is an “eligible employer”, as defined by IRS, the plan is tax exempt.

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

The membership data related to the plan at September 30 2018, was as follows:

Retirees and Beneficiaries Currently Receiving Benefits	481
Terminated Plan Members Entitled to, but not yet Receiving Benefits	328
Active Plan Members	<u>1,141</u>
Total	<u><u>1,950</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, 2019, was determined as part of the September 30, 2018, actuarial valuation using the entry age normal funding method, with a 15-year amortization of the unfunded liability. Under this method, a normal cost is calculated which would, if contributed annually, fund each volunteer’s benefits during his or her career at a level dollar amount. The unfunded actuarial liability is calculated at each valuation date as the present value of all plan benefits, less current assets. The actuarial assumptions included a 6% investment rate of return compounded annually. The firemen are voluntary and, therefore, would not have a projected salary increase.

3. Investments

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

As of June 30, 2019, the ratings of the underlying investments of the Plan’s debt securities were as follows:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Rating				Total
	AAA	Aa1/Aa2/A a3	A1/A2/A3	Baa1/Baa2/Ba a3	
U.S. Treasury Obligations	\$ 3,162,641	\$ -	\$ -	\$ -	\$ 3,162,641
U.S. Governmental Agencies	2,373,097	-	-	-	2,373,097
Corporate & Foreign bonds	-	421,540	1,367,132	2,410,262	4,198,934
Total	<u>\$ 5,535,738</u>	<u>\$ 421,540</u>	<u>\$ 1,367,132</u>	<u>\$ 2,410,262</u>	<u>\$ 9,734,672</u>

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, 2019 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, 2019, the annual money-weighted rate of return pension plan investments, net of pension plan investment expense, was 6.06%. 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, 2019 were as follows:

Total pension liability	\$ 36,252,888
Plan fiduciary net position	(30,951,437)
County's net pension liability	<u>\$ 5,301,451</u>
Plan fiduciary net position as a percentage of the total pension liability	85.38%

Actuarial Assumptions: The total pension liability in the September 30, 2018 actuarial valuation rolled forward to June 30, 2019 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, 2019

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, 2018.

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%	8.8%
International Equity	15%	8.6%
Fixed Income	35%	3.9%
Hedged Strategies	20%	7.0%

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

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

5. Changes in the Net Pension Liability

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Increases (Decreases)		
	Total Pension	Plan Fiduciary Net	Net Pension
	Liability	Position	Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2018	\$ 35,641,051	\$ 28,946,179	\$ 6,694,872
Changes for the Year:			
Service Cost	615,292	-	615,292
Interest	2,084,466	-	2,084,466
Differences Between Expected and Actual Experience	(288,027)	-	(288,027)
Contributions - Employer	-	2,072,513	(2,072,513)
Net Investment Income	-	1,746,377	(1,746,377)
Benefit Payments, Including Refunds of Member Contributions	(1,799,894)	(1,799,894)	-
Administrative Expense	-	(13,738)	13,738
Net Changes	<u>611,837</u>	<u>2,005,258</u>	<u>(1,393,421)</u>
Balances at 6/30/2019	<u>\$ 36,252,888</u>	<u>\$ 30,951,437</u>	<u>\$ 5,301,451</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	\$ 10,272,128	\$ 5,301,451	\$ 1,276,253

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

For the year ended June 30, 2019, the County recognized pension expense of \$1,288,152. At June 30, 2019, 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, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources		Deferred Inflows of Resources
Changes of Assumptions	\$ 350,312	\$	-
Net Difference Between Projected and Actual Investment Earnings	-		340,518
Difference Between Expected and Actual Experience	150,995		283,239
Total	\$ 501,307	\$	623,757

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,	\$
2020	208,170
2021	(151,303)
2022	(99,171)
2023	(32,144)
2024	(48,002)

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. All employees may participate after the first of the month following 60 days of employment. 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, 2019 and 2018 in the amount of \$10,000 and \$9,927, 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, 2019

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 2019.

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 2019.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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

Sheriff's Office Subsidy Percentage	
Years of Credit Service	Percentage
0 -11 years	0%
12-14 years	75%
15-19 years	80%
20-24 years	85%
25 years or more	90%

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, 2018 valuation data that was used to calculate the ADC for fiscal year 2020:

Plan Participants	
Retirees (Pre-Medicare)	307 *
Retirees (Medicare Age)	510 *
Active Employees	953
Total	1,770

*includes spouses

On July 27, 2010, Harford County, Maryland signed a Retiree Healthcare Side Agreement with the AFSCME Local 1802, Council 67 and MCEA Chapter 610. This agreement states that any employee hired after July 1, 2010, will be placed in a Post Employment Health Plan (PEHP) in lieu of the retiree health care subsidy offered by the County. Employees hired prior to July 1, 2010, were offered a one-time election from the current retiree health care subsidy to the PEHP, to the extent permitted under the Internal Revenue Code and Regulations. These changes do not apply to any Sheriff's Office personnel. The retirees under this plan may also continue the same medical, dental, vision and life insurance coverage they are entitled to receive (including family coverage) as active employees. The difference will be that the retiree will pay the entire group rate price per insurance plan out of the funds received through the PEHP. The County negotiated with the Union representatives agreeing that 8% of eligible employees' average salaries will be placed in the PEHP until otherwise specified.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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 \$1,927,630 contributed to this plan and a total of 391 employees are currently enrolled as of June 30, 2019. The County contributed \$13,639,000 annual required contribution (ARC), now known as the actuarially determined contribution (ADC) during fiscal year 2019.

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 \$245,869 for 119 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

As of June 30, 2019, 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	\$ 7,990,229	\$ -	\$ -	\$ -	\$ 7,990,229
U.S. Government Agencies	5,671,259	-	-	-	5,671,259
Corporate & Foreign bonds	-	581,125	3,406,532	5,680,346	9,668,003
Total	<u>\$ 13,661,488</u>	<u>\$ 581,125</u>	<u>\$ 3,406,532</u>	<u>\$ 5,680,346</u>	<u>\$ 23,329,491</u>

Rate of Return: For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.62%. 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, 2019, were as follows:

Total OPEB liability	\$ 238,134,728
Plan fiduciary net position	<u>127,327,589</u>
County's net OPEB liability	<u>\$ 110,807,139</u>

Plan fiduciary net position as a percentage of the total OPEB liability 53.47%

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, 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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

asset class included in the target asset allocation as of June 30, 2019 (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%	8.8%
International Equity	18%	8.6%
Fixed Income	20%	3.9%
Hedged Strategies	20%	7%

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</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	(a)	(b)	(a) - (b)
Balances at 6/30/2018	\$ 248,680,032	\$ 117,817,397	\$ 130,862,635
Changes for the Year:			
Service Cost	4,302,105	-	4,302,105
Interest	17,085,497	-	17,085,497
Experience Losses/(Gains)	(24,559,327)	-	(24,559,327)
ER Trust Contribution	-	13,639,000	(13,639,000)
Net Investment Income	-	6,667,477	(6,667,477)
Changes in Assumption	3,403,456	-	3,403,456
Benefit Payments	(10,777,035)	(10,777,035)	-
Administrative Expense	-	(19,250)	19,250
Net Changes	<u>(10,545,304)</u>	<u>9,510,192</u>	<u>(20,055,496)</u>
Balances at 6/30/2019	<u>\$ 238,134,728</u>	<u>\$ 127,327,589</u>	<u>\$ 110,807,139</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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	Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Net OPEB liability	\$ <u>145,387,111</u>	\$ <u>110,807,139</u>	\$ <u>82,389,085</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	2.80%	3.80%	4.80%
Net OPEB liability	\$ <u>78,949,800</u>	\$ <u>110,807,139</u>	\$ <u>150,334,668</u>

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

Membership in the OPEB plan consisted of the following based on the July 1, 2017 valuation data that was used to calculate the ADC for fiscal year 2019:

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

*includes spouses

Contributions: The County contributed \$12,333,000 actuarially determined contribution (ADC) during fiscal year 2018 and the retirees paid \$1,250,733 toward the cost of their benefits. The Trust reimbursed the County for the County's share of retirees' premiums of \$7,966,619. In addition the hidden subsidy, actuarially estimated at \$926,000 for fiscal year 2018, transferred from the Trust to the County, leaving the Trust Net Position of \$117,817,397.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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

Trust Net Position as of July 1, 2017	\$	104,375,953
County Contribution		12,333,000
Net Appreciation in Fair Value of Investments		9,945,867
Interest and Dividends		420,704
Retirees Contributions		1,250,733
Payment for County’s Share of Premiums		(7,966,619)
Payment for Retirees’ Share of Premiums		(1,250,733)
Payment for Administrative and Investment Expenses		(365,508)
Estimated Hidden Subsidy Transfer		(926,000)
		<u>117,817,397</u>
Trust Net Position as of June 30, 2018	\$	<u>117,817,397</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 \$1,913,540 contributed to this plan and a total of 397 employees are currently enrolled as of June 30, 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.

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		117,817,397
County's net OPEB liability	\$	<u>130,862,635</u>

Plan fiduciary net position as a percentage of the total OPEB liability	47.38%
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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	7.5%, 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, 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%

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.

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, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
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>

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 County'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:

	Discount Rate		
	1% Decrease 6.0%	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:

	Healthcare Cost Trend Rates		
	1% Decrease 2.80%	3.80%	1% Increase 4.80%
Net OPEB liability	\$ 97,004,429	\$ 130,862,635	\$ 172,983,271

For the year ended June 30, 2018, the County recognized OPEB expenses of \$14,994,714. At June 30, 2018, 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, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources		Deferred Inflows of Resources
County Contributions Subsequent to the Measurement date	\$ 13,639,000	\$	-
Net Difference Between Projected and Actual Investment Earnings	-		5,058,408
Differences Between Expected and Actual Experience	24,427,102		-
Total	\$ 38,066,102	\$	5,058,408

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	\$	3,372,078
2020		3,372,078
2021		3,372,080
2022		4,367,036
2023		4,885,422

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, 2019

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 Education, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401-1112 or calling 410-841-5414.

Plan Membersip. As of June 30, 2019, membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	2,712
Inactive Plan Members Entitled to but not yet	
Receiving Benefit Payments	547
Active Plan Members	4,698
Total Participants	7,957

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, 2019 was \$28,278,940.

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, 2019, was \$1,282,912.

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, 2019, was \$50,148.

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:

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

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, 2018	\$ 1,435,826,000	\$ 50,781,000	\$ 1,385,045,000
Changes for the Year:			
Service Cost	57,082,000	-	57,082,000
Interest	57,234,000	-	57,234,000
Differences Between Expected and Actual Experience	185,569,000	-	185,569,000
Assumption Changes	(376,837,000)	-	(376,837,000)
Contributions - Employer	-	29,612,000	(29,612,000)
Contributions - Employee	-	-	-
Net Investment Income	-	3,631,000	(3,631,000)
Benefit Payments	(28,251,000)	(28,251,000)	-
Administrative Expense	-	(13,000)	13,000
Net Changes	<u>(105,203,000)</u>	<u>4,979,000</u>	<u>(110,182,000)</u>
Balance - June 30, 2019	<u>\$ 1,330,623,000</u>	<u>\$ 55,760,000</u>	<u>\$ 1,274,863,000</u>

The components of the net OPEB liability of the Board as of June 30, 2019, were as follows:

Total OPEB liability	\$ 1,330,623,000
Plan fiduciary net position	<u>(55,760,000)</u>
Board's net OPEB liability	<u>\$ 1,274,863,000</u>

Plan fiduciary net position as a percentage of the total OPEB liability -4.19%

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, 2019

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 window benefit program. The window benefit ceases at 65 for some participants and continues for life for other participants. As of June 30, 2019, 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, 2019, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	6
Inactive Plan Members Entitled to but not yet	
Receiving Benefit Payments	30
Active Plan Members	291
Total Participants	327

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

The College has historically funded plan benefits on a pay-as-you-go basis. The College over-funded its total OPEB liability at June 30, 2019 by investing \$10,733 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, 2019, the College recognized OPEB expense of \$(10,733). At June 30, 2019, the College reported zero for deferred outflows of resources and deferred inflows of resources related to OPEB.

As of June 30, 2019, 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, 2018	\$ 652,000	\$ 652,000	\$ -
Changes for the Year:			
Service Cost	12,278	-	12,278
Interest	45,298	-	45,298
Contributions - Employer	-	34,920	(34,920)
Net Investment Income	-	37,719	(37,719)
Benefit Payments	(34,920)	(34,920)	-
Administrative Expense	-	(4,330)	4,330
Net Changes	<u>22,656</u>	<u>33,389</u>	<u>(10,733)</u>
Balance - June 30, 2019	<u>\$ 674,656</u>	<u>\$ 685,389</u>	<u>\$ (10,733)</u>

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

(regardless of age). Retirees must elect coverage at time of retirement. Retirees may not elect to discontinue and re-enroll at a later date.

At June 1, 2019, the following employees were covered by the benefit terms:

Retirees Currently Receiving Benefits	70
Active Employees	<u>165</u>
Total Plan Members	<u><u>235</u></u>

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 does not get to choose. Medicare eligible retirees must also be enrolled in both Part A and Part B of Medicare in order to enroll in this plan. Retirees only have one dental plan.

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%. The Library offers the same subsidy schedule for dental as they do for healthcare.

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:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

	Total OPEB Liability (a)	<u>Increase (Decrease)</u> Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance - June 30, 2018	\$ 35,471,732	\$ 3,084,000	\$ 32,387,732
Changes for the Year:			
Service Cost	1,375,000	-	1,375,000
Interest	1,422,000	-	1,422,000
Differences Between Expected and Actual Experience	804,000	-	804,000
Assumption Changes	(6,628,000)	-	(6,628,000)
Contributions - Employer	-	502,000	(502,000)
Net Investment Income	-	177,000	(177,000)
Benefit Payments	(222,000)	(222,000)	-
Administrative Expense	-	(7,000)	7,000
Net Changes	<u>(3,249,000)</u>	<u>450,000</u>	<u>(3,699,000)</u>
Balance - June 30, 2019	<u>\$ 32,222,732</u>	<u>\$ 3,534,000</u>	<u>\$ 28,688,732</u>

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

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, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

Combining Statement of Fiduciary Net Position
Pension and OPEB Trust Funds
June 30, 2019

	Sheriff's Office Pension System	Firemen's LOSAP	OPEB Trust	Total
ASSETS				
Equity in Pooled Cash and Investments	\$ 105,407	\$ 94,823	\$ 4,705,745	\$ 4,905,975
Cash Equivalents	257,107	154,000	559,167	970,274
Investments, at Fair Value				
Debt Securities	11,995,704	9,734,672	23,329,490	45,059,866
Fixed Income Securities	2,607,196	1,006,080	4,824,580	8,437,856
Equity Securities	48,670,431	19,971,862	93,922,971	162,565,264
Total Investments	<u>63,273,331</u>	<u>30,712,614</u>	<u>122,077,041</u>	<u>216,062,986</u>
Total Assets	<u>63,635,845</u>	<u>30,961,437</u>	<u>127,341,953</u>	<u>221,939,235</u>
LIABILITIES				
Accounts Payable	<u>10,000</u>	<u>10,000</u>	<u>15,000</u>	<u>35,000</u>
Total Liabilities	<u>10,000</u>	<u>10,000</u>	<u>15,000</u>	<u>35,000</u>
NET POSITION RESTRICTED FOR PENSIONS				
Net Position Restricted for Pension and OPEB	<u>\$ 63,625,845</u>	<u>\$ 30,951,437</u>	<u>\$ 127,326,953</u>	<u>\$ 221,904,235</u>

Combining Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the Year Ended June 30, 2019

	Sheriff's Office Pension System	Firemen's LOSAP	OPEB Trust	Total
ADDITIONS				
Contributions				
Employee Contributions	\$ 572,139	\$ -	\$ -	\$ 572,139
Employer Contributions	2,567,354	-	13,639,000	16,206,354
Plan Sponsor Contributions	-	2,072,513	-	2,072,513
Total Contributions	<u>3,139,493</u>	<u>2,072,513</u>	<u>13,639,000</u>	<u>18,851,006</u>
Investment Earnings				
Net Gain in Fair Value of Investments	2,759,241	1,268,149	4,876,650	8,904,040
Interest and Dividends	903,819	571,229	2,098,752	3,573,800
Total Investment Earnings	<u>3,663,060</u>	<u>1,839,378</u>	<u>6,975,402</u>	<u>12,477,840</u>
Less Investment Expense	<u>(153,520)</u>	<u>(93,001)</u>	<u>(308,561)</u>	<u>(555,082)</u>
Net Investment Gain	<u>3,509,540</u>	<u>1,746,377</u>	<u>6,666,841</u>	<u>11,922,758</u>
Total Additions	<u>6,649,033</u>	<u>3,818,890</u>	<u>20,305,841</u>	<u>30,773,764</u>
DEDUCTIONS				
Administrative Expenses	55,298	13,738	19,250	88,286
Benefits	<u>3,304,800</u>	<u>1,799,894</u>	<u>10,777,035</u>	<u>15,881,729</u>
Total Deductions	<u>3,360,098</u>	<u>1,813,632</u>	<u>10,796,285</u>	<u>15,970,015</u>
Change in Net Position	3,288,935	2,005,258	9,509,556	14,803,749
NET POSITION RESTRICTED FOR PENSIONS				
Net Position Restricted for Pensions and OPEB- Beginning	60,336,910	28,946,179	117,817,397	207,100,486
Net Position Restricted for Pensions and OPEB- End	<u>\$ 63,625,845</u>	<u>\$ 30,951,437</u>	<u>\$ 127,326,953</u>	<u>\$ 221,904,235</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – OTHER INFORMATION – CONTINUED

H. RESTATEMENTS

COMPONENT UNITS

The Harford Community College: During fiscal year ended June 30, 2019, the College adopted GASB Statement No. 84, *Fiduciary Activities*, which required presentation of its OPEB Trust Fund in the financial statements of the College. Additionally, as a result of the implementation of GASB Statement No. 84, the College reported a restatement to recognize amounts previously considered Agency Funds that now require recognition within the primary government. The restatements resulted in an increase in cash of \$870,909, increase in other assets of \$3,173 and increase in net position of \$874,082.

In addition, to conform with U.S. generally accepted accounting principles (GAAP), the College restated net position as of July 1, 2018 for a correction of the accounting for HEAT Center assets in previously issued financial statements. The change resulted in a decrease in capital assets of \$3,405,678, decrease in accumulated depreciation of \$1,732,632. In addition, the College recognized revenue previously recorded as unearned for amounts related to the HEAT Center. This resulted in a decrease in unearned revenue of \$515,074 and an increase in net position of \$515,074. The impact on the change in net position for the prior year ended June 30, 2018 is an increase in the change in net position of \$80,320 for depreciation expense that should not have been incurred. There is no impact on the change in net position for the prior year ended June 30, 2018 related to recognition of unearned revenues due to recognition that should have occurred prior to July 1, 2017.

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

	2019	2018	2017	2016	2015	2014
County's Portion of the Net Pension Liability	0.615%	0.554%	0.554%	0.555%	0.516%	0.490%
County's Proportionate Share of the Net Pension Liability	\$ 128,973,320	\$ 119,845,396	\$ 130,701,171	\$ 115,409,102	\$ 91,601,275	\$ 100,990,844
County's Covered Payroll	\$ 83,683,463	\$ 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	154.12%	153.19%	165.46%	137.30%	109.33%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.10%	66.50%	62.75%	66.00%	69.17%	64.58%

Notes to Schedule:

Benefit Changes: None

Changes in Assumptions:

Inflation assumption changed from 2.65% to 2.60% in the 2018 valuation

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 2

	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	8.08%	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 3

	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability						
Service Cost	\$ 1,746,000	\$ 1,724,000	\$ 1,622,000	\$ 1,622,000	\$ 1,622,000	\$ 1,412,000
Interest	4,998,000	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	574,000	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	(3,305,000)	(3,115,000)	(3,130,000)	(2,923,000)	(2,825,000)	(2,576,000)
Net Change in Total Pension Liability	4,013,000	4,253,000	2,778,000	2,180,000	2,778,000	2,886,000
Total Pension Liability - Beginning	73,056,000	68,803,000	66,025,000	63,845,000	61,067,000	58,181,000
Total Pension Liability - Ending (a)	<u>\$ 77,069,000</u>	<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	\$ 2,567,000	\$ 2,393,000	\$ 2,357,000	\$ 2,490,000	\$ 2,490,000	\$ 2,377,000
Contributions - Employee	572,000	543,000	504,000	499,000	485,000	452,000
Net Investment Income	3,520,000	5,217,000	6,284,000	(1,301,000)	1,995,000	7,089,000
Benefit Payments, Including Refunds of Employee Contributions	(3,305,000)	(3,115,000)	(3,130,000)	(2,923,000)	(2,825,000)	(2,576,000)
Administrative Expense	(55,000)	(47,000)	(49,000)	(48,000)	(49,000)	(54,000)
Net Change in Plan Fiduciary Net Position	3,299,000	4,991,000	5,966,000	(1,283,000)	2,096,000	7,288,000
Plan Fiduciary Net Position - Beginning	60,337,000	55,346,000	49,380,000	50,663,000	48,567,000	41,279,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 63,636,000</u>	<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>\$ 13,433,000</u>	<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	82.57%	82.59%	80.44%	74.79%	79.35%	79.53%
Covered Payroll	\$ 8,191,000	\$ 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	163.99%	162.00%	189.14%	234.11%	183.47%	183.48%
Expected Average Remaining Service Years of All Participants	5	5	6	6	5	6

*Numbers are rounded to the nearest 1,000.

Notes to Schedule:

Benefit Changes: None

Change of Assumptions: None

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

Schedule 4

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,567,354	\$ 2,393,057	\$ 2,356,777	\$ 2,489,555	\$ 2,490,164	\$ 2,376,590
Contributions in Relation to the Actuarially Determined Contribution	<u>2,567,354</u>	<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	\$ 8,191,000	\$ 7,851,000	\$ 7,115,000	\$ 7,110,000	\$ 7,185,000	\$ 6,813,000
Contributions as a Percentage of Covered Payroll	31.34%	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 5

	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	5.96%	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 6

	2019*	2018*	2017*	2016*	2015*	2014*
Total Pension Liability						
Service Cost	\$ 615,000	\$ 644,000	\$ 642,000	\$ 639,000	\$ 678,000	\$ 645,000
Interest	2,084,000	2,025,000	1,962,000	1,854,000	1,806,000	1,755,000
Differences between Expected and Actual Experience	(288,000)	97,000	172,000	(66,000)	(57,000)	-
Changes of Assumptions	-	-	-	1,051,000	-	-
Benefit Payments, including Refunds of Member Contributions	(1,800,000)	(1,745,000)	(1,702,000)	(1,659,000)	(1,595,000)	(1,511,000)
Net Change in Total Pension Liability	611,000	1,021,000	1,074,000	1,819,000	832,000	889,000
Total Pension Liability - Beginning	35,641,000	34,620,000	33,546,000	31,727,000	30,895,000	30,006,000
Total Pension Liability - Ending (a)	<u>\$ 36,252,000</u>	<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	\$ 2,073,000	\$ 1,855,000	\$ 1,768,000	\$ 1,913,000	\$ 2,031,000	\$ 1,935,000
Net Investment Income	1,746,000	2,054,000	2,536,000	(332,000)	840,000	2,818,000
Benefit Payments, Including Refunds of Member Contributions	(1,800,000)	(1,746,000)	(1,701,000)	(1,659,000)	(1,595,000)	(1,511,000)
Administrative Expense	(14,000)	(14,000)	(17,000)	(15,000)	(14,000)	(15,000)
Net Change in Plan Fiduciary Net Position	2,005,000	2,149,000	2,586,000	(93,000)	1,262,000	3,227,000
Plan Fiduciary Net Position - Beginning	28,946,000	26,797,000	24,211,000	24,304,000	23,042,000	19,815,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,951,000</u>	<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>\$ 5,301,000</u>	<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	85.38%	81.22%	77.40%	72.17%	76.60%	74.58%
Covered Payroll	N/A	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	N/A
Expected Average Remaining Service Years of All Participants	6	6	6	6	8	7

*Numbers are rounded to the nearest 1,000

Notes to Schedule:

Benefit Changes: None

Change of Assumptions: None

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 7

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 2,072,513	\$ 1,854,906	\$ 1,767,558	\$ 1,912,843	\$ 1,981,000	\$ 1,934,886
Contributions in Relation to the Actuarially Determined Contribution	2,072,513	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	N/A
Contributions as a Percentage of Covered Payroll	N/A	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 8

	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	6.06%	7.50%	10.50%	-0.71%	4.18%	13.97%	10.00%

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

Schedule 9

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 4,302,105	\$ 4,664,771	\$ 4,493,999
Interest	17,085,497	14,367,000	13,652,014
Experience Losses/(Gains)	(24,559,327)	29,312,522	-
Changes in Assumptions	3,403,456	-	-
Benefit Payments	(10,777,035)	(8,892,619)	(7,892,866)
Net Change in Total OPEB Liability	(10,545,304)	39,451,674	10,253,147
Total OPEB Liability - Beginning	248,680,032	209,228,358	198,975,211
Total OPEB Liability - Ending (a)	<u>\$ 238,134,728</u>	<u>\$ 248,680,032</u>	<u>\$ 209,228,358</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 13,639,000	\$ 12,333,000	\$ 9,931,000
Net Investment Income	6,667,477	10,018,063	11,411,408
Benefit Payments	(10,777,035)	(8,892,619)	(7,892,866)
Administrative Expense	(19,250)	(17,000)	(12,750)
Net Change in Plan Fiduciary Net Position	9,510,192	13,441,444	13,436,792
Plan Fiduciary Net Position - Beginning	117,817,397	104,375,953	90,939,161
Plan Fiduciary Net Position - Ending (b)	<u>\$ 127,327,589</u>	<u>\$ 117,817,397</u>	<u>\$ 104,375,953</u>
County's Net OPEB Liability - Ending (a) - (b)	<u>\$ 110,807,139</u>	<u>\$ 130,862,635</u>	<u>\$ 104,852,405</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	53.47%	47.38%	49.89%
Covered-Employee Payroll ¹	\$ N/A	\$ N/A	\$ N/A
County's Net OPEB Liability as a Percentage of Covered Payroll ¹	N/A	N/A	N/A
Expected Average Remaining Service Years of All Participants	5	6	6

Notes to Schedule:

Benefit Changes: None

Change of Assumptions :

The long term medical trend was updated based upon the SOA model released August 2017.

¹ OPEB does not require contributions from plan members.

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

Schedule 10

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 13,639,000	\$ 12,333,000	\$ 9,931,000	\$ 10,162,000	\$ 13,794,000	\$ 13,381,000
Contributions in Relation to the Actuarially Determined Contribution	<u>13,639,000</u>	<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>	<u>\$ -</u>
Covered-Employee Payroll ¹	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll ¹	N/A	N/A	N/A	N/A	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
OTHER POST EMPLOYMENT BENEFITS
Last 10 Fiscal Years
(Information for FY2016 and earlier is not available)

Schedule 11

	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	5.62%	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, 2019

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	\$ 274,909	\$ 8,357,893	\$ 588,196	\$ 9,220,998
Cash and Investments	750	-	-	750
Taxes and Accounts Receivable (Net)	-	1,870	-	1,870
Deposit with Trustee	-	-	2,034,974	2,034,974
Restricted Assets - Investments	-	389,590	-	389,590
TOTAL ASSETS	\$ 275,659	\$ 8,749,353	\$ 2,623,170	\$ 11,648,182
LIABILITIES				
Accounts Payable	\$ 15,492	\$ -	\$ -	\$ 15,492
Accrued Expenditures	6,352	-	-	6,352
Escrow Accounts	5,958	-	-	5,958
Total Liabilities	27,802	-	-	27,802
FUND BALANCES				
Restricted	-	389,590	2,623,170	3,012,760
Assigned	247,857	8,359,763	-	8,607,620
Total Fund Balances	247,857	8,749,353	2,623,170	11,620,380
TOTAL LIABILITIES AND FUND BALANCES	\$ 275,659	\$ 8,749,353	\$ 2,623,170	\$ 11,648,182

HARFORD COUNTY, MARYLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2019

Exhibit A-2

	Special Revenue		Debt Service	Total
	Parks and Recreation	Stormwater Management	Beechtree TIF	Non-major Governmental Funds
REVENUES				
Taxes	\$ -	\$ 2,591,848	\$ 939,895	\$ 3,531,743
Investment Income	6,415	168,177	50,066	224,658
Charges for Current Services	731,278	-	-	731,278
Miscellaneous	857	-	-	857
Total Revenues	<u>738,550</u>	<u>2,760,025</u>	<u>989,961</u>	<u>4,488,536</u>
EXPENDITURES				
Current:				
Parks, Recreation and Natural Resources	674,940	-	-	674,940
Debt Service:				
Principal	-	230,672	50,000	280,672
Interest	-	177,606	1,045,875	1,223,481
Administrative Costs	-	23,700	11,573	35,273
Total Expenditures	<u>674,940</u>	<u>431,978</u>	<u>1,107,448</u>	<u>2,214,366</u>
(Deficiency) Excess of Revenues over Expenditures	63,610	2,328,047	(117,487)	2,274,170
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(25,000)	(400,000)	-	(425,000)
Premium on Issuance of Bonds	-	302,576	-	302,576
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(97,424)</u>	<u>-</u>	<u>(122,424)</u>
Net Change in Fund Balances	38,610	2,230,623	(117,487)	2,151,746
Fund Balances - Beginning	209,247	6,518,730	2,740,657	9,468,634
Fund Balances - Ending	<u>\$ 247,857</u>	<u>\$ 8,749,353</u>	<u>\$ 2,623,170</u>	<u>\$ 11,620,380</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, 2019

Exhibit B-1

	BVL Cooperating Parties Group	Bar Library		Total
ASSETS				
Equity in Pooled Cash and Investments	\$ 1,418,220	\$ 354,188	\$	1,772,408
Cash Equivalents	792,411	-		792,411
Total Assets	2,210,631	354,188		2,564,819
LIABILITIES				
Accounts Payable	98	7,872		7,970
Due to Beneficiaries	792,411	-		792,411
Total Liabilities	792,509	7,872		800,381
NET POSITION				
Held in Trust	\$ 1,418,122	\$ 346,316	\$	1,764,438

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2019

Exhibit B-2

	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS			
Contributions and Donations	\$ 104,000	\$ 116,525	\$ 220,525
Interest and Dividends	32,782	7,303	40,085
Total Additions	<u>136,782</u>	<u>123,828</u>	<u>260,610</u>
DEDUCTIONS			
Contractual Services	58,426	76,417	134,843
Total Deductions	<u>58,426</u>	<u>76,417</u>	<u>134,843</u>
Change in Net Position	78,356	47,411	125,767
NET POSITION			
Net Position - Beginning	1,339,766	298,905	1,638,671
Net Position - Ending	<u>\$ 1,418,122</u>	<u>\$ 346,316</u>	<u>\$ 1,764,438</u>

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2019

Exhibit B-3

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
PASS-THROUGH GRANTS				
ASSETS				
Equity in Pooled Cash	\$ 439,913	\$ 2,016,662	\$ 2,456,575	\$ -
Total Assets	<u>\$ 439,913</u>	<u>\$ 2,016,662</u>	<u>\$ 2,456,575</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ 439,913	\$ 2,016,662	\$ 2,456,575	\$ -
Total Liabilities	<u>\$ 439,913</u>	<u>\$ 2,016,662</u>	<u>\$ 2,456,575</u>	<u>\$ -</u>
HEALTH CARE CONSORTIUM				
ASSETS				
Cash Equivalents	\$ 12,017,994	\$ 4,020,700	4,516,913	\$ 11,521,781
Total Assets	<u>\$ 12,017,994</u>	<u>\$ 4,020,700</u>	<u>\$ 4,516,913</u>	<u>\$ 11,521,781</u>
LIABILITIES				
Due to Beneficiaries	\$ 12,017,994	\$ 4,020,700	\$ 4,516,913	\$ 11,521,781
Total Liabilities	<u>\$ 12,017,994</u>	<u>\$ 4,020,700</u>	<u>\$ 4,516,913</u>	<u>\$ 11,521,781</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash	\$ 439,913	\$ 2,016,662	\$ 2,456,575	\$ -
Cash Equivalents	12,017,994	4,020,700	4,516,913	11,521,781
Total Assets	<u>\$ 12,457,907</u>	<u>\$ 6,037,362</u>	<u>\$ 6,973,488</u>	<u>\$ 11,521,781</u>
LIABILITIES				
Accounts Payable	\$ 439,913	\$ 2,016,662	\$ 2,456,575	\$ -
Due to Beneficiaries	12,017,994	4,020,700	4,516,913	11,521,781
Total Liabilities	<u>\$ 12,457,907</u>	<u>\$ 6,037,362</u>	<u>\$ 6,973,488</u>	<u>\$ 11,521,781</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, 2019

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
TAXES				
Admissions and Amusement Tax	\$ 550,000	\$ 550,000	\$ 570,979	\$ 20,979
Business Personal Property/Current Year	475,000	475,000	426,037	(48,963)
Business Personal Property/Prior Years	(10,000)	(10,000)	(3,052)	6,948
Corporate Property/Current Year	15,200,000	15,200,000	16,213,179	1,013,179
Corporate Property/Prior Years	(575,000)	(575,000)	(394,272)	180,728
Delinquent Tax Costs	125,000	125,000	74,085	(50,915)
Heavy Equipment Receipts Tax - Corporate	200,000	200,000	218,603	18,603
Hotel Occupancy Tax	2,350,000	2,350,000	2,287,152	(62,848)
Impact Fees	3,000,000	3,000,000	3,438,000	438,000
Income Taxes	226,700,000	226,700,000	241,492,775	14,792,775
Interest on Delinquent Taxes	800,000	800,000	805,537	5,537
Mobile Home Excise Tax	210,000	210,000	212,598	2,598
Payment in Lieu of Taxes	430,000	430,000	498,004	68,004
Penalty	750,000	750,000	825,181	75,181
Railroad and Public Utilities/Current Year	13,125,000	13,125,000	15,397,208	2,272,208
Railroad and Public Utilities/Prior Years	(10,000)	(10,000)	-	10,000
Real Property - Full Year Levy/Current Years	245,050,000	245,050,000	245,449,053	399,053
Real Property - Full Year Levy/Prior Years	(150,000)	(150,000)	(11,908)	138,092
Real Property - Half Year Levy/Current Years	881,000	881,000	567,455	(313,545)
Real Property - Half Year Levy/Prior Years	(1,000)	(1,000)	-	1,000
911 Program Fee	1,700,000	1,700,000	1,767,924	67,924
	<u>510,800,000</u>	<u>510,800,000</u>	<u>529,834,538</u>	<u>19,034,538</u>
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,200,000)	(1,200,000)	(1,248,648)	(48,648)
Community Association Credit	(6,000)	(6,000)	(5,344)	656
Conservation Land Tax Credit	(2,000)	(2,000)	(1,715)	285
Discounts Allowed on Taxes	(1,600,000)	(1,600,000)	(1,760,164)	(160,164)
Enterprise Zone Tax Credit	(1,000,000)	(1,000,000)	(1,029,172)	(29,172)
Habitat For Humanity Tax Credit	(7,000)	(7,000)	(4,292)	2,708
Historical Tax Credit	(2,500)	(2,500)	(3,837)	(1,337)
Homeowner's Tax Credit - County	(300,000)	(300,000)	(300,197)	(197)
Homestead Tax Credit - County	(135,000)	(135,000)	(128,593)	6,407
Landfill Proximity Credit	(65,000)	(65,000)	(56,923)	8,077
Senior/Retired Military Tax Credit	(1,630,000)	(1,630,000)	(1,234,709)	395,291
Solar/Geothermal Energy Tax Credit	(434,000)	(434,000)	(428,867)	5,133
Surviving Spouse - Fallen Hero Tax Credit	(4,500)	(4,500)	(5,165)	(665)
Uncollectible Property Taxes	(25,000)	(25,000)	223,841	248,841
	<u>(6,411,000)</u>	<u>(6,411,000)</u>	<u>(5,983,785)</u>	<u>427,215</u>
Total Taxes	<u>504,389,000</u>	<u>504,389,000</u>	<u>523,850,753</u>	<u>19,461,753</u>
REVENUES FROM OTHER AGENCIES				
Build America Bond Interest Credit	1,280,000	1,280,000	1,285,682	5,682
DNR Parks PILOT	140,000	140,000	64,720	(75,280)
Jury Compensation	175,000	175,000	172,680	(2,320)
Medicare D Subsidy	250,000	250,000	286,754	36,754

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2019
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
REVENUES FROM OTHER AGENCIES (continued)				
Police Protection	2,000,000	2,000,000	2,069,238	69,238
Total Revenues from Other Agencies	3,845,000	3,845,000	3,879,074	34,074
INVESTMENT INCOME	1,695,000	1,695,000	3,664,818	1,969,818
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	7,000	7,000	90,634	83,634
Administrative Fee - Cobra Insurance	1,400	1,400	618	(782)
Auto Commute - County Employees	7,000	7,000	6,170	(830)
Bad Check Fee	3,700	3,700	3,725	25
Board of Prisoners	150,000	150,000	289,082	139,082
Building Plan Review	1,200	1,200	-	(1,200)
Building Reinspection Fee	1,500	1,500	2,650	1,150
Child Custody	5,000	5,000	3,366	(1,634)
Commissions	175,000	175,000	187,382	12,382
Community Work Service	17,000	17,000	14,101	(2,899)
Concept Plans	3,000	3,000	9,733	6,733
County Recreation Programs	20,000	20,000	80,616	60,616
Design Review	1,000	1,000	-	(1,000)
Detention Center Commissary	250,000	250,000	403,148	153,148
Election Fees	100	100	-	(100)
Electrical Reinspection Fees	3,500	3,500	3,030	(470)
EMS-Ambulance Fees	300,000	300,000	358,841	58,841
Extension Preliminary Plan Approval	700	700	100	(600)
False Burglar Alarm Service Charges	70,000	70,000	66,340	(3,660)
False Fire Alarm Service Charges	15,000	15,000	22,146	7,146
Final Plats	20,000	20,000	17,510	(2,490)
Flying Point and Mariner Park Revenue	15,000	15,000	20,355	5,355
Food Service Licenses	105,000	105,000	111,145	6,145
Forest Conservation Plan Review	3,100	3,100	9,215	6,115
Forest Stand Delineation Review	3,000	3,000	7,405	4,405
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	30,600	20,600
Harford Cable Network	14,000	14,000	8,842	(5,158)
Hazardous Material Spill Cleanup	10,000	10,000	8,345	(1,655)
Household Waste - Private Vehicle Charge	460,000	460,000	531,894	71,894
Inmate Fees for Medical Services	4,500	4,500	2,274	(2,226)
Inspections	12,000	12,000	11,544	(456)
Mechanical Investigation Fees	250	250	1,251	1,001
Mechanical Reinspection Fee	900	900	901	1
Mechanical Violation Fee	500	500	-	(500)
Miscellaneous Revenue - Planning & Zoning	1,500	1,500	-	(1,500)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2019
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
Miscellaneous Revenue - Sheriff's Office	70,000	70,000	53,324	(16,676)
Noxious Weed	6,400	6,400	4,084	(2,316)
Onsite Inspection Fees	500	500	-	(500)
Overtime Reimbursements - Sheriff	370,000	370,000	422,740	52,740
Percolation Tests	17,000	17,000	19,650	2,650
Photographs	200	200	-	(200)
Plumbing Reinspection Fees	500	500	650	150
Police Reports	8,700	8,700	16,743	8,043
Public Swimming Pool & Spa Permit	20,000	20,000	20,000	-
Publication/Ad Charges	-	-	33,763	33,763
Publications	100	100	64	(36)
Recycled Batteries	2,300	2,300	5,992	3,692
Recycled Scrap Metal	100,000	100,000	146,065	46,065
Recycling Revenue - Misc.	15,000	15,000	2,144	(12,856)
Reproduction	6,000	6,000	2,088	(3,912)
Sale of Compost - Scarboro	38,000	38,000	15,403	(22,597)
Sale of Mulch - Scarboro	70,000	70,000	78,657	8,657
Sanitation Construction Permit Fee	9,000	9,000	10,400	1,400
Sanitation Permits	8,500	8,500	7,000	(1,500)
Senior Center Fees	65,000	65,000	-	(65,000)
Sheriff's Fees	350,000	350,000	363,993	13,993
Sheriff's Licenses	10,000	10,000	11,706	1,706
Site Plans	13,000	13,000	26,738	13,738
Social Security Payments - Inmates	24,000	24,000	28,700	4,700
Subdivision Plans	22,000	22,000	60,789	38,789
Subdivision Plat Review	7,500	7,500	7,150	(350)
Tax Lien Certification	240,000	240,000	224,950	(15,050)
Tax Lien Filing Fees	2,800	2,800	1,188	(1,612)
Tax Sale Auctioneer Fees	3,500	3,500	2,840	(660)
Technical Review	87,000	87,000	73,889	(13,111)
Telephone Service	15,000	15,000	14,200	(800)
Tipping Fee Landfill	9,150,000	9,150,000	10,006,660	856,660
Tire Disposal Fees	1,000	1,000	711	(289)
Training Academy - Sheriff's Office	60,000	60,000	67,625	7,625
Weekend Prisoner Revenue	100,000	100,000	55,194	(44,806)
Well Sampling	18,000	18,000	19,660	1,660
Work Release Revenue	70,000	70,000	41,893	(28,107)
Zoning Appeals	25,000	25,000	30,785	5,785
Zoning Certificates	4,500	4,500	4,895	395
Zoning Reclass Fee	1,000	1,000	1,600	600
	<u>12,703,850</u>	<u>12,703,850</u>	<u>14,186,896</u>	<u>1,483,046</u>
<u>MISCELLANEOUS</u>				
Contributions & Donations	30,000	30,000	5,000	(25,000)
Edgewood Community Center	14,000	14,000	14,879	879
Grant Unemployment	45,000	45,000	55,241	10,241

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2019
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
MISCELLANEOUS (continued)				
Interest on Miscellaneous Invoices	6,000	6,000	6,158	158
Miscellaneous Revenue	252,205	252,205	119,359	(132,846)
Over and Short	22,000	22,000	40,493	18,493
Postage	200,000	200,000	209,163	9,163
Pro Rata Charges - Highways	2,782,160	2,782,160	2,782,160	-
Pro Rata Charges - Parks and Recreation	74,474	74,474	74,474	-
Pro Rata Charges - Water and Sewer	2,950,280	2,950,280	2,950,183	(97)
Pro Rata Charges - Self Insurance	190,986	190,986	190,986	-
Recovery from Capital Projects	100,000	100,000	25,932	(74,068)
Reimbursement of AG Credits	1,200,000	1,200,000	1,248,648	48,648
Reimbursement from Other Funds	-	-	543	543
Rental Income	235,000	235,000	240,981	5,981
Sale of Equipment	20,000	20,000	17,099	(2,901)
Sale of Vehicles	100,000	100,000	129,039	29,039
	<u>8,222,105</u>	<u>8,222,105</u>	<u>8,110,338</u>	<u>(111,767)</u>
LICENSES AND PERMITS				
Auctioneers Licenses	6,500	6,500	9,500	3,000
Beer, Wine and Liquor Licenses	32,000	32,000	-	(32,000)
Building Inspection Services	100,000	100,000	125,733	25,733
Building Penalty	1,000	1,000	500	(500)
Building Permits	470,000	470,000	487,835	17,835
Cable TV	2,450,000	2,450,000	2,425,669	(24,331)
Dog Licenses	30,000	30,000	22,483	(7,517)
Electrical Board of Examiners	85,000	85,000	88,625	3,625
Electrical Penalty	1,500	1,500	1,750	250
Electrical Permits	450,000	450,000	462,595	12,595
Forest Harvest Permit	2,000	2,000	1,425	(575)
Kennel Licenses	1,350	1,350	1,750	400
Marriage Licenses	8,000	8,000	7,665	(335)
Marriage Licenses/Spouse Abuse	45,000	45,000	51,818	6,818
Massage Establishment Licenses	50	50	175	125
Mechanical Licenses	9,000	9,000	12,255	3,255
Mechanical Permits	240,000	240,000	258,008	18,008
Mobile Home Park Licenses	11,000	11,000	13,370	2,370
Pawnbrokers Licenses	700	700	200	(500)
Pet Shop/Grooming Licenses	1,300	1,300	1,700	400
Plumbing Licenses	22,000	22,000	24,080	2,080
Plumbing Permits	350,000	350,000	376,358	26,358
Plumbing Penalty	-	-	250	250
Refuse Licenses	7,800	7,800	12,230	4,430
Solicitors Licenses	2,500	2,500	1,923	(577)
Taxi Cab Licenses	3,200	3,200	2,565	(635)
Towing Licenses	4,500	4,500	4,755	255
Traders Licenses	220,000	220,000	239,656	19,656
	<u>4,554,400</u>	<u>4,554,400</u>	<u>4,634,873</u>	<u>80,473</u>
Total Licenses and Permits				

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2019
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
<u>FINES AND FORFEITURES</u>				
Court Fines	50,000	50,000	83,906	33,906
Dog License Fines	5,000	5,000	4,075	(925)
Parking Fines	20,000	20,000	22,230	2,230
Parking Fines - County Lots	20,000	20,000	39,055	19,055
Total Fines and Forfeitures	95,000	95,000	149,266	54,266
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	13,993,945	19,358,522	-	(19,358,522)
Operating Transfers In				
Grants	400,000	400,000	632,356	232,356
Capital Project	21,756,700	21,756,700	20,206,700	(1,550,000)
Total Operating Transfers In	22,156,700	22,156,700	20,839,056	(1,317,644)
Premium on Issuance of Bonds	-	-	3,149,462	3,149,462
Total Other Financing Sources	36,150,645	41,515,222	23,988,518	(17,526,704)
Total Revenues and Other Financing Sources	\$ 571,655,000	\$ 577,019,577	\$ 582,464,536	\$ 5,444,959

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2019

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 166,930	\$ 173,202	\$ 140,316	\$ 32,886
County Council Office	1,479,891	1,488,993	1,444,094	44,899
Harford Cable Network	818,770	826,857	755,293	71,564
Office of County Attorney	308,490	308,490	219,409	89,081
Office of County Auditor	467,558	467,558	430,023	37,535
	<hr/>	<hr/>	<hr/>	<hr/>
Total County Council	3,241,639	3,265,100	2,989,135	275,965
GENERAL GOVERNMENT				
Office of the County Executive	758,726	766,021	643,540	122,481
Director of Administration				
Budget & Management Research	551,654	581,415	571,629	9,786
Central Services	608,487	585,856	565,755	20,101
Citizen Affairs & Administrative Services	600,364	663,442	504,118	159,324
Director of Administration	629,269	635,311	459,131	176,180
Facilities & Operations	4,757,105	4,878,076	4,396,498	481,578
Efficiency & Innovation	263,802	268,411	150,195	118,216
Department of Procurement				
Procurement Operations	911,221	921,009	878,039	42,970
Property Management	3,529,089	3,546,584	3,433,629	112,955
Department of the Treasury				
Bureau of Accounting	1,931,685	1,974,568	1,771,130	203,438
Bureau of Revenue Collections	952,448	984,015	950,485	33,530
Office of the Treasurer	781,579	802,944	742,995	59,949
Department of Law				
Department of Law	2,008,896	2,088,584	1,917,592	170,992
Risk Management	152,413	152,413	125,024	27,389
Department of Planning & Zoning				
Comprehensive Planning and Special Projects	1,283,931	1,330,100	1,321,223	8,877
Current Planning	1,935,205	2,010,333	1,829,694	180,639
Director of Planning & Zoning	698,142	698,142	570,899	127,243
Department of Personnel				
Human Resources	938,226	990,734	971,714	19,020
Personnel Matters	1,205,800	1,878,800	1,472,730	406,070
Office of Government & Community Relations	599,159	542,576	458,024	84,552
Office of Information and Communication Technology	9,808,056	9,893,758	9,744,545	149,213
Elections				
Board of Elections	1,060,234	1,185,762	1,134,204	51,558
Election Expense	1,299,071	1,473,543	1,408,809	64,734
Economic Development				
Office of Economic Development	2,016,122	2,037,691	1,687,068	350,623
Harford Transit	1,324,207	1,323,487	255,122	1,068,365
Tourism & Marketing	1,830,000	1,830,000	1,801,878	28,122

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2019
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>GENERAL GOVERNMENT (continued)</u>				
Benefits	9,071,042	9,071,042	8,023,891	1,047,151
Insurance	714,176	714,176	714,176	-
Miscellaneous				
Appropriations to Towns	3,585,513	3,585,513	3,585,513	-
Appropriations to State	1,120,000	1,120,000	891,560	228,440
Contingency Reserve	100,000	100,000	-	100,000
Humane Society	900,000	900,000	900,000	-
	<u>57,925,622</u>	<u>59,534,306</u>	<u>53,880,810</u>	<u>5,653,496</u>
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Harford County Public Schools	245,815,645	245,815,645	245,815,645	-
Harford Community College	16,811,612	16,811,612	16,811,612	-
	<u>262,627,257</u>	<u>262,627,257</u>	<u>262,627,257</u>	<u>-</u>
<u>HARFORD CENTER</u>				
	<u>578,036</u>	<u>578,036</u>	<u>578,036</u>	<u>-</u>
<u>JUDICIAL</u>				
Circuit Court	1,809,409	1,845,420	1,756,091	89,329
Community Work Service	341,704	350,535	348,658	1,877
Family Court Services Division	628,304	644,303	636,594	7,709
Family Justice Center	612,802	622,143	351,802	270,341
Grand Jury	14,000	14,000	13,730	270
Jury Commissioner	265,357	275,933	266,325	9,608
Jury Services	278,000	274,300	226,892	47,408
Masters	208,479	212,098	200,347	11,751
State's Attorney	5,462,271	5,623,286	5,460,246	163,040
	<u>9,620,326</u>	<u>9,862,018</u>	<u>9,260,685</u>	<u>601,333</u>
<u>LIBRARIES</u>				
	<u>17,472,912</u>	<u>17,472,912</u>	<u>17,472,912</u>	<u>-</u>
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Parks and Facilities	6,081,965	6,186,562	5,485,166	701,396
Parks & Recreation Administration	899,216	928,269	908,624	19,645
Recreational Services	2,700,909	2,795,377	2,733,241	62,136
Conservation of Natural Resources				
Extension Service	251,345	251,345	249,726	1,619
Soil Conservation	483,455	497,193	493,290	3,903
	<u>10,416,890</u>	<u>10,658,746</u>	<u>9,870,047</u>	<u>788,699</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, 2019
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Administration	12,153,727	11,011,061	10,554,957	456,104
Correctional Services	25,547,462	24,958,567	24,398,332	560,235
Court Services	6,563,713	6,700,711	6,565,192	135,519
Criminal Investigation	8,427,372	9,903,839	9,696,251	207,588
Inmate Welfare Fund	811,670	814,189	683,420	130,769
Patrol Operations	27,699,077	30,514,067	30,258,706	255,361
Department of Inspections, Licenses and Permits				
Building Services	1,111,279	1,132,029	1,063,470	68,559
Director of DILP	795,996	812,183	768,687	43,496
Electrical Services	710,116	736,987	729,370	7,617
Plumbing Services	630,317	645,453	638,521	6,932
Emergency Operations				
Administration	5,157,199	5,326,782	5,225,079	101,703
Emergency Medical Services	1,589,118	1,450,118	1,343,711	106,407
HAZMAT Response Team	457,799	504,339	433,059	71,280
Natural Disasters	100,000	100,000	-	100,000
Rescue Support	240,515	240,515	189,483	51,032
Special Operations & Technical Services & Support	2,481,179	2,470,999	2,359,313	111,686
Volunteer Fire Companies	6,964,084	6,927,544	6,814,659	112,885
911 Emergency Communications	7,202,214	7,442,732	7,175,689	267,043
	<u>108,642,837</u>	<u>111,692,115</u>	<u>108,897,899</u>	<u>2,794,216</u>
<u>PUBLIC WORKS</u>				
Department of Public Works				
Bureau of Environmental Affairs	164,808	174,133	173,978	155
Bureau of Solid Waste Management	5,105,240	5,105,240	4,945,547	159,693
Capital Projects Management	927,305	948,007	720,177	227,830
Closed Landfills - Post Closure Costs	223,050	223,050	220,420	2,630
Stormwater Management	1,623,376	1,687,862	1,421,847	266,015
Transfer Station	9,970,450	9,970,450	9,571,566	398,884
	<u>18,014,229</u>	<u>18,108,742</u>	<u>17,053,535</u>	<u>1,055,207</u>
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director - Community Services	2,074,067	2,095,612	2,049,406	46,206
Office of Drug Control	1,251,433	1,268,902	1,178,008	90,894
Office on Aging	1,814,137	1,856,617	1,346,266	510,351
ARC Northern Chesapeake Region	1,830,694	1,830,694	1,830,694	-
Housing Agency Services	1,253,520	1,268,119	1,054,671	213,448
Health Department	3,775,987	3,775,987	3,774,330	1,657
	<u>11,999,838</u>	<u>12,095,931</u>	<u>11,233,375</u>	<u>862,556</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, 2019
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>DEBT SERVICE</u>				
Debt Service - Principal	37,090,005	37,090,005	37,089,295	710
Debt Service - Interest	18,808,116	18,808,116	18,548,753	259,363
Debt Service - Administration Costs	640,000	640,000	282,447	357,553
Total Debt Service	56,538,121	56,538,121	55,920,495	617,626
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Grant	2,811,321	2,820,321	2,672,818	147,503
Capital Project	11,765,972	11,765,972	11,715,972	50,000
Total Other Financing Uses	14,577,293	14,586,293	14,388,790	197,503
Total Expenditures and Other Financing Uses	\$ 571,655,000	\$ 577,019,577	\$ 564,172,976	\$ 12,846,601

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, 2019

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
TAXES				
Business Personal Property/Current Year	\$ 50,000	\$ 50,000	\$ 57,879	\$ 7,879
Business Personal Property/Prior Years	1,000	1,000	(690)	(1,690)
Corporate Property/Current Year	2,000,000	2,000,000	2,139,867	139,867
Corporate Property/Prior Years	(50,000)	(50,000)	(49,069)	931
Interest on Delinquent Taxes	130,000	130,000	130,642	642
Payment in Lieu of Taxes	240,000	240,000	228,978	(11,022)
Penalty	125,000	125,000	133,553	8,553
Railroad and Public Utilities/Current Year	1,900,000	1,900,000	2,266,513	366,513
Railroad and Public Utilities/Prior Years	(1,000)	(1,000)	-	1,000
Real Property-Full Year Levy/Current Year	34,275,000	34,275,000	34,337,390	62,390
Real Property-Full Year Levy/Prior Years	(25,000)	(25,000)	(632)	24,368
Real Property-Half Year Levy/Current Year	110,000	110,000	78,775	(31,225)
Real Property-Half Year Levy/Prior Years	(1,000)	(1,000)	-	1,000
	<u>38,754,000</u>	<u>38,754,000</u>	<u>39,323,206</u>	<u>569,206</u>
Less: Tax Credits and Uncollectibles				
AG Preservation Tax Credit	(200,000)	(200,000)	(207,154)	(7,154)
Enterprise Zone Tax Credits	(120,000)	(120,000)	(142,790)	(22,790)
Discount Allowed	(250,000)	(250,000)	(286,538)	(36,538)
Homeowner's Tax Credit - County	(38,000)	(38,000)	(41,001)	(3,001)
Community Association Credit	(700)	(700)	(684)	16
Conservation Land Tax Credit	(300)	(300)	(285)	15
Historical Tax Credit	(100)	(100)	(637)	(537)
Homestead Tax Credit - County	(22,700)	(22,700)	(20,934)	1,766
Landfill Proximity Credit	(9,100)	(9,100)	(9,446)	(346)
Senior/Retired Military Credit	(260,000)	(260,000)	(187,259)	72,741
Solar Energy Credit	(66,000)	(66,000)	(64,495)	1,505
Surviving Spouse -Falling Hero Credit	(600)	(600)	(857)	(257)
Habitat For Humanity Credit	(500)	(500)	(159)	341
Uncollectible Property Taxes	(10,000)	(10,000)	30,636	40,636
	<u>(978,000)</u>	<u>(978,000)</u>	<u>(931,603)</u>	<u>46,397</u>
Total Taxes	<u>37,776,000</u>	<u>37,776,000</u>	<u>38,391,603</u>	<u>615,603</u>
REVENUES FROM OTHER AGENCIES				
DNR Parks Pilot	20,000	20,000	9,075	(10,925)
Highways Users Tax	3,000,000	3,000,000	2,934,485	(65,515)
Total Revenues from Other Agencies	<u>3,020,000</u>	<u>3,020,000</u>	<u>2,943,560</u>	<u>(76,440)</u>
INVESTMENT INCOME	<u>212,000</u>	<u>212,000</u>	<u>591,392</u>	<u>379,392</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, 2019

(continued)

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES</u>				
Auto Maintenance - Contract	55,000	55,000	54,576	(424)
Auto Maintenance - Non-Contract	5,000	5,000	18,346	13,346
Design Review	1,000	1,000	-	(1,000)
Fuel Charges - County	1,000,000	1,000,000	535,724	(464,276)
Inspections	125,000	125,000	158,875	33,875
Onsite Inspection Fees	100,000	100,000	95,891	(4,109)
Recycled Scrap Metal	2,000	2,000	2,622	622
Reproduction	100	100	36	(64)
Road Access Permit Fees	15,000	15,000	19,985	4,985
Signs and Linestriping	30,000	30,000	102,189	72,189
Technical Review	15,000	15,000	15,106	106
Utility Permit Fees	50,000	50,000	37,950	(12,050)
	<u>1,398,100</u>	<u>1,398,100</u>	<u>1,041,300</u>	<u>(356,800)</u>
<u>MISCELLANEOUS</u>				
Director of DPW - Stormwater	10,600	10,600	10,600	-
Director of DPW - Water and Sewer	199,500	199,500	199,500	-
Fleet Lease Revenue	5,600	5,600	3,172	(2,428)
Fuel Charges	2,400,000	2,400,000	2,168,897	(231,103)
Interest on Miscellaneous Invoices	7,000	7,000	2,070	(4,930)
Miscellaneous Revenue	182,300	182,300	50,933	(131,367)
Recovery from Capital Projects	1,350,000	1,350,000	340,390	(1,009,610)
Reimbursement from Other Departments	15,000	15,000	41,717	26,717
Reimbursement of AG Credit	200,000	200,000	207,154	7,154
Sale of Property - Vehicles	150,000	150,000	66,013	(83,987)
Vehicle Maintenance - Contract	2,300,000	2,300,000	2,542,949	242,949
Vehicle Maintenance - Non Contract	700,000	700,000	1,020,401	320,401
	<u>7,520,000</u>	<u>7,520,000</u>	<u>6,653,796</u>	<u>(866,204)</u>
<u>FINES AND FORFEITURES</u>				
Vegetation Violations	45,000	45,000	18,951	(26,049)
	<u>45,000</u>	<u>45,000</u>	<u>18,951</u>	<u>(26,049)</u>
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	978,900	4,057,270	1,540,819	(2,516,451)
Premium on Issuance of Bonds	-	-	104,974	104,974
	<u>978,900</u>	<u>4,057,270</u>	<u>1,645,793</u>	<u>(2,411,477)</u>
Total Special Revenue Fund Revenues and Other Financing Sources	<u>\$ 50,950,000</u>	<u>\$ 54,028,370</u>	<u>\$ 51,286,395</u>	<u>\$ (2,741,975)</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, 2019

Exhibit D-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC WORKS</u>				
Benefits	\$ 1,099,644	\$ 1,099,644	\$ 951,568	\$ 148,076
Bureau of Construction Management	1,980,422	2,040,356	2,013,167	27,189
Bureau of Highways Engineering	2,394,547	2,508,059	2,334,732	173,327
Bureau of Highway's Maintenance	21,274,079	21,775,187	20,770,639	1,004,548
Contingency	200,000	200,000	-	200,000
Director of Public Works	317,929	322,929	306,833	16,096
Fleet Management	8,979,272	8,983,088	8,365,779	617,309
Personnel Matters	293,496	618,496	498,132	120,364
Snow Removal	2,336,898	2,331,898	1,923,942	407,956
Insurance	162,776	162,776	162,776	-
Total Public Works	<u>39,039,063</u>	<u>40,042,433</u>	<u>37,327,568</u>	<u>2,714,865</u>
<u>DEBT SERVICE</u>				
Principal	638,621	638,621	638,617	4
Interest	396,350	396,350	390,826	5,524
Administrative Costs	30,000	30,000	8,418	21,582
Total Debt Service	<u>1,064,971</u>	<u>1,064,971</u>	<u>1,037,861</u>	<u>27,110</u>
<u>OTHER FINANCING USES</u>				
Transfers Out-Capital Projects	<u>10,845,966</u>	<u>12,920,966</u>	<u>12,920,966</u>	<u>-</u>
 Total Expenditures and Other Financing Uses	 <u>\$ 50,950,000</u>	 <u>\$ 54,028,370</u>	 <u>\$ 51,286,395</u>	 <u>\$ 2,741,975</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, 2019

Exhibit D-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 1,000	\$ 1,000	\$ 6,415	\$ 5,415
Charges for Current Services	845,000	845,000	731,278	(113,722)
Miscellaneous	-	-	857	857
Total Revenues	<u>846,000</u>	<u>846,000</u>	<u>738,550</u>	<u>(107,450)</u>
EXPENDITURES				
Parks, Recreation and Natural Resources	901,000	904,661	676,350	228,311
Total Expenditures	<u>901,000</u>	<u>904,661</u>	<u>676,350</u>	<u>228,311</u>
Excess of Revenues Over Expenditures	<u>(55,000)</u>	<u>(58,661)</u>	<u>62,200</u>	<u>120,861</u>
OTHER FINANCING SOURCES				
Appropriated Fund Balance	80,000	83,661	-	(83,661)
Transfers (Out)	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>58,661</u>	<u>(25,000)</u>	<u>(83,661)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	37,200	<u>\$ 37,200</u>
Fund Balance - Beginning			210,814	
Prior Year Encumbrances Cancelled			<u>6,441</u>	
Fund Balance - Ending			<u>\$ 254,455</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, 2019

Exhibit D-4

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,497,000	\$ 2,497,000	\$ 2,591,848	\$ 94,848
Revenue from Other Agencies	4,000	4,000	-	(4,000)
Investment Income	11,000	11,000	168,177	157,177
Total Revenues	<u>2,512,000</u>	<u>2,512,000</u>	<u>2,760,025</u>	<u>248,025</u>
EXPENDITURES				
Public Works	1,660,243	1,660,243	-	1,660,243
Total Expenditures	<u>1,660,243</u>	<u>1,660,243</u>	<u>-</u>	<u>1,660,243</u>
Debt Service	451,757	451,757	431,978	19,779
Excess of Revenues Over Expenditures	<u>400,000</u>	<u>400,000</u>	<u>2,328,047</u>	<u>1,928,047</u>
OTHER FINANCING SOURCES				
Transfers (Out)	(400,000)	(400,000)	(400,000)	-
Premium on Issuance on Bonds	-	-	302,576	302,576
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(97,424)</u>	<u>302,576</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,230,623	<u>\$ 2,230,623</u>
Fund Balance - Beginning			<u>6,518,730</u>	
Fund Balance - Ending			<u>\$ 8,749,353</u>	

Debt Service Fund

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Debt Service Fund
For The Year Ended June 30, 2019

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,143,875	\$ 1,143,875	\$ 939,895	\$ (203,980)
Investment Income	2,000	2,000	50,066	48,066
Total Revenues	<u>1,145,875</u>	<u>1,145,875</u>	<u>989,961</u>	<u>(155,914)</u>
EXPENDITURES				
Debt Service	1,145,875	1,145,875	1,107,448	38,427
Total Expenditures	<u>1,145,875</u>	<u>1,145,875</u>	<u>1,107,448</u>	<u>38,427</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(117,487)</u>	<u>(117,487)</u>
Other Financing Sources				
Appropriated Fund Balance	-	-	117,487	117,487
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>117,487</u>	<u>117,487</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Less: Appropriated Fund Balance			(117,487)	
Fund Balance - Beginning			<u>2,740,657</u>	
Fund Balance - Ending			<u>\$ 2,623,170</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, 2019

Exhibit F-1

GENERAL COUNTY	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Reforestation Proceeds	\$ 680,000	\$ 371,896	\$ 308,104
Facilities Repair Program	28,862,301	22,121,833	6,740,468
* Watershed Restoration/Improvements 2006	1,501,645	1,051,645	450,000
County Facility System Security Access/Fuel Dispensing	1,415,000	854,715	560,285
Site Acquisition	24,757,761	18,591,338	6,166,423
Stormwater Enhancement	900,000	690,356	209,644
* Woodbridge Retrofit & Stream Restoration	1,020,000	893,832	126,168
Sunnyview Stream Restoration	1,992,220	525,089	1,467,131
Courthouse Building Repairs	10,034,900	8,045,479	1,989,421
Reforestation Proceeds-Critical Area	100,000	63,879	36,121
* Watershed Stream Assessment Studies	1,047,978	1,045,443	2,535
Wheel Creek Watershed Restoration	6,839,607	5,819,204	1,020,403
Humane Society	7,050,000	6,151,335	898,665
Safeguarding Business Operations	16,775,400	13,834,382	2,941,018
Bynum Run at St Andrews Way Stream Restoration	2,997,026	1,905,048	1,091,978
Fleet Replacement	11,040,000	9,779,992	1,260,008
Refresh Program	3,103,478	2,954,571	148,907
Joppatowne Area Watershed Restoration	4,400,000	1,807,547	2,592,453
Plumtree Run Watershed Restoration	5,643,452	2,241,234	3,402,218
Sams Branch Watershed Restoration	2,672,922	396,248	2,276,674
Stormwater Pollution Prevention	1,031,395	773,814	257,581
HMAN (Harford County Metro Area Network)	16,280,000	14,482,971	1,797,029
Efficiency Capital Investment Projects	1,095,000	444,490	650,510
* GIS	226,099	226,099	-
Lilly 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	600,000	-
Underground/Aboveground Storage Tank Management	1,144,000	572,001	571,999
Maintenance/Repair of Dams	2,055,000	526,754	1,528,246
MD 924 Small Area Corridor Plan	300,000	214,873	85,127
* Havre de Grace Opera House Renovations	500,000	250,000	250,000
Riverside Area Watershed Restoration	3,585,886	279,369	3,306,517
* Board of Education-Debt Service	16,600,000	16,600,000	-
Fleet Maintenance Facility	2,096,000	1,034,048	1,061,952
Harford County Agricultural Research and Exposition Center	1,400,000	244,064	1,155,936
County Owned Watershed Restoration Improvements	10,400,000	4,208,141	6,191,859
Watershed Restoration Assessment	5,500,000	3,710,098	1,789,902
Watershed Restoration Improvements	2,250,000	662,539	1,587,461
Watershed Restoration	360,000	151,749	208,251

(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, 2019

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY (continued)			
Aberdeen Library Roof and Windows	388,000	383,626	4,374
* Board of Education-Debt Service	17,800,000	17,800,000	-
Septic System Disconnection	150,000	75,450	74,550
* Board of Education-Debt Service	18,000,000	18,000,000	-
Edgewood Library Roof Replacement	221,400	169,806	51,594
Harford Cable Network High Definition Upgrade	600,000	435,459	164,541
County Owned Stormwater Management Rehabilitation and Repair	150,000	-	150,000
Upper Bynum Run Watershed Restoration Improvement:	2,000,000	-	2,000,000
Abingdon Library Window Replacement	1,259,000	1,057,000	202,000
* Board of Education-Debt Service 19	21,756,700	20,206,700	1,550,000
Maintenance/Repair of Dams	895,000	679,527	215,473
Total General County	262,302,170	203,119,578	59,182,592
EDUCATION			
Fire Alarm/Emergency Communications	1,137,000	922,323	214,677
Furniture & Equipment	954,950	754,950	200,000
School Buses Fiscal Year 2002	10,403,197	9,796,690	606,507
Athletic Fields Repair/Renovations	477,000	427,284	49,716
Aberdeen High School North/Center For Career Opportunity	665,000	567,053	97,947
Backflow Prevention	450,000	339,509	110,491
Security Cameras	1,450,000	830,284	619,716
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	527,820	272,180
HVAC Major Repairs	7,581,682	5,299,447	2,282,235
* Edgewood High School Replacement	83,581,790	81,889,203	1,692,587
Roofing Replacement	1,236,530	1,125,220	111,310
Youth's Benefit Elementary School	38,611,866	38,592,608	19,258
Homestead Wakefield Elementary School Modernization	132,454	32,454	100,000
Relocatable Classrooms	1,323,000	188,000	1,135,000
Septic Pre-Treatment for Code Upgrade	2,167,926	842,513	1,325,413
* Building Envelope Improvements	200,000	200,000	-
Energy Efficiency Initiative Projects	114,316	-	114,316
Fallston High School HVAC Project	7,673,940	7,661,255	12,685
Havre de Grace High School Replacement	63,987,000	17,669,931	46,317,069
Joppatowne High School Systemic Project	7,400,000	8,901	7,391,099
Music Equipment Refresh Program	50,000	47,524	2,476
Playground Equipment	350,000	350,000	-

(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, 2019

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
EDUCATION (continued)			
* 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	1,342,600	107,348
North Harford Middle School Domestic Water Improvement	1,000,000	462,356	537,644
* Ring Factory Elementary School HVAC	470,000	470,000	-
Technology Infrastructure	4,758,217	4,755,422	2,795
Center for Educational Opportunity-Air Conditioning	2,200,000	2,159,095	40,905
Prospect Mill Elementary School HVAC	2,294,000	2,290,977	3,023
Technology Education Lab Refresh	250,000	48,294	201,706
Riverside Elementary School HVAC Systemic Renovation	4,097,607	4,044,811	52,796
Roof Replacement Joppatowne High School	889,207	889,207	-
William Paca/Old Post Elementary School Open Space Enclosure	1,261,000	1,261,000	-
William S. James Elementary School Open Space Enclosure	691,000	691,000	-
Bel Air Elementary HVAC Systemic Renovation and Open Space Enclosure	3,485,000	3,079,802	405,198
North Harford High School Aquaculture Lab and Greenhouse	830,000	789,414	40,586
Swimming Pool Renovations	900,887	526,747	374,140
Roof Replacement-North Harford Elementary School	495,000	444,342	50,658
Fallston Chiller Replacement	446,000	78,020	367,980
Roof Replacement - Aberdeen Middle School	1,219,000	163,332	1,055,668
North Harford High School Modernization	31,840,781	31,840,781	-
Total Education	327,508,378	256,520,815	70,987,563
FIRE/SAFETY			
Computer Equipment/Networks	2,241,742	2,226,694	15,048
New Emergency Operations Center Complex	43,294,525	34,681,045	8,613,480
Public Safety Communication in School Buildings	650,000	510,014	139,986
Joppa Magnolia Fire Station Expansion	1,240,000	755,253	484,747
TRT Equipment	160,000	85,571	74,429
Volunteer Fire Company Facility Repair	1,960,000	1,863,488	96,512
911 State Fee Fund	600,000	513,378	86,622
SCBA Replacement	1,000,000	743,413	256,587
Mobile/Portable Radio Upgrades	1,150,000	733,718	416,282
Whiteford Volunteer Fire Company-Renovation of Main Station	700,000	350,000	350,000
Total Fire/Safety	52,996,267	42,462,574	10,533,693
COMMUNITY COLLEGE			
New Allied Health and Nursing Building	7,891,000	7,891,000	-

(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, 2019

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
COMMUNITY COLLEGE (continued)			
Edgewood Hall Renovations	3,772,000	3,464,575	307,425
Fallston Hall Renovations	3,040,000	2,361,442	678,558
Total Community College	14,703,000	13,717,017	985,983
LIBRARY			
Jarrettsville Library	5,884,000	5,841,309	42,691
Whiteford Library Expansion	4,238,200	4,238,200	-
Darlington Feasibility Study	56,000	33,845	22,155
Havre de Grace Library Expansion	9,020,000	8,528,678	491,322
Technology	959,100	913,654	45,446
* Joppa Branch-Centralized Dehumidification	100,000	100,000	-
Total Library	20,257,300	19,655,686	601,614
LANDFILL			
Tollgate Landfill Gas System	1,034,679	1,033,333	1,346
Harford County Waste Disposal Center Compost Area Facilities	525,000	31,045	493,955
Harford Waste Disposal Center Landfill Capping	9,320,000	7,970,005	1,349,995
Former Spencers Landfill Closure	6,700,000	4,928,099	1,771,901
Full Cost Accounting Study	300,000	235,040	64,960
Waste to Energy Facility Closure	8,163,753	2,849,374	5,314,379
HWDC Pavement Upgrades	400,000	248,404	151,596
Tollgate Yard Trim Recycling Center 15	975,081	27,831	947,250
Scarboro Landfill Groundwater Treatment Plant	250,000	20,309	229,691
Environmental Studies	1,440,900	1,207,099	233,801
Future Expansion	21,235,353	19,663,696	1,571,657
Total Landfill	50,344,766	38,214,235	12,130,531
PARKS and RECREATION			
Churchville Complex Developmen	8,556,830	7,946,722	610,108
Heavenly Waters Park	2,120,000	974,383	1,145,617
Schucks Road Regional Sports Complex	8,110,415	6,038,084	2,072,331
Athletic Field Improvements	12,550,000	11,359,788	1,190,212
Indoor Recreation Facility	1,474,000	1,110,933	363,067
Joppatowne Area Dredging	1,090,000	686,840	403,160
Tudor Hall Rehabilitation	610,000	368,522	241,478
Bleacher Renovations	490,000	155,697	334,303
Darlington Park Development	1,895,000	1,438,387	456,613

(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, 2019

(continued)

Exhibit F-1

	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
PARKS and RECREATION (continued)			
Mariner Point Park Renovations	636,000	161,930	474,070
Nuttall Avenue Park Development	500,000	81,625	418,375
Cedar Lane Sports Complex Improvements	2,361,000	1,158,616	1,202,384
Churchville Center Renovations	575,000	354,057	220,943
Eden Mill Park Rehabilitation	1,155,000	700,435	454,565
Facility Renovations	1,205,000	926,055	278,945
Natural Turf Improvements	1,290,000	539,920	750,080
Park Improvements	780,000	532,494	247,506
Park Land Acquisition	9,456,000	2,270,349	7,185,651
Playground Equipment	2,280,000	1,130,406	1,149,594
Anita C. Leight Center Improvements	1,005,000	574,408	430,592
Emmorton Rec and Tennis Center Improvements	1,485,000	1,253,855	231,145
Tennis/Multipurpose Courts	940,000	888,236	51,764
Equestrian Center Improvements	375,000	305,985	69,015
Backstop Renovations	270,000	23,941	246,059
Emily Bayless Graham Park	2,575,000	303,469	2,271,531
Gunpowder River Dredging	2,234,000	1,791,801	442,199
* Jarrettsville Complex Restrooms	270,000	269,499	501
Parking Lot Paving	904,000	701,722	202,278
Rockfield Park Improvements	170,000	61,272	108,728
Trails and Linear Parks	9,600,000	1,135,513	8,464,487
Edgewood Rec and Community Center	100,000	46,044	53,956
Northern Regional Park	575,000	458,454	116,546
ADA Improvements	370,000	171,026	198,974
Debris-Derelict Boats	100,000	-	100,000
Disc Golf Course	50,000	46,791	3,209
Fallston Recreation Complex Improvement	325,000	324,999	1
Robert Copenhaver Park Improvements	300,000	262,396	37,604
SWM Pond Repair and Renovation	450,000	449,998	2
Enlarged Gymnasiums	1,200,000	600,000	600,000
Jarrettsville Recreation Center	510,775	201,666	309,109
Swan Harbor Farm Improvements	639,000	440,657	198,343
Canoe and Kayak Water Access	880,000	465,888	414,112
Flying Point Park Improvements	403,000	378,150	24,850
Francis Silver Park Improvements	425,000	-	425,000
Heavenly Waters Park-Soma	100,000	99,790	210
Harford Center for the Arts	50,000	-	50,000

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2019

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS and RECREATION (continued)			
Demarco Memorial Park Improvements	40,000	-	40,000
Tollgate Woodshop	25,000	2,869	22,131
* Tydings Park Improvements	400,000	200,000	200,000
Bush River Dredging and DMP Site	990,000	148,236	841,764
* East Baker Avenue Pedestrian Bridge	100,000	13,823	86,177
Edgeley Grove Farm	40,000	7,850	32,150
Facility Renovations	375,000	78,012	296,988
Forest Hill Recreation Complex Improvements	800,000	-	800,000
Fox Meadows Park Improvements	450,000	19,872	430,128
Gymnasium Floor Repair and Renovation	135,000	40,147	94,853
Park Improvements	130,000	37,713	92,287
Edgewood Recreation Park	50,000	-	50,000
Rock Glenn Park	100,000	95,950	4,050
Total Parks and Recreation	87,075,020	49,835,275	37,239,745
HIGHWAYS-ROADS			
Glen Elyn Culvert and Ponds Repair	392,500	392,500	-
Tollgate Road/West Ring Factory-Plumtree	7,423,439	5,627,372	1,796,067
Facilities Repair Program	1,007,000	962,914	44,086
Primrose Place	146,000	132,605	13,395
Culvert Rehabilitation	4,730,000	4,545,424	184,576
Intersection Improvements	3,281,728	3,018,962	262,766
Village of Scot's Fancy-Starmount Lane	750,000	715,128	34,872
Shucks Road Improvements	893,368	139,668	753,700
Drainage Improvements	1,575,000	1,439,967	135,033
Fuel Dispensing System Upgrade	950,000	949,273	727
Storm Drain Rehabilitation	1,766,231	1,572,406	193,825
* MD 152/Oakmont Road/Port Lane	392,666	117,666	275,000
Sidewalks and Handicapped Ramps	1,379,300	943,775	435,525
Traffic Calming and Road Safety Improvements	650,000	569,758	80,242
Safeguarding Business Operations	3,337,450	3,216,556	120,894
* Schucks Road Culvert Replacement	23,824	23,824	-
Fleet Replacement	11,942,000	11,917,305	24,695
700 MHZ Wireless Radio System Equipment	1,600,000	1,600,000	-
Efficiency Capital Investment Project	235,000	90,515	144,485
Guardrails Fiscal Year 2013	775,000	775,000	-
HMAN (Harford County Metro Area Network)	930,000	929,860	140
New Roads and Storm Drains	2,625,000	1,368,445	1,256,555

(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, 2019

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
Refresh Program	515,500	464,559	50,941
Resurfacing Roadways	6,661,509	6,661,509	-
Landis Circle-Foxborough Farm	350,000	255,377	94,623
Traffic Signals 15	109,601	-	109,601
Resurfacing Roadways	5,603,106	5,431,495	171,611
Resurfacing Roadways	5,292,842	4,882,242	410,600
APG Gate Pilot	2,500,000	2,344,582	155,418
Resurfacing Roadways	5,002,435	4,476,220	526,215
* Chapel Road Improvements	169,821	169,821	-
Resurfacing Roadways	12,218,262	6,898,796	5,319,466
Fleet Maintenance Facility	716,000	12,500	703,500
Spesutia Road Reconstruction/Upgrade	500,000	-	500,000
Salt Dome	50,000	-	50,000
Moores Mill Road	10,363,088	8,939,871	1,423,217
Total Roads	96,857,670	81,585,895	15,271,775
HIGHWAYS-BRIDGES			
* Watervale Road Bridge #63	4,132,516	3,974,281	158,235
Bridge Inspection Program	3,640,000	3,634,781	5,219
Bridge Rehabilitation	2,850,000	2,849,504	496
Road and Bridge Scour Repairs	1,575,000	1,069,253	505,747
Snake Lane Bridge #31	1,095,000	1,077,024	17,976
Carrs Mill Road Bridge	2,575,000	2,197,017	377,983
Glen Cove Road Bridge #156	1,550,000	968,756	581,244
Robinson Mill Road Bridge #154	2,115,000	1,934,166	180,834
Abingdon Road Bridge #169 Over CSX	1,580,000	637,243	942,757
Chestnut Hill Bridge #40	1,705,000	490,462	1,214,538
Phillips Mill Road Bridge #70	600,000	467,629	132,371
Bridge Rehabilitation	2,291,381	2,047,497	243,884
Green Road Bridge #122	1,119,087	1,023,320	95,767
Bridge Painting	300,000	98,508	201,492
Fawn Grove Road Bridge #132	10,000	5,467	4,533
New Park Road Bridge #125	1,100,000	1,023,574	76,426
Stafford Road Bridge	405,000	240,251	164,749
Glenville Road Bridge #30	410,000	146	409,854
* Carea Road Bridge #126	20,310	20,310	-
Johnson Mill Road Bridge #45	260,000	198,513	61,487

(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, 2019

(continued)

Exhibit F-1

	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
HIGHWAYS-BRIDGES (continued)			
Bridge Inspection Program	1,050,000	112,634	937,366
Pleasantville Road Bridge #60	225,000	-	225,000
Structural Evaluation	420,000	410,705	9,295
Total Bridges	<u>31,028,294</u>	<u>24,481,041</u>	<u>6,547,253</u>
Total Highways	<u>127,885,964</u>	<u>106,066,936</u>	<u>21,819,028</u>
Total All Projects	943,072,865	729,592,116	213,480,749
*Less Closed Projects	<u>(170,013,349)</u>	<u>(165,221,635)</u>	<u>(4,791,714)</u>
Total Capital Project Funds	<u>\$ 773,059,516</u>	<u>\$ 564,370,481</u>	<u>\$ 208,689,035</u>

Enterprise Fund

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2019

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
SEWER PROJECTS			
* Bush Creek Pump Station 4th Pump	\$ 26,886,747	\$ 26,886,747	\$ -
Bush Creek Pump Station 4th Pump	1,513,253	-	1,513,253
* Utility Protection/Restoration	900,000	215,880	684,120
* Infiltration & Inflow	3,400,000	1,374,433	2,025,567
* Bynum Run Parallel Phase 6 & 7	7,872,951	7,872,951	-
Bynum Run Parallel Phase 6 & 7	4,247,373	-	4,247,373
Edgewood Interceptor Sewer Parallel	650,000	181,806	468,194
* Infiltration & Inflow	450,000	174,863	275,137
* Sod Run Facility Improvements	4,113,876	1,201,680	2,912,196
* Sod Run Facility Improvements	286,124	286,124	-
* Renewal and Replacement - Sewer	1,100,000	119,013	980,987
Bill Bass Pump Station Forcemain Replacement	900,384	385,836	514,548
* Harford Waste Water Treatment Plant Facility Improvements	885,000	789,238	95,762
Oaklyn Manor/Joppa Area Sewer Relief	1,950,300	1,464,291	486,009
Town Center Drive Pump Station	585,000	55,418	529,582
* Ring Factory Pump Station and Fairwind Farms Abandonment	1,465,000	1,402,705	62,295
Bynum Ridge Sewer Replacement	800,000	639,972	160,028
Bio Solids Facilities Enhancements	8,900,000	509,492	8,390,508
* Fallston Sanitation Sub-District Sewer Capacity Study	300,000	206,889	93,111
Brentwood Park Pumping Station Improvements	1,450,000	140,409	1,309,591
Delta Wastewater Treatment Plant Upgrades	225,000	-	225,000
Inventory Storage Control and Improvements	385,000	-	385,000
Pumping Station Improvements	265,000	-	265,000
Sod Run Wastewater Treatment Plant Ultraviolet Disinfection Project	3,200,000	100,364	3,099,636
Fallston Area Sewer	3,800,000	-	3,800,000
Freys Road Sewer Petition	800,000	-	800,000
Hickory Sewer Infrastructure Improvement Project	3,000,000	-	3,000,000
Total Sewer Projects	80,331,008	44,008,111	36,322,897
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	1,749	1,749	-
Abingdon Road Water Main Parallel	8,298,251	269,791	8,028,460
Magnolia Booster Station	1,450,000	169,126	1,280,874
* Water Construction Unanticipated	300,000	231,147	68,853
* City of Baltimore Deer Creek Pump Station	3,700,000	3,101,041	598,959
* City of Baltimore Raw Water Supply	3,300,000	1,221,539	2,078,461
* Renewal and Replacement Water	700,000	215,411	484,589
* Water Meter Upgrade	1,460,000	1,282,029	177,971
* Water Zone Improvements	830,000	178,579	651,421

(continued)

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2019

(continued)

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
WATER PROJECTS (continued)			
* 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	753,012	46,988
* U.S. 40 and Rt. 159 SHA Water Relocation	3,900,000	3,242,345	657,655
* Tank Painting FY16	700,000	687,624	12,376
* Water System Model Study	300,000	106,225	193,775
* Tank Painting FY17	1,600,000	266,220	1,333,780
* Infrastructure Management	350,000	151,482	198,518
Perryman GAC Plant Improvements	1,000,000	90,034	909,966
Perryman Wellfield Improvement	350,000	-	350,000
Abingdon Water Treatment Plant PH Control System	250,000	-	250,000
Havre de Grace Water Treatment Plant Upgrade	150,000	5,728	144,272
SCADA Information Management Systems	250,000	-	250,000
U.S. 40 Water Main Replacement	200,000	-	200,000
Water and Sewer Infrastructure Improvement Project	1,000,000	-	1,000,000
Water Tank Design and Construction	300,000	-	300,000
Total Water Projects	109,685,000	88,371,491	21,313,509
OTHER PROJECTS			
* Safeguarding Business Operations	35,706	35,706	-
* Safeguarding Business Operations	623,954	623,954	-
* Safeguarding Business Operations	2,926,990	2,657,990	269,000
* Fleet Replacement	5,062,000	3,840,961	1,221,039
* 700 MHZ Wireless Radio System Equipment	649,000	607,660	41,340
* HMAN (Harford County Metro Area Network)	1,220,000	1,140,524	79,476
* Refresh Program	542,000	494,836	47,164
* Water and Sewer Rate Study	300,000	264,880	35,120
* Fuel Dispensing System Upgrade	120,000	120,000	-
* Underground and Aboveground Storage Tank Management	50,000	3,425	46,575
* Water and Sewer Billing Project	1,500,000	-	1,500,000
* Efficiency Capital Investment Project	365,000	233,192	131,808
Fleet Maintenance Facility	140,000	696	139,304
Total Other Projects	13,534,650	10,023,824	3,510,826
Total Water, Sewer and Other Projects	203,550,658	142,403,426	61,147,232
*Less Closed and Capitalized Projects	(157,491,097)	(138,390,463)	(19,100,634)
Total Open Water, Sewer and Other Projects	\$ 46,059,561	\$ 4,012,963	\$ 42,046,598





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

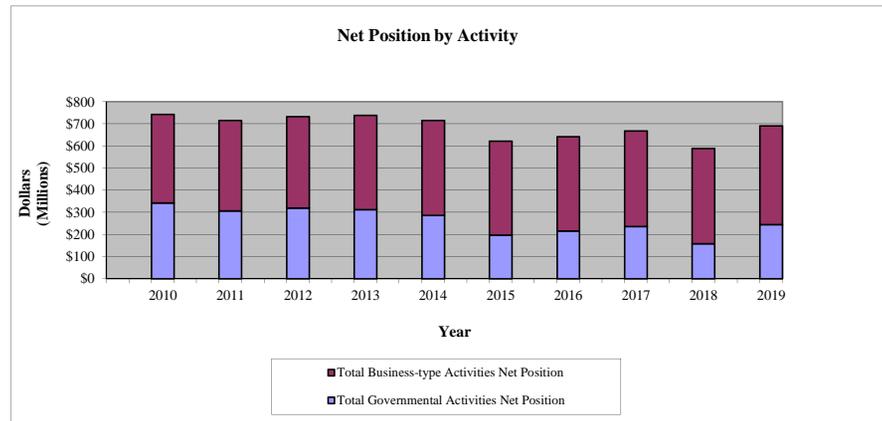
Tables 16 through 18 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Harford County, Maryland

Net Position by Component (accrual basis of accounting)

**Table 1
Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 536,321,847
Restricted	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	43,733,915
Unrestricted	(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)	(335,175,382)
Total Governmental Activities Net Position	\$ 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	\$ 244,880,380
Business-Type Activities										
Net Investment in Capital Assets	\$ 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	\$ 318,187,398
Restricted	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	72,830,464
Unrestricted	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	55,746,557
Total Business-type Activities Net Position	\$ 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	\$ 446,764,419
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 854,509,245
Restricted	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	116,564,379
Unrestricted	(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)	(279,428,825)
Total Primary Government Net Position	\$ 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	\$ 691,644,799



Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

**Table 2
Last Ten Fiscal Years**

Expenses (by function)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<i>Governmental Activities</i>										
Agricultural Preservation	\$ 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	\$ 4,098,178
County Council	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	2,959,753
General Government	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	51,764,330
Education-Primary thru Com. College	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	286,146,378
Harford Center	553,036	553,036	553,036	553,036	553,036	553,036	693,036	553,036	553,036	578,036
Judicial	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	11,026,051
Libraries	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	18,725,244
Parks, Recreation and Natural Resources	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	16,387,902
Public Safety	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	120,571,842
Public Works	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	74,092,972
Social Services	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	28,005,721
Unallocated Debt Interest/Other Costs	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	17,143,826
Total Governmental Activities	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	631,500,233
<i>Business-type Activities</i>										
Water and Sewer	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	54,570,952
Total Business-type Activities	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	54,570,952
Total Primary Government Expenses	\$ 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	\$ 686,071,185
Program Revenues										
<i>Governmental Activities</i>										
Charges for Services										
General Government	\$ 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	\$ 3,353,468
Public Safety	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	4,882,188
Public Works	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	12,070,856
Other Activities	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	1,629,725
Operating Grants and Contributions	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	28,177,980
Capital Grants and Contributions	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	5,176,268
Total Governmental Activities Program Revenue	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	55,290,485
<i>Business-type Activities</i>										
Charges for Services	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	45,897,888
Operating Grants and Contributions	-	512,576	704,699	648,672	444,149	461,364	972,710	802,598	804,406	330,000
Capital Grants and Contributions	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	20,665,666
Total Business-type Activities Program Revenue	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	66,893,554
Total Primary Government Program Revenues	\$ 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	\$ 122,184,039
Net (Expense) Revenue										
<i>Governmental Activities</i>										
	\$ (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)	\$ (576,209,748)
<i>Business-type Activities</i>										
	(3,578,189)	4,180,639	(408,767)	9,425,669	220,261	(606,612)	(1,456,429)	3,054,252	6,454,070	12,322,602
Total Primary Government Net Expense	\$ (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)	\$ (563,887,146)

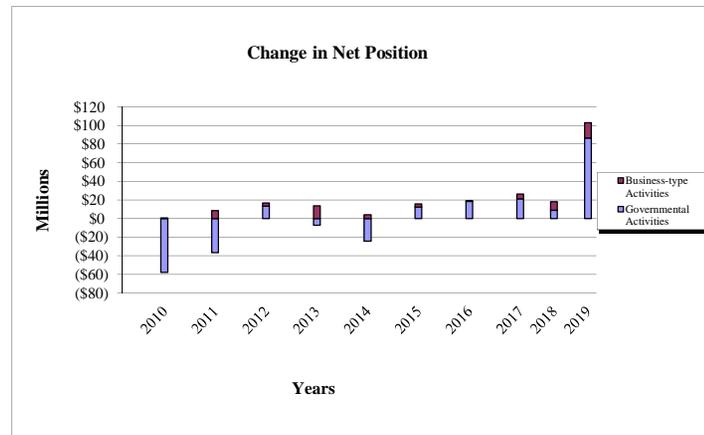
(continued)

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<i>Governmental Activities</i>										
<i>Taxes</i>										
Property Taxes	\$ 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	\$ 314,832,396
Income Taxes	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	252,411,277
Other Taxes	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	39,864,944
Investment Earnings	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	8,011,491
Grants and Contributions	132,964	185,216	189,543	239,369	269,076	254,020	245,326	407,167	440,319	360,549
Miscellaneous	553,164	900,953	810,088	1,888,635	2,231,878	1,849,327	1,131,130	685,847	1,759,295	1,452,312
Total Governmental Activities	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	616,932,969
<i>Business-type Activities</i>										
Recordation Tax	1,706,028	1,651,107	1,514,835	1,783,159	1,767,810	2,174,467	-	-	-	-
Investment Earnings	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	4,115,871
Miscellaneous	-	347,722	-	-	-	-	-	-	-	-
Total Business-type Activities	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	4,115,871
Total Primary Government	\$ 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	\$ 621,048,840
Special Item										
<i>Governmental Activities</i>										
Claims & Judgements	-	-	-	-	-	-	-	-	(45,868,055)	45,868,055
Total Primary Government	-	-	-	-	-	-	-	-	(45,868,055)	45,868,055
Change in Net Position										
<i>Governmental Activities</i>	\$ (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	\$ 86,591,276
<i>Business-type Activities</i>	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	16,438,473
Total Primary Government	\$ (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	\$ 103,029,749



Harford County, Maryland

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

Table 3
Last Ten Fiscal Years; Restated

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Nonspendable:										
Inventory	\$ 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	\$ 1,901,630
Prepaid	131,282	131,282	539,162	576,287	872,050	340,899	-	-	-	-
Long-term Receivable	1,449,301	538,285	471,561	398,743	327,495	253,248	1,086,229	2,178,341	1,056,216	1,000,515
	<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>	<u>2,902,145</u>
Restricted for:										
Education	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	2,851,912
Bond Proceeds	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	28,237,226
Debt Service	-	-	2,089,432	1,994,150	2,051,207	2,222,965	2,180,643	2,160,752	2,740,657	2,623,170
Public Safety	952,289	1,010,310	1,010,012	899,169	800,569	646,864	556,310	612,775	576,882	459,873
Tourism	-	-	-	-	-	740,827	1,383,890	1,512,400	1,892,033	653,570
Highways	-	-	-	39,518	642,710	592,430	230,604	237,065	205,966	228,978
Parks and Recreation	849,988	594,673	-	457,135	403,329	299,346	663,216	887,478	977,146	575,994
Grants	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	8,103,192
Lease Purchase Proceeds	1,191,984	-	-	-	-	-	-	-	-	-
	<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>	<u>43,733,915</u>
Committed to:										
Development Rights	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>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>	<u>-</u>
Assigned to:										
Appropriation of Fund Balance	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	19,562,459
Fiscal Stabilization Fund	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	32,538,750
Encumbrances	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	4,970,284
Other Post Employment Benefits	7,390,878	-	9,529,486	7,643,503	7,378,857	3,645,046	2,978,658	4,652,291	4,928,214	2,541,056
Landfill Closure Costs	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	9,083,130
WTE Plant Closure	-	-	-	4,000,000	4,000,000	3,000,000	8,600,000	7,196,247	3,836,247	3,836,247
Income Tax	-	-	-	2,439,735	2,577,900	3,172,882	1,571,967	1,759,134	1,788,631	1,788,631
Healthcare Consortium	-	-	-	2,112,308	1,970,314	2,184,155	2,251,926	2,443,741	2,420,418	2,950,655
Development Rights	-	-	-	-	-	-	-	-	19,617,798	22,755,357
Debt Repayment	-	-	-	-	-	-	-	1,300,000	-	-
Self-Insurance	-	-	-	-	-	-	-	-	6,500,000	6,500,000
Stormwater Management	-	-	-	-	-	-	12,295,295	24,338,133	26,299,417	38,359,763
State Mandates	-	-	-	-	-	-	-	-	-	6,000,000
Highways	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	8,999,520
Ag Preservation	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	15,968,396
Capital Projects	-	-	-	-	871,781	-	-	3,229,300	-	13,582,739
P&R Fund	114,506	225,413	334,332	405,112	267,015	383,333	158,758	62,794	106,369	239,051
	<u>113,521,078</u>	<u>122,597,139</u>	<u>133,705,942</u>	<u>138,879,384</u>	<u>115,484,572</u>	<u>100,436,534</u>	<u>90,603,599</u>	<u>136,246,515</u>	<u>172,448,867</u>	<u>189,676,038</u>
Unassigned:	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	20,226,958
Total Fund Balance	<u>\$ 268,355,274</u>	<u>\$ 235,369,328</u>	<u>\$ 242,994,930</u>	<u>\$ 235,161,678</u>	<u>\$ 198,012,819</u>	<u>\$ 187,206,638</u>	<u>\$ 172,203,162</u>	<u>\$ 219,570,346</u>	<u>\$ 241,508,720</u>	<u>\$ 256,539,056</u>

Harford County, Maryland

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

Table 4
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes	\$ 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	\$ 596,226,344
Revenues from Other Agencies	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	31,698,332
Investment Income	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	7,835,240
Charges for Current Services	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	16,960,933
Miscellaneous	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	2,207,965
Licenses and Permits	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	4,634,873
Fines and Forfeitures	715,952	227,873	340,840	383,513	427,730	397,330	150,677	272,392	398,120	407,830
Total Revenues	<u>541,327,888</u>	<u>548,368,360</u>	<u>556,426,113</u>	<u>553,404,198</u>	<u>557,598,897</u>	<u>578,174,995</u>	<u>598,242,548</u>	<u>603,109,268</u>	<u>630,923,442</u>	<u>659,971,517</u>
EXPENDITURES										
Agricultural Preservation	1,069,805	188,385	7,417,674	2,486,811	249,145	3,742,534	36,513	3,041,950	1,426,023	16,339,682
County Council	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	2,979,879
General Government	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	47,820,246
Education-Primary thru Comm. College	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	262,627,257
Harford Center	553,036	553,036	553,036	553,036	553,036	553,036	693,036	553,036	553,036	578,036
Judicial	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	11,042,668
Libraries	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	17,472,912
Parks, Recreation and Natural Resources	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	10,758,514
Public Safety	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	111,051,742
Public Works	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	50,693,679
Social Services	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	27,532,864
Capital Outlay	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	68,123,819
Debt Service										
Principal	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	42,767,522
Interest	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	21,309,280
Administrative Cost	1,210,978	1,197,249	642,797	586,418	287,423	729,415	284,018	649,068	412,624	547,687
Total Expenditures	<u>624,667,967</u>	<u>596,947,646</u>	<u>597,671,651</u>	<u>596,470,200</u>	<u>629,898,538</u>	<u>638,469,654</u>	<u>643,202,905</u>	<u>614,183,307</u>	<u>655,807,105</u>	<u>691,645,787</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(83,340,079)</u>	<u>(48,579,286)</u>	<u>(41,245,538)</u>	<u>(43,066,002)</u>	<u>(72,299,641)</u>	<u>(60,294,659)</u>	<u>(44,960,357)</u>	<u>(11,074,039)</u>	<u>(24,883,663)</u>	<u>(31,674,270)</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	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	48,573,812
Transfers (Out)	(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)	(48,573,812)
Issuance of Bonds	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	34,000,000
Issuance of Refunding Bonds	25,161,828	-	6,931,393	59,750,398	-	55,994,243	-	-	-	-
Premium on Issuance of Bonds	14,359,593	-	2,347,926	13,638,004	2,373,456	12,245,541	2,576,851	3,505,932	3,885,771	3,557,012
Issuance of Installment Purchase Agreements	-	-	6,995,127	2,013,095	-	3,097,591	-	1,809,630	-	9,432,238
Issuance of Notes and Leases	1,186,000	-	-	-	-	-	-	-	-	-
Payment to Escrow Agent for Refunding	(28,885,874)	-	(7,313,825)	(70,065,844)	-	(64,383,471)	-	-	-	-
Total Other Financing Sources(Uses)	<u>155,377,676</u>	<u>15,497,839</u>	<u>48,960,621</u>	<u>35,335,653</u>	<u>35,553,713</u>	<u>48,953,904</u>	<u>29,709,366</u>	<u>58,492,562</u>	<u>46,885,771</u>	<u>46,989,250</u>
Net Change in Fund Balances	<u>\$ 72,037,597</u>	<u>\$ (33,081,447)</u>	<u>\$ 7,715,083</u>	<u>\$ (7,730,349)</u>	<u>\$ (36,745,928)</u>	<u>\$ (11,340,755)</u>	<u>\$ (15,250,991)</u>	<u>\$ 47,418,523</u>	<u>\$ 22,002,108</u>	<u>\$ 15,314,980</u>

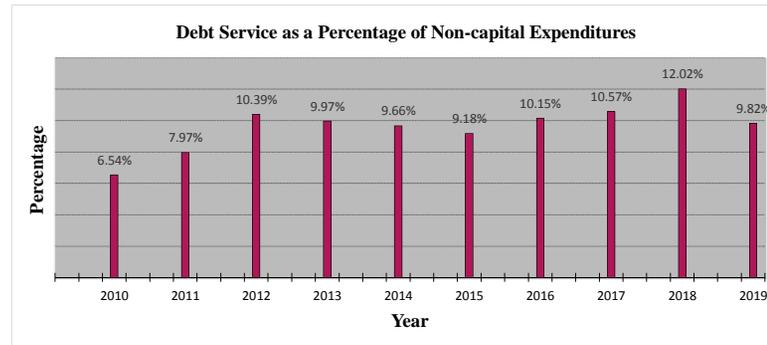
Harford County, Maryland

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

Table 5
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Expenditures	\$ 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	\$ 691,645,787
⁽¹⁾ Less Capital Asset Expenditures	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	39,419,413
Non-capital Expenditures	\$ 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	\$ 652,226,374
Debt Service Expenditures										
Principal	\$ 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	\$ 42,767,522
Interest	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	21,309,280
Total Debt Service Expenditures	\$ 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	\$ 64,076,802
Debt Service as a Percentage of Non-capital Expenditures	<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>	<u>9.82%</u>

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

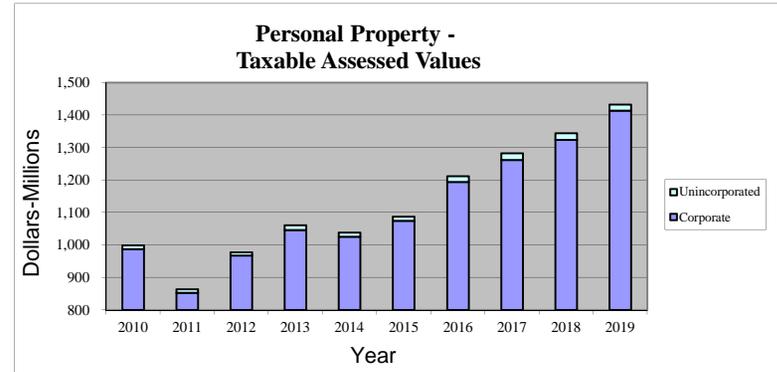
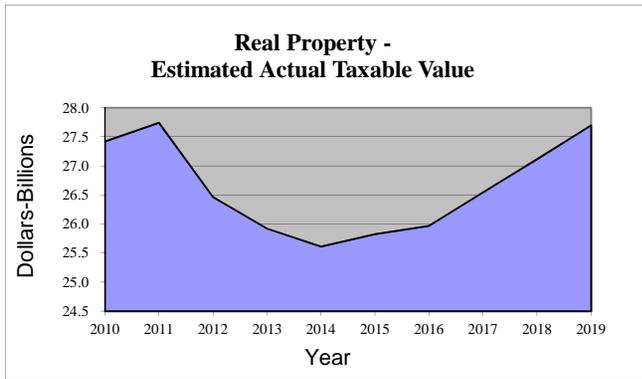


Harford County, Maryland

**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
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
2019	30,690,268,597	2,992,003,005	27,698,265,592	1.0420	1,413,596,960	18,889,590	2.6049	29,130,752,142



(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 Year 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)
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
2019	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)
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
2019	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 2019					
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation	
Baltimore Gas & Electric Company	Public Utility	\$ 478,420,680	\$ 10,688,875	1.64%	
Constellation Power Source Generation Inc.	Non-Utility Generator	87,300,040	1,950,457	0.30%	
Exelon Generation Company	Non-Utility Generator	65,043,060	1,453,192	0.22%	
Verizon-Maryland	Public Utility	63,600,750	1,420,968	0.22%	
MCI Communication Services	Public Utility	49,829,460	1,113,290	0.17%	
Frito-Lay, Inc.	Office/Industrial Ctr.	38,215,080	853,801	0.13%	
Comcast of Harford County LLC	Cable Provider	34,877,830	779,240	0.12%	
Columbia Gas Transmission	Public Utility	30,567,340	682,936	0.10%	
Noxell Corporation	Office/Industrial Ctr.	16,337,530	365,013	0.06%	
Delmarva Power & Light Co	Public Utility	15,400,730	344,083	0.05%	
		<u>\$ 879,592,500</u>	<u>\$ 19,651,855</u>	<u>3.01%</u>	
Total Taxable Assessed Valuation		<u>\$ 29,130,752,142</u>			

Fiscal Year 2010					
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation	
Baltimore Gas & Electric Company	Public Utility	\$ 292,677,460	\$ 7,707,523	1.03%	
Susquehanna Power Company	Public Utility	108,215,920	2,877,923	0.38%	
Verizon - Maryland	Public Utility	79,365,980	2,021,810	0.28%	
Harford Mall Business Trust	Shopping Center	73,897,464	670,990	0.26%	
Constellation Power Source Generation, Inc.	Non-Utility Generator	60,735,976	1,423,400	0.21%	
Festival at Bel Air LLC	Shopping Center	61,067,500	649,758	0.21%	
Bel Air Square LLC	Shopping Center	48,033,532	436,144	0.17%	
Wells Fargo Northwest	Office/Industrial Ctr	45,773,600	529,933	0.16%	
Columbia Gas Transmission	Public Utility	16,827,380	447,572	0.06%	
Comcast of Harford County LLC	Cable Provider	10,826,560	357,073	0.04%	
		<u>797,421,372</u>	<u>\$ 17,122,126</u>	<u>2.80%</u>	
Total Taxable Assessed Valuation		<u>\$ 28,417,770,339</u>			

SOURCE: Harford County Department of the Treasury

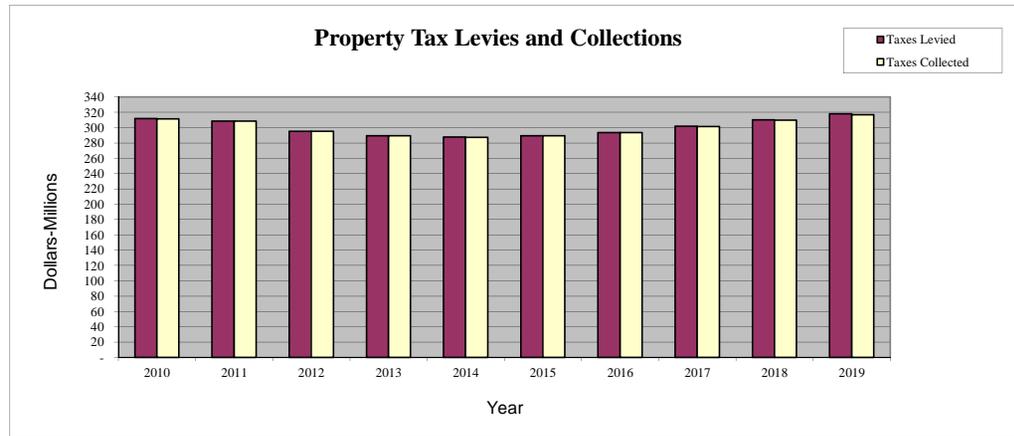
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

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		
2010	310,635,791	1,110,554	311,746,345	309,581,012	99.31%	2,033,865	311,614,877	99.96%	131,468	0.04%
2011	304,126,005	4,252,665	308,378,670	303,254,570	98.34%	5,076,621	308,331,191	99.98%	47,479	0.02%
2012	295,797,824	(639,016)	295,158,808	293,408,627	99.41%	1,666,831	295,075,458	99.97%	83,350	0.03%
2013	290,142,026	(592,327)	289,549,699	289,161,782	99.87%	272,738	289,434,520	99.96%	115,179	0.04%
2014	287,953,502	(388,759)	287,564,743	286,122,040	99.50%	1,349,776	287,471,816	99.97%	92,927	0.03%
2015	289,650,116	(207,777)	289,442,339	288,877,184	99.80%	410,249	289,287,433	99.95%	154,906	0.05%
2016	294,521,222	(756,036)	293,765,186	293,605,282	99.95%	59,456	293,664,738	99.97%	100,447	0.03%
2017	302,063,517	(295,249)	301,768,268	301,316,849	99.85%	311,664	301,628,513	99.95%	139,755	0.05%
2018	310,139,719	(154,225)	309,985,494	309,134,638	99.73%	613,857	309,748,495	99.92%	237,000	0.08%
2019	317,964,349	-	317,964,349	316,861,410	99.65%	-	316,861,410	99.65%	1,102,939	0.35%



Harford County, Maryland

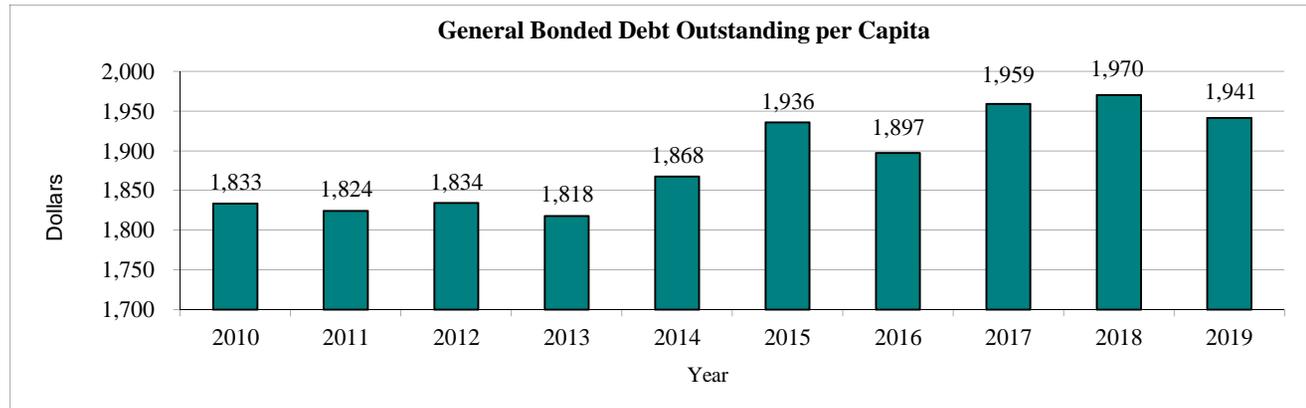
Ratios of General Bonded Debt Outstanding ⁽¹⁾

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⁾
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
2019	529,922,835	119,780,161	152,774,820	496,928,176	1.71%	1,941

- (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.



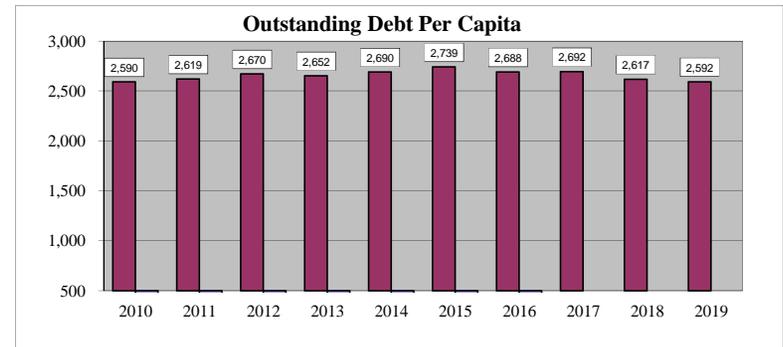
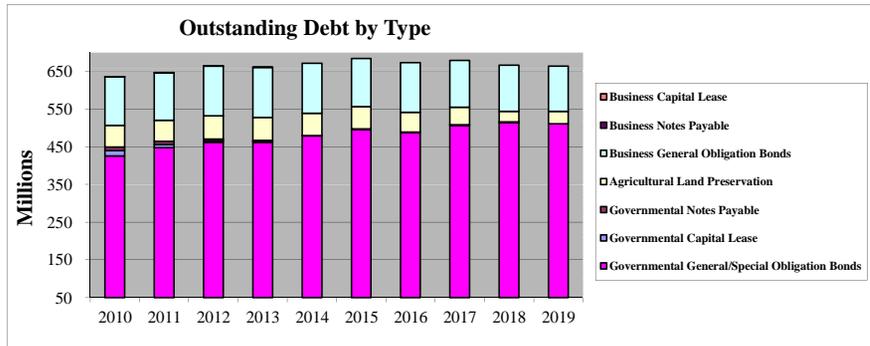
Harford County, Maryland

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			
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	5.44%	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	5.42%	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	5.28%	2,690
2015	495,916,560	-	1,313,319	59,359,303	556,589,182	127,341,763	-	-	127,341,763	683,930,945	5.16%	2,739
2016	487,822,233	-	1,312,618	52,282,849	541,417,700	131,755,478	-	-	131,755,478	673,173,178	4.90%	2,688
2017	506,694,682	-	1,311,917	46,621,431	554,628,030	124,264,790	-	-	124,264,790	678,892,820	4.76%	2,692
2018	514,171,551	-	1,300,000	28,321,359	543,792,910	122,350,421	-	-	122,350,421	666,143,331	4.50%	2,617
2019	510,848,176	-	-	32,994,659	543,842,835	119,780,161	-	-	119,780,161	663,622,996	4.32%	2,592

- (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>
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%
2019	1,876,768,918	496,928,176	1,379,840,742	26.48%

Legal Debt Margin Calculation for Fiscal Year 2019

(1) Net Assessed Value - Real Property	\$ 27,698,265,592	
(2) Debt Limit=6% of Net Assessed Value - Real Property		\$ 1,661,895,936
(1) Assessed Value - Personal Property	1,432,486,550	
(2) Debt Limit=15% of Net Assessed Value - Personal Property		214,872,983
Total Debt Limit		1,876,768,918
(3) Amount of Debt Applicable to Debt Limit	663,622,996	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(32,994,659)	
Debt Payable from Debt Service Fund	(13,920,000)	
(3) Debt Payable from Enterprise Revenues	(119,780,161)	
Total Debt Applicable to Debt Limitation		496,928,176
Legal Debt Margin		\$ 1,379,840,742

(1) Table 6

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

(3) Table 11

Harford County, Maryland

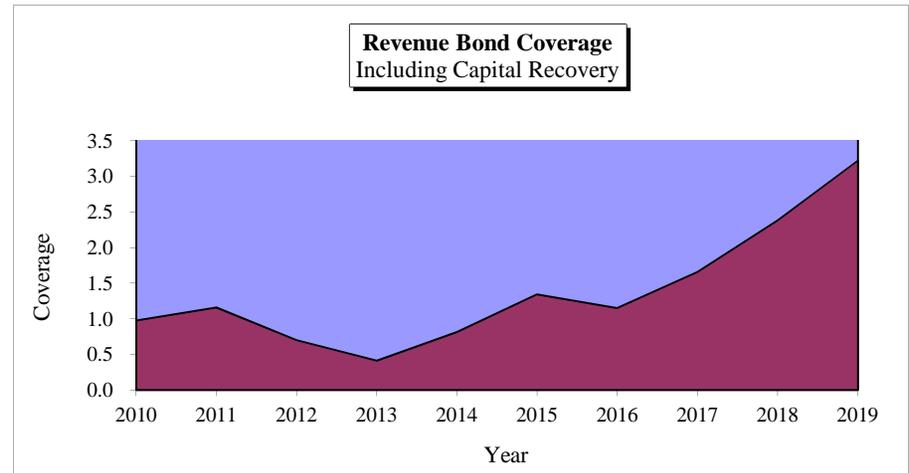
**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**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	
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	2,366,400	967,232	14,450,415	64,187,287	34,794,112	29,393,175	8,570,141	3,760,439	12,330,580	2.38
2019	50,792,694	3,814,022	268,178	20,267,821	75,142,715	37,128,845	38,013,870	8,191,416	3,610,197	11,801,613	3.22

- (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 2019 for all fiscal years reported.

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



Harford County, Maryland

Demographic Statistics

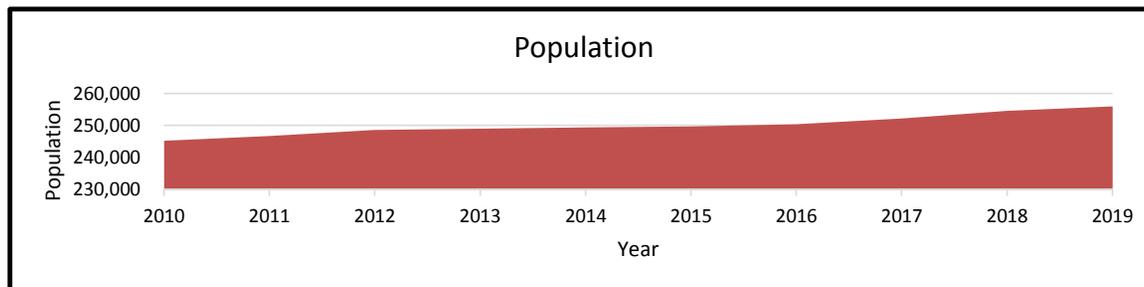
Table 14

Last Ten Fiscal Years

Fiscal Year Ending June 30,	Population (1)	Per Capita Income (2)	Personal Income (2) (000's)	Unemployment Rate (3)	School Enrollment (4)	Median Age (5)	Education of Bachelor Degree or Higher (5)
2010	245,224	46,509	11,405,073	7.3%	38,637	38.1	30.3%
2011	246,730	48,443	11,952,432	7.3%	38,394	38.3	30.5%
2012	248,585	49,107	12,207,196	7.4%	38,224	39.2	28.9%
2013	248,969	48,944	12,185,646	7.5%	37,868	39.5	31.5%
2014	249,430	50,974	12,714,446	6.0%	37,842	39.8	32.7%
2015	249,661	53,114	13,260,574	5.5%	37,537	39.9	33.4%
2016	250,439	54,857	13,738,369	4.4%	37,448	40.1	33.8%
2017	252,160	56,564	14,263,163	4.2%	37,426	40.3	34.5%
2018	254,560	58,171 ⁽⁶⁾	14,808,016 ⁽⁶⁾	4.1%	37,780	40.6	35.2%
2019	256,000	60,053 ⁽⁶⁾	15,373,682 ⁽⁶⁾	3.7%	37,826	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2018 provided population estimates for FY2010 thru FY2018. Harford County Department of Planning and Zoning provided population estimates for FY2019
- (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 2018 and 2019 were estimated because data was unavailable



Harford County, Maryland

Principal Employers

Table 15
Current Fiscal Year and Ten Years Ago

Fiscal Year 2019			
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	21,000	1	22.47%
Harford County Public Schools	5,231	2	5.60%
UM Upper Chesapeake Medical Center	3,300	3	3.53%
US Army Research Laboratory (ARL)	2,000	4	2.14%
Harford County Government	1,541	5	1.65%
Klein's ShopRite of Maryland	1,200	6	1.28%
Kohl's E-Fulfillment Center	1,200	7	1.28%
Rite Aid Mid-Atlantic Customer Support Center	1,030	8	1.10%
Harford Community College	1,011	9	1.08%
Jacobs Technology	874	10	0.94%
Total	<u>38,387</u>		<u>41.07%</u>
Total County Employment (1)	<u>93,443</u>		<u>100%</u>
Fiscal Year 2010			
	Number of Employees (3)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	16,944	1	24.18%
Harford County Public Schools	5,350	2	7.63%
Upper Chesapeake Health System	2,426	3	3.46%
Harford County Government	1,609	4	2.30%
Harford Community College	1,219	5	1.74%
Rite Aid Mid-Atlantic Customer Support Center	1,198	6	1.71%
Jacobs Technology	785	7	1.12%
SAIC	700	8	1.00%
Shop Rite	635	9	0.91%
Saks Fifth Avenue	528	10	0.75%
Total	<u>31,394</u>		<u>44.80%</u>
Total County Employment (2)	<u>70,078</u>		<u>100%</u>

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) U.S. Census Bureau, Center for Economic Studies, June 2010
- (3) Harford County Comprehensive Annual Fiscal Report Table 15 - Fiscal Year 2010

Harford County, Maryland

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

Table 16
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agricultural Preservation										
Acres of Farm Land in Preservation Program	34,723	35,024	36,563	37,195	37,443	38,671	39,078	39,680	39,680	43,806
General Government										
Office Buildings	13	13	13	13	13	13	13	5	5	5
Garage	1	1	1	1	1	1	1	1	1	1
Vehicles	34	42	36	36	27	25	17	28	27	32
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	33	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	-	-	-	-	-	-	-	-	-	-
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	1	1	1	1	1	1
Libraries	11	11	11	11	11	11	11	11	11	11
Parks and Recreation										
Number of Parks	91	91	93	93	96	96	95	95	96	96
Rec, Comm. & Visitor Ctrs	8	8	8	8	8	8	8	8	8	8
Acres of Land	4,640	4,640	4,594	4,473	4,608	4,608	4,543	4,543	4,539	4,539
Vehicles	88	86	52	57	50	48	58	58	55	53
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	371	363	374	372	375	379	367	336	361	380
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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety (continued)										
Emergency Operations Vehicles	6	9	9	11	16	16	13	13	17	21
Hazmat Vehicles	11	10	10	11	11	9	8	8	9	8
DILP Vehicles	23	27	25	25	18	17	29	21	21	22
Public Works										
Highways										
County Maintained Roads-Paved Miles	1,000	1,002	1,008	1,011	1,013	1,017	1,018	1,023	1,027	1,029
County Maintained Roads-Unpaved Miles	46	46	47	46	46	46	45	45	44	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	314	332	296	291	288	303	276	253	252	278
Water & Sewer										
Miles of Water Mains and Laterals	690	691	685	683	689	691	696	703	705	711
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	12	12	12	12	12	12	12
Miles of Wastewater Mains and Laterals	765	766	770	776	784	787	792	798	801	811
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	55	55	55	56	53	50	52	51	51	251
Vehicles	128	119	109	116	120	113	103	109	108	113
Waste Disposal										
Waste to Energy Facility	1	1	1	1	1	1	1	-	-	-
Vehicles	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	77	59	55	50	45	44	35	42	41	42
Social Services & Health										
Senior/Activity Centers	5	5	5	5	5	5	5	5	5	5
Buses	33	36	31	43	43	43	43	43	38	39
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	6	13	12	12	13	9	4	2	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Agricultural Preservation</u>										
Number of settlements	-	-	9	6	-	9	-	3	-	21
<u>County Council</u>										
Number of bills introduced	46	46	67	54	49	25	44	26	43	26
Number of bills passed	39	42	57	52	43	24	42	24	41	24
<u>General Government</u>										
<u>Land Use</u>										
Total acres	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,726
Percent residential	17.50%	17.50%	27.27%	27.27%	27.27%	27.27%	27.27%	27.27%	27.27%	27.27%
Percent agricultural	36.70%	36.70%	29.25%	29.25%	29.25%	29.25%	29.25%	29.25%	29.25%	29.25%
Percent commercial	2.10%	2.10%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%	2.52%
<u>Inspections & Permits</u>										
Permits issued	11,937	14,019	14,633	15,896	18,293	19,215	19,933	17,261	17,295	17,664
Commercial construction permits	18	348	35	22	15	24	15	4	9	18
Residential construction permits	681	713	577	459	700	1,079	488	846	632	738
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed (Calendar year)	2,162	2,067	2,066	2,188	2,118	1,998	1,847	1,839	1,889	1,448
<u>District Court</u>										
Number of cases filed (Calendar year)	8,513	8,372	8,202	7,658	7,623	8,228	7,826	7,738	7,645	7,883
<u>Education</u>										
<u>Board of Education</u>										
Administrators	275	274	266	260	256	253	254	254	254	252
Support	1,983	2,105	2,073	2,064	2,018	2,003	1,974	1,919	1,909	1,858
Teachers/Counselors/Mentors	3,092	3,100	3,101	3,045	2,982	3,000	2,989	2,985	2,962	2,947
Number of students	38,639	38,394	38,224	37,868	37,842	37,537	37,448	37,426	37,780	37,826
<u>Community College</u>										
Number of credit students	6,324	6,482	6,547	6,481	6,201	5,962	5,759	5,764	5,375	5,350
Faculty	497	480	474	471	469	450	415	407	383	374
Administrators	33	33	32	32	32	31	31	26	28	29
Staff	411	426	454	461	485	489	530	534	543	515
Visiting Professors	41	37	39	42	43	41	41	42	39	43
<u>Libraries</u>										
Number of registered borrowers	214,116	163,129	175,887	182,000	191,239	181,393	185,638	193,747	196,219	196,853
Circulation (000) (2)	4,699	4,815	4,500	4,111	4,130	3,872	3,783	3,697	3,616	3,384
Materials collection (000)	1,032	1,025	994	941	941	822	979	1,090	1,113	1,052
Library personnel	236	239	241	241	242	243	240	242	242	242

(continued)

Harford County, Maryland

Operating Indicators by Function (1)

**Table 17 (continued)
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Parks and Recreation (3)</u>										
Volunteer recreation councils	20	21	22	23	22	22	22	20	20	20
Number of P&R volunteers	13,577	20,165	15,439	14,396	14,297	14,250	13,271	13,571	14,308	15,694
Recreation registrations	70,720	87,694	72,953	76,456	73,359	73,066	66,074	69,625	65,122	66,089
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	1,520	1,483	1,145	1,123	1,169	1,170	1,189	1,181	1,178	1,141
Fire & EMS responses	24,997	26,089	30,952	26,372	26,195	29,704	28,604	29,974	30,482	30,620
Police responses	145,072	145,509	150,711	135,990	137,801	227,027	296,213	273,589	284,966	222,182
911 calls	104,590	106,801	108,865	105,584	99,555	101,915	101,033	104,385	104,456	104,120
Hazardous material incidents	208	175	169	163	210	187	196	183	193	179
EOC activations/exercises	17	15	15	26	30	25	38	26	32	27
Community policing programs	349	314	298	298	139	134	156	122	240	244
Neighborhood watch programs	63	59	24	27	33	38	35	26	25	19
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials (4)	193,487	190,715	165,475	146,800	126,923	10,358	21,184	9,974	8,704	818
Tons of solid waste processed (4)	160,742	142,753	141,962	167,500	133,890	140,792	120,509	12,638	12,654	17,678
<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	305,523	273,712	299,865	355,978	356,770	365,905	359,269	326,706	298,405	358,499
Vehicle miles traveled	772,523	526,957	595,480	709,276	744,346	741,767	769,333	743,196	848,951	1,030,718
<u>Water & Sewer Operations</u>										
Daily average water consumption in gal.(000)	10,500	11,500	12,100	12,500	12,073	9,800	9,379	9,350	9,350	9,721
Daily average effluent treatment in gal. (000)	12,000	13,000	13,300	12,500	12,073	12,714	12,126	10,712	11,854	14,300
Number of new accounts added	315	384	282	343	312	227	291	287	371	450

(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 2010 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County Council	22	22	24	22	28	28	27	27	27	27
General Government										
County Executive Administration	8	12	11	11	11	11	4	4	4	4
Procurement	106	92	63	64	65	67	49	49	50	50
Treasury	20	19	16	15	14	14	14	11	10	10
Law	52	49	47	48	44	44	42	42	41	41
Planning & Zoning	16	15	15	15	16	16	16	15	15	15
Human Resources	44	43	42	42	41	41	38	37	36	36
Gov't & Community Relations	10	8	8	9	7	7	9	8	8	8
Information & Communication Technology	5	-	-	-	-	-	4	6	6	6
Conservation of Natural Resources	-	-	26	27	29	29	24	23	23	23
Economic Development	-	-	4	4	4	4	5	5	5	5
	12	12	16	17	17	17	22	20	14	21
	273	250	248	252	248	250	227	220	212	219
Judicial										
Judicial	28	29	29	29	29	29	30	30	32	32
State's Attorney	56	56	57	57	59	59	59	59	59	59
	84	85	86	86	88	88	89	89	91	91
Parks and Recreation	105	106	106	104	102	103	94	94	86	86
Public Safety										
Sheriff's Office	511	514	514	515	525	528	535	535	529	529
Emergency Services	92	91	90	92	94	94	91	90	106	106
Inspections, Licenses & Permits	43	40	40	40	39	39	29	30	31	31
	646	645	644	647	658	661	655	655	666	666
Public Works										
Public Works - Administration	32	24	24	24	24	24	30	14	20	20
Public Works - Solid Waste	33	33	33	34	33	33	23	-	-	-
Public Works - Stormwater Management	-	-	-	-	12	12	-	-	-	-
Public Works - Highways	206	206	207	208	196	196	190	187	175	175
Public Works - Water & Sewer	170	170	170	170	171	172	170	170	170	170
	441	433	434	436	436	437	413	371	365	365
Social Services & Health										
Community Services	33	34	36	38	39	40	25	25	25	25
Housing Agency	8	8	6	6	6	7	9	8	8	-
	41	42	42	44	45	47	34	33	33	25
Grand Totals	1,612	1,583	1,584	1,591	1,605	1,614	1,539	1,489	1,480	1,479

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



HARFORD

COUNTY

BARRY GLASSMAN, COUNTY EXECUTIVE

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