

Harford County, Maryland

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2008



Harford County, Maryland

Comprehensive Annual Financial Report

*For the Fiscal Year
Ended June 30, 2008*



Prepared By:

*Department of the Treasury
Harford County Government*

*John R. Scotten, Jr., CGFM
Treasurer*



HARFORD
COUNTY

WELCOMES YOU!

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Introductory Section



HAVRE DE GRACE SENIOR CENTER

This multigenerational center opened in March of 2007 and functions as a senior center operated by the Office on Aging during the weekdays, a Boys and Girls Club operated by a nonprofit during weekday afternoons and summers and as a recreation center with programs through the Havre de Grace Recreation Committee in the evenings and weekends. Total expenditures for the building and construction of adjoining fields were in excess of \$8 million.

DAVID R. CRAIG
HARFORD COUNTY EXECUTIVE



JOHN R. SCOTTEN, JR., CGFM
TREASURER

LORRAINE COSTELLO
DIRECTOR OF ADMINISTRATION

RICK PERNAS, CPA
DEPUTY TREASURER

HARFORD COUNTY GOVERNMENT

October 31, 2008

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, 2008 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 this report be audited by an independent firm of licensed certified public accountants selected by the County Council. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

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

The County's financial statements have been audited by SB & Company, LLC, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Harford County Government for the fiscal year ended June 30, 2008 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

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

audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for Harford County Government for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. The independent certified public accountant's report is presented as the first component of the financial section of this report.

GAAP require 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 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 auditors.

PROFILE OF THE GOVERNMENT

Harford County, Maryland was formed in 1773 and had a Commissioner form of government until 1972. Upon enactment of the Harford County Charter, a charter form of government became effective on December 7, 1972. A County Executive and a seven member County Council, one of whom is President of the Council, govern the County. The County Executive and President of the Council are elected at large. The other six members of the County Council are elected by in-district elections. All executive powers vested in Harford County by the Constitution and laws of the State of Maryland and County Charter are vested in the County Executive, who is the chief executive officer of the County and is responsible for the affairs of the Executive Branch and assuring that they are properly and efficiently administered. All legislative powers, which may be exercised by Harford County under the Constitution, and laws of the State of Maryland, including all lawmaking powers, are vested in the County Council.

Harford County occupies a land area of 448 square miles and serves a population of 245,340. The County provides a full range of municipal services, including sheriff's office, volunteer fire and rescue, corrections, public works, planning and zoning, landfill, water and sewer, economic development, parks and recreation and general administrative services. The County also provides the majority of funds that support public schools, the community college, and libraries through its component units. The entities that meet these criteria are the Harford Community College, Harford County Board of Education, Harford County Library, and Harford Center, Inc. Additional information on the component units can be found in note 1A.

Harford County's annual operating and capital budget represents a comprehensive financial plan for the County effective each year on the first day of July. The proposed budget is submitted each year by the County Executive to the County Council and published to the public on April 1 of each year. The County Council conducts budget hearings with departments, the Board of Education, etc, as well as public hearings prior to approving the budget and the tax rates by May 31 of each year. No expenditure of County funds may be made in excess of appropriation at the department level. A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the three major governmental funds which adopted an annual budget, the general, highway and agricultural preservation funds, and can be found on pages 24 and 25 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 (APG), Johns Hopkins, and the University of Maryland. Desirable location, combined with the County's highly skilled work force and progressive, business-friendly environment, makes Harford County one of the most desirable business locations on the east coast. Harford County's 5,510 businesses employ 65,200 workers; an estimated 106 of these businesses employ 100 or more workers. The U.S. Army Aberdeen Proving Ground is the major county employer and a technology resource for the region. Through the recent military Base Realignment and Closure (BRAC) process, the U.S. Army projects that APG will experience a net gain of 7,000 positions to its workforce; however, residual BRAC jobs, jobs that are created from the influx of people coming to APG, will put the total number of jobs at an estimated 10,000. Many jobs will focus on science and technology. In addition, administrative positions will be available and service related jobs, such as food service and childcare, as well. As of September 2008, approximately 340 jobs have transitioned to APG, staffed, in combination, by former Ft. Monmouth employees who chose the voluntary move and approximately 100 regional professionals recruited to fill vacancies.

Population growth, which is expected to result from these newly created positions, as well as jobs, which will be indirectly created, could result in the addition of 7,000 new households to Harford County by the year 2012. In response to the challenges which will be created by BRAC, the County Executive appointed the BRAC Planning and Advisory Commission, to identify opportunities and analyze infrastructure needs. In January 2007, the committee refined their recommendations into an action plan incorporating funding sources, areas of responsibility, a time line, priority and status. The County is working with our partners in the Chesapeake Science and Security Corridor, the State, and with the towns to implement these recommendations.

Real property tax, the County's largest revenue source, which represented 39.5 percent of total budgeted revenue for fiscal year 2008, has shown steady growth over the years. In the County the average rate of growth for property tax revenues over the last ten years is 6.8 percent; the property tax growth rate for fiscal year 2008 is 11.4 percent; down from the fiscal year 2007 growth rate of 12.1 percent. Property tax revenues are directly affected by the market value of homes, and the number of new housing starts. The current housing market has affected property values across the nation and in the County, as well. The Maryland State Department of Assessments and Taxation (SDAT) notes this year property values have not changed as much as in recent assessments, but, over the past three years property values in Maryland have increased statewide by an average of 33.2 percent, which equates to an average annual increase of 11.1 percent for each of the next three years. For the same period, Harford County experienced a 12.9 percent average annual increase, down from 18.5 percent last fiscal year. Properties in the County, and in the State of Maryland, are assessed on a triennial system; in addition the County has a real property tax assessments cap of 9.0 percent for residential properties. The staggered assessments and growth cap will spread the property tax increases related to increases in assessed over a number of years. But, in effect, the growth in property tax revenues has slowed for the County.

The income tax base, like the property tax base, has shown steady growth over the last ten years. Income tax revenue, at 27.7 percent of the total budgeted revenue for fiscal year 2008, is directly affected by population growth, employment levels and personal income levels. Over the last five years the County's population has steadily risen, from 231,659 in fiscal year 2003 to an estimated 245,340 in fiscal year 2008; an increase of 5.9 percent. Over the past ten years income tax revenue has increase an average of 7.99 percent. Growth in population is expected to continue in the foreseeable future; with the BRAC process the population estimates increase significantly.

The State of Maryland's unemployment rate in fiscal year 2007 averaged 3.6 percent. The County experienced a slightly lower rate of unemployment, 3.4 percent. In addition to steady population growth and low unemployment the County is also seeing a rise in median household income. The State of Maryland, in 2007, has the highest median household income in the nation, at \$68,080. According to the 2000 census, the median household income for the County was \$57,250 in 1999; in 2007 it is estimated that the median income has reached \$77,800, exceeding the estimated median household income for the State of Maryland.

Long-term financial planning: The County Executive's fiscal year 2009 approved operating budget increased only 0.27 percent; the general fund budget increased only 4.3 percent, the smallest increase in the past ten years. The County is faced with a declining national economy, a major drop in home sales and construction and Maryland State budget shortfalls. In this environment the County is striving to find more economical ways to conduct business, including limiting travel and training and reduced departmental funding for certain supplies and materials.

Fiscal year 2008 required implementation of GASB 45, which establishes standards for accrual-basis measurement and recognition of Other Post Employment Benefits, (OPEB). The County conducted an actuarial analysis of the OPEB liability and funded the annual required contribution of \$14.2 million, using unreserved fund balance.

For fiscal year 2008, the County faced increasing costs of providing current and retired staff with health care benefits. The County, through a competitive bid process, and increased employee contributions, was able to lower its General Fund obligation for health care costs by nearly \$1.2 million.

The fiscal year 2009 budget demonstrates the County's continued commitment to education; it includes \$11.3 million of new funding for the Board of Education, to cover wage increases, new positions, and other items. One of the County's most pressing challenges is school capacity and modernization issues. The fiscal year 2009, capital budget includes \$121.9 million for 24 planned projects, including new school construction, renovation of aging schools, athletic field repairs and maintenance, playground equipment, and other initiatives.

Other major increases in the fiscal year 2009 budget included \$2.0 million for the Sheriff's Office, for 10 new deputies and replacement of 55 patrol vehicles; \$1.0 million for Harford Community College; and significantly increased funding for the libraries, the volunteer fire and rescue service and a wage package for County employees.

The County continues its policy of maintaining a reserve of 5.0 percent of the total General and Highway Fund operating budget to protect its high credit ratings. The balance serves as a means to handle potential revenue shortfalls, State or Federal budget cuts, and emergencies. Any excess unappropriated fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, is appropriated into the next fiscal year as one time funding for that fiscal year.

The County continues to invest 100 percent of cash held temporarily idle during the year using an equity-in-pooled-cash system, except for bond funds, Firemen's Pension, Agricultural Preservation and the Sheriff's Pension, and OPEB trust funds, which are invested separately. The weighted average yield on investments for fiscal year 2008 was 5.05 percent and the amount earned was \$15,230,526. As a measure of performance the County compares its market yields against the yield on the Maryland Local Government Investment Pool (MLGIP); the Actual Yield, for the past twelve months, was 4.04 percent while the County's Average Rates for June maturities was a similar 4.06 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, 2007. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirement, and we are submitting it to the GFOA to determine its eligibility for another certificate.

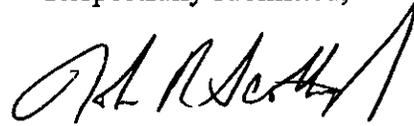
In addition, the County received its twenty-first GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2006, to June 30, 2007. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as 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 County also received a Certificate of Recognition from the National Federation of Municipal Analysts in February 1992. This award was presented for special consideration and responsibility to the community of investors in its securities through an expressed commitment to continuing disclosure. The County continues its commitment to financial disclosure. In fiscal year 1996, the County began the issuance of unaudited interim financial statements in order to provide additional disclosure for an anticipated bond sale. The County continues to issue unaudited interim financial statements for the six month period ending December 31st of each year.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John R. Scotten, Jr.", written in a cursive style.

John R. Scotten, Jr., CGFM
Treasurer

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

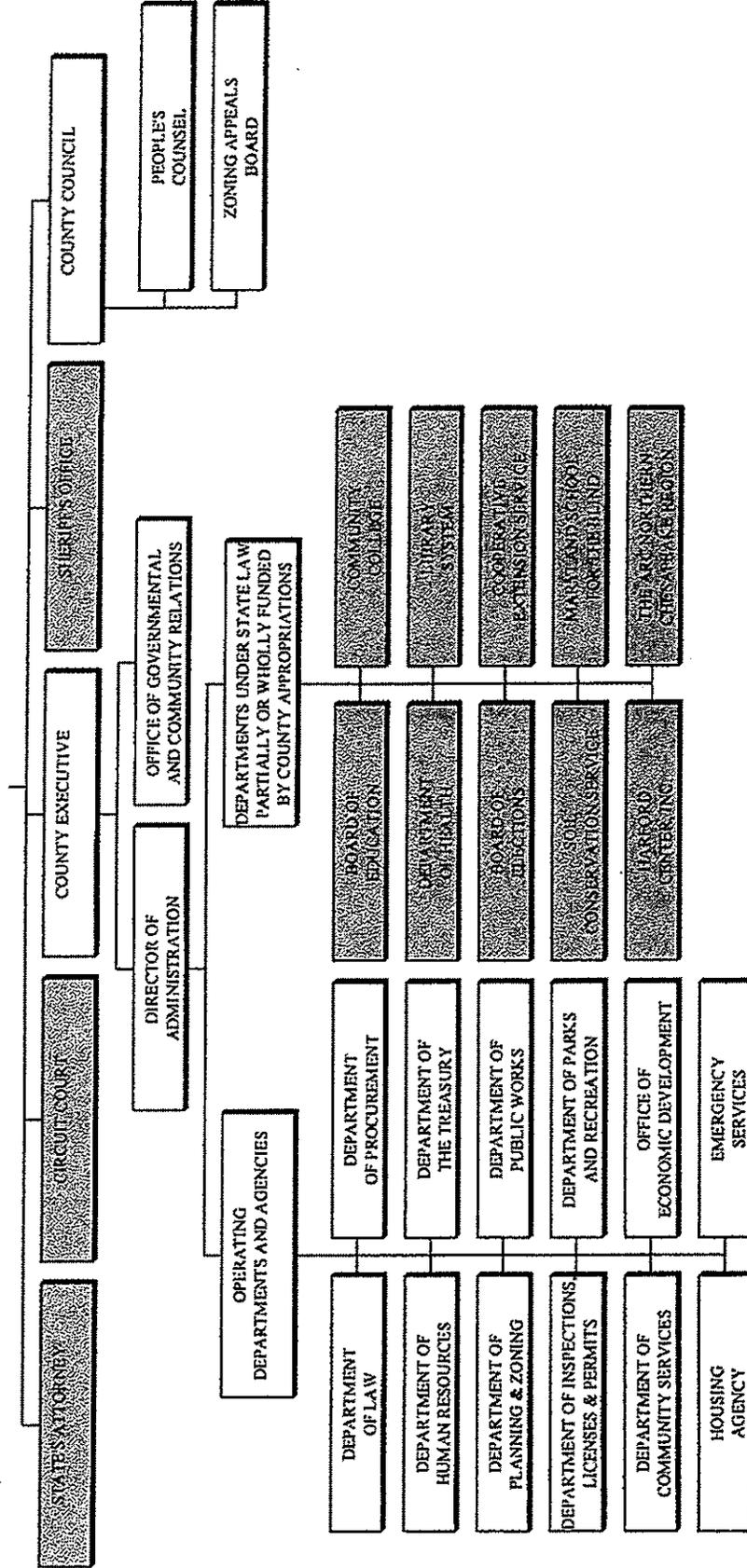
President

Jeffrey R. Emery

Executive Director

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART

VOTERS



DEPARTMENTS AND AGENCIES SHOWN IN GRAY BOXES ARE NOT UNDER THE 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, 2008**

CERTAIN ELECTED OFFICIALS

County Executive	David R. Craig
President of the County Council	Billy Boniface
County Council Members	Dion F. Guthrie
	Veronica "Roni" Chenowith
	James McMahan
	Chad Shrodes
	Richard C. Slutzky
	Mary Ann Lisanti

CERTAIN APPOINTED OFFICIALS

Director of Administration	Lorraine T. Costello
Treasurer	John R. Scotten, Jr.
County Attorney	Robert S. McCord
Director of Community Services	Mary F. Chance
Director of Economic Development	James C. Richardson
Director of Government and Community Relations	N. Roxanne Lynch
Director of Human Resources	Scott T. Gibson
Director of Inspections, Licenses and Permits	Richard D. Lynch
Director of Parks and Recreation	Joseph E. Pfaff
Director of Planning and Zoning	C. Peter Gutwald
Director of Procurement	Deborah L. Henderson
Director of Public Works	Robert B. Cooper

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

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

Financial Advisor
Public Advisory Consultants
Owings Mills, Maryland



EDEN MILL NATURE CENTER

The most recent improvements to Eden Mill Nature Center involved the construction of a deck and access to the Nature Center for individuals with disabilities as well as the provision of heating and air conditioning to permit year round use of this popular facility. These projects included expenditures of approximately \$246,000. The rehabilitation of Eden Mill is an ongoing project and improvements are made as conditions dictate.

Financial Section





S B & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

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

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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Harford County Board of Education, Harford County Community College, the Harford County Library and the Harford Center, Inc., which collectively represent 100% of the financial position and results of activities of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



SB & COMPANY, LLC

EXPERIENCE • QUALITY • CLIENT SERVICE

In accordance with Government Auditing Standards, we have issued our report dated October 15, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying management discussion and analysis, required supplemental schedules of funding progress for Pension Trust Funds and Other Post Employment Benefit (OPEB) Trust, and required schedule of employer contributions for OPEB Trust Fund as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, supplementary information as identified in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

SB & Company, LLC

Hunt Valley, Maryland
October 15, 2008

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, 2008. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The County's assets exceeded its liabilities at the close of the fiscal year by \$912.8 million. The unrestricted portion of this is \$107.9 million and is composed of an unrestricted deficit in the governmental activities of \$27.5 million and a balance \$135.4 million unrestricted in the Water and Sewer Fund. The unrestricted deficit occurred in the governmental funds due to the issuance of debt for public school construction, although the assets are held by the Board of Education.
- Total net assets of the County have decreased by \$48.1 million. The net assets of governmental activities decreased \$59.9 million during fiscal year 2008 due to increased program expenses of \$111.9 million, which included capital construction for the Board of Education, offset by only a \$24.5 million increase in revenue. In the business-type activities, developer contributed capital assets of \$6.4 million and capital connection charges of \$7.8 million have contributed to the \$11.8 million increase in net assets.

Fund Level:

- The County's governmental funds reported combined fund balances of \$223.3 million, a decrease of \$7.9 million. The greatest net change in fund balance occurred in the General Fund, where an increase in expenditures of 13.2 percent was met with only a 4.0 percent increase in revenues. This was partially offset by an increase in the Capital Project fund balance due to bond sale proceeds, including premium, of \$101.6 million. Approximately 83.3 percent of the total fund balance, \$185.9 million, is available to meet the County's current and future needs, though \$154.0 million of the unreserved fund balance is designated for future use, credit rating and other purposes.
- Unreserved fund balance for the General Fund was \$69.3 million, or 16.2 percent of total General Fund expenditures. Designated fund balance of the General Fund was \$62.0 million, or 89.5 percent of unreserved fund balance, leaving \$7.3 million of unreserved and undesignated fund balance in the General Fund.
- The business-type operating activities revenue increased by \$1.4 million or 6.25 percent and the operating loss increased by \$2.0 million or 17.9 percent.

Long-term Debt:

- The County's total bond, note and capital lease debt increased by \$102.6 million during the current fiscal year. The increase is due to debt principal payments of \$31.2 million offset by Agricultural Land Preservation installment purchase additions of \$12.5 million, general obligation bond sale proceeds of \$95.9 million, Water and Sewer bond sale proceeds of \$24.7 million and a note payable of \$0.7 million.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during this fiscal year. All changes in net assets 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; Board of Education of Harford County, Harford Community College, Harford County Library, and Harford Center, Inc. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 14 to 17 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 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 six individual governmental funds, the General, Highways, Grant, Agricultural Land Preservation, Capital Project and Parks and Recreation Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all six governmental funds.

The County adopts an annual appropriated budget for its General Fund, Highways Fund, Parks & Recreation Fund and Agricultural Land Preservation Fund. A budgetary comparison statement has been provided for each of the three major funds, the General, Highways and Agricultural Preservation Fund, to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 18 to 25 of this report.

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. The County uses an internal service fund to account for risk management. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 26 to 28 of this report.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 34 to 84 of this report.

Financial Analysis of the County as a Whole

The County's net assets are divided into three categories; invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. The largest portion of the County's net assets, 79.8 percent, reflects its investment in capital assets net of depreciation (e.g. land, development rights, buildings, machinery, equipment, 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 assets represent 8.4 percent of total net assets; these are resources subject to external restrictions on how they may be used. Unrestricted net assets make up the remaining 11.8 percent, with a balance of \$107.9 million; \$135.4 million of this is attributable to business-type activities. The unrestricted net assets for governmental activities are a negative \$27.5 million. The major reason for negative undesignated net assets 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 assets, as noted earlier, are an indicator of a government's overall financial condition, the issuance of debt for Board of Education 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 Assets. In the County, assets exceeded liabilities by \$912.8 million at the close of the fiscal year.

The County's net assets decreased by \$48.1 million during the current fiscal year, a change of \$91.0 million from the increase in net assets of \$42.9 million during fiscal year 2007. The net assets of governmental activities decreased \$59.9 million during fiscal year 2008 due to increased program expenses of \$111.9 million, offset by only a \$24.5 million increase in revenue.

The greatest net change in revenue is in Other Taxes, primarily recordation and transfer tax, which decreased 23.4 percent from fiscal year 2007. In the business-type activities, developer contributed capital assets of \$6.4 million, capital connection charges of \$7.8 million and an increase in usage charges of \$1.4 million, have contributed to the \$11.8 million increase in net assets. Affecting both governmental and business-type activities was an expenditure of \$14.2 million for other post employment benefits (OPEB). The Governmental Accounting Standards Board now requires these expenses for retiree medical and insurance benefits to be recognized in the financial statements as they are earned, rather than as they are paid. Accordingly, the County has enacted legislation which establishes a benefit trust fund to hold these assets apart from County assets. The following tables summarize net assets and the changes in net assets for governmental and business-type activities:

Harford County—Net Assets

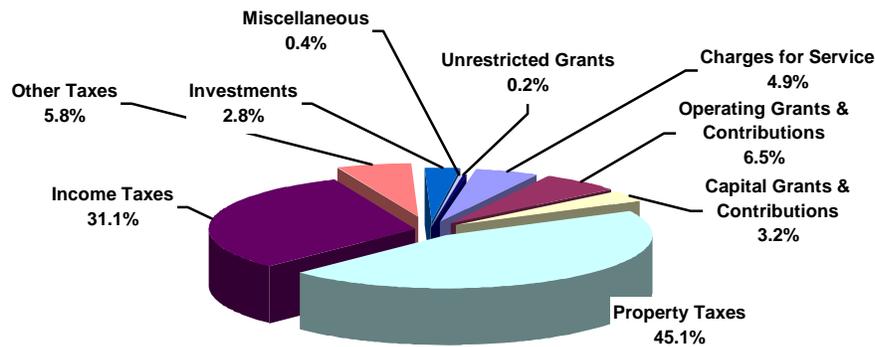
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current & Other Assets	\$ 337,138,478	\$ 325,186,785	\$ 167,641,214	\$ 149,215,080	\$ 504,779,692	\$ 474,401,865
Capital Assets	593,875,172	556,758,333	319,377,604	310,443,612	913,252,776	867,201,945
Total Assets	<u>931,013,650</u>	<u>881,945,118</u>	<u>487,018,818</u>	<u>459,658,692</u>	<u>1,418,032,468</u>	<u>1,341,603,810</u>
Long-term Liabilities	358,054,452	266,853,520	76,999,738	63,061,890	435,054,190	329,915,410
Other Liabilities	59,555,430	41,798,579	10,595,751	8,981,028	70,151,181	50,779,607
Total Liabilities	<u>417,609,882</u>	<u>308,652,099</u>	<u>87,595,489</u>	<u>72,042,918</u>	<u>505,205,371</u>	<u>380,695,017</u>
Net Assets:						
Invested in capital						
assets net related debt	464,659,388	412,786,546	264,079,863	256,147,742	728,739,251	668,934,288
Restricted	76,207,751	76,961,572	-	-	76,207,751	76,961,572
Unrestricted	<u>(27,463,371)</u>	<u>83,544,901</u>	<u>135,343,466</u>	<u>131,468,032</u>	<u>107,880,095</u>	<u>215,012,933</u>
Total Net Assets, Restated	<u>\$ 513,403,768</u>	<u>\$ 573,293,019</u>	<u>\$ 399,423,329</u>	<u>\$ 387,615,774</u>	<u>\$ 912,827,097</u>	<u>\$ 960,908,793</u>

Harford County Government-Changes in Net Assets

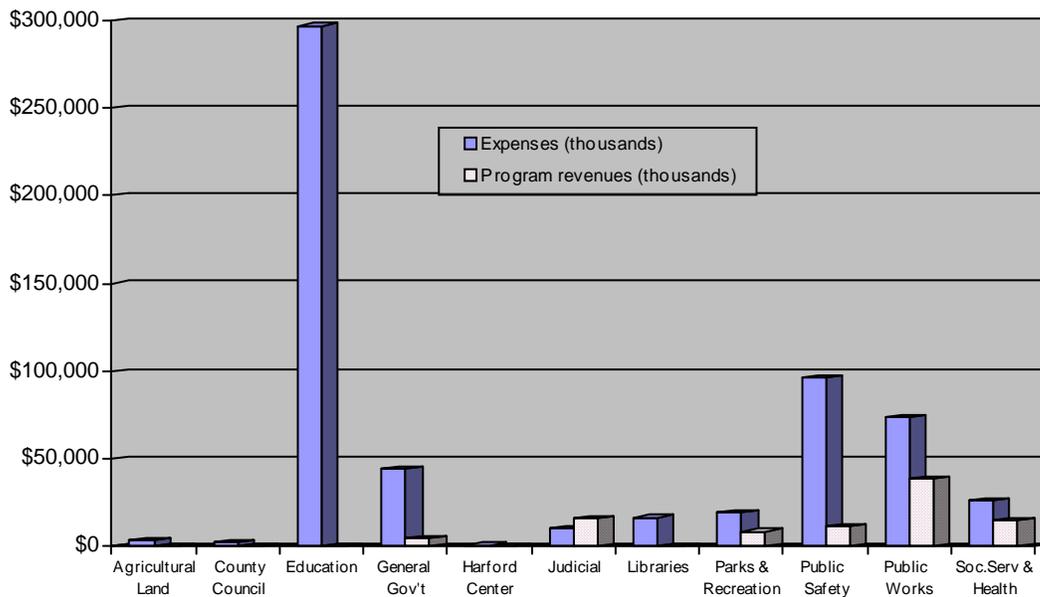
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for Services	\$ 26,412,014	\$ 24,789,378	\$ 24,179,578	\$ 22,757,806	\$ 50,591,592	\$ 47,547,184
Operating Grants & Contributions	34,867,362	33,674,068	-	-	34,867,362	33,674,068
Capital Grants & Contributions	17,557,762	17,680,246	17,661,512	18,600,053	35,219,274	36,280,299
General revenues:						
Property taxes	243,355,073	218,160,400	-	-	243,355,073	218,160,400
Income taxes	167,483,930	160,292,947	-	-	167,483,930	160,292,947
Other taxes	31,524,076	41,225,896	2,501,024	3,213,661	34,025,100	44,439,557
Investment Earnings	15,068,189	14,410,465	7,542,465	7,387,165	22,610,654	21,797,630
Unrestricted Grants & Contributions	832,651	909,303	-	-	832,651	909,303
Miscellaneous	2,048,098	3,491,848	-	-	2,048,098	3,491,848
Total Revenues	\$ 539,149,155	\$ 514,634,551	\$ 51,884,579	\$ 51,958,685	\$ 591,033,734	\$ 566,593,236
Program Expenses:						
Agricultural Land Preservation	3,127,195	1,967,017	-	-	3,127,195	1,967,017
County Council	2,379,819	1,859,440	-	-	2,379,819	1,859,440
Education	297,182,465	241,576,927	-	-	297,182,465	241,576,927
General Government	43,776,142	36,207,586	-	-	43,776,142	36,207,586
Harford Center	532,142	482,143	-	-	532,142	482,143
Judicial	10,398,970	9,052,442	-	-	10,398,970	9,052,442
Libraries	16,406,652	12,894,760	-	-	16,406,652	12,894,760
Parks and Recreation	18,980,453	19,323,689	-	-	18,980,453	19,323,689
Public Safety	95,946,852	74,225,224	-	-	95,946,852	74,225,224
Public Works	73,819,429	56,214,545	-	-	73,819,429	56,214,545
Health/Social Services	26,492,857	25,119,209	-	-	26,492,857	25,119,209
Interest-Long term debt	9,995,430	8,202,236	-	-	9,995,430	8,202,236
Water and Sewer	-	-	40,077,024	36,525,841	40,077,024	36,525,841
Total Expenses	599,038,406	487,125,218	40,077,024	36,525,841	639,115,430	523,651,059
Increase in Net Assets	(59,889,251)	27,509,333	11,807,555	15,432,844	(48,081,696)	42,942,177
Net Assets-Beginning	573,293,019	545,783,686	387,615,774	372,182,930	960,908,793	917,966,616
Net Assets-Ending	\$ 513,403,768	\$ 573,293,019	\$ 399,423,329	\$ 387,615,774	\$ 912,827,097	\$ 960,908,793

Governmental activities: The net assets of governmental activities decreased \$59.9 million during fiscal year 2008. The two greatest increases in expenses are in Education and Public Safety. The Education increase of \$55.6 million can be largely attributed to expenditures for land purchases for future schools, and capital construction and renovation of several elementary and secondary schools within Harford County. The Public Safety increase of \$21.7 in expenses is due, in part to the implementation of a new pay plan for deputized staff, enacted in order to recruit and retain highly qualified staff, as well as increased contributions to the Volunteer Fire Association and support of the Emergency Medical Services Foundation.

Revenues by Source-Governmental Activities



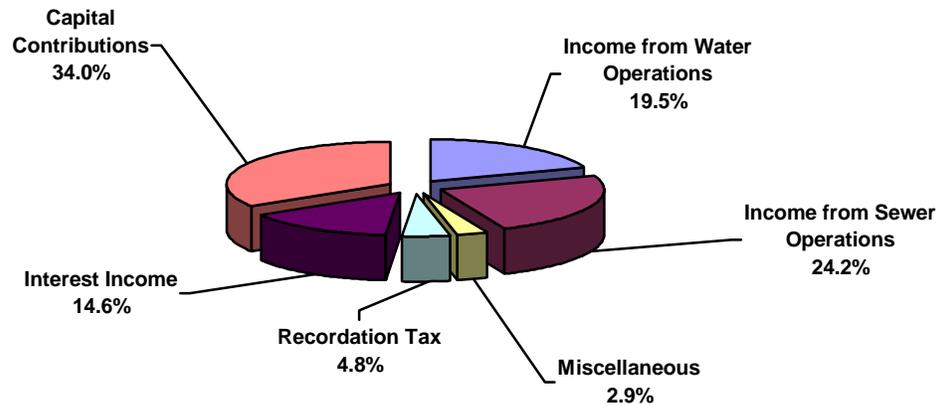
Expenses and Program Revenues-Governmental Activities



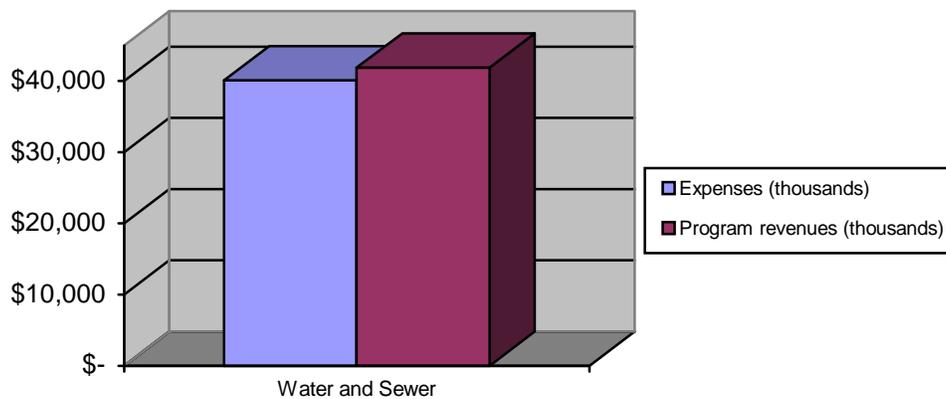
Business-type activities Business-type activities contributed \$11.8 million to the net assets of the government. Key elements are as follows.

- Operating revenues for business-type activities increased by 6.25 percent. Water and sewer rates were increased 3.2 percent, an annual adjustment which allows rates to follow increases in the Consumer Price Index. In addition, actual customer water usage increased 5.4 percent due, in part, to a 1.2 percent increase in the number of customers. Miscellaneous billings from various permits, line testing, and design review as well as interest on miscellaneous invoices increased 3.1 percent over the prior year.
- Capital contributions provided the major revenue increase for the Water and Sewer Fund. During the current fiscal year, \$17.7 million in revenue was attributed to capital asset contributions.

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, *unreserved 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 \$223.3 million, a decrease of \$7.9 million in comparison with the prior year. Approximately 83.3 percent of this total amount, or \$185.9 million, constitutes *unreserved fund balance*, which is available for spending at the government’s discretion. The remainder of fund balance, \$37.4 million, is *reserved* to indicate that it is not available for new spending because it has been committed to: 1) liquidate contracts and purchase orders of the prior period, \$20.4

million; 2) for dedicated revenues, \$14.3 million; 3) for inventories, \$2.0 million; or 4) for a loan receivable of \$0.7 million. The reserved fund balance, at 16.7 percent of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$69.3 million, while total fund balance reached \$78.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.2 percent of total General Fund expenditures, while total fund balance represents 18.5 percent of that same amount.

The fund balance of the County's General Fund decreased by \$20.8 million during the current fiscal year. This use of fund balance was anticipated; the fiscal year 2008 budget included the appropriation of fund balance in the amount of \$25.7 million.

The Highways Fund has a total fund balance of \$16.5 million, representing an increase of \$1.0 million from the prior fiscal year. Transfers out decreased 29.1 percent from the prior fiscal year due to a decrease in funds transferred to the highways capital account. The Highways Fund has 76.2 percent of its total fund balance unreserved. Of this amount, 26.8 percent is designated for credit rating purposes and future use.

The Grant Fund has a total fund balance of \$4.5 million. The \$1.2 million increase in fund balance over the prior fiscal year is due primarily to an increase in grant revenues.

The Agricultural Land Preservation Fund has an unreserved fund balance of \$45.8 million, a decrease of \$2.2 million from the prior year. Of the unreserved fund balance, \$33.0 million is designated for future payments of principal on development rights. A decrease of \$1.8 million in transfer tax revenues and an increase in annual cash purchases of development rights have contributed to the decrease in fund balance. The County's Agricultural Preservation program was very successful this year; the amount of acreage in the program increased 30.5 percent this fiscal year.

The Capital Project Fund has a total fund balance of \$77.4 million; a \$12.9 million increase over the prior fiscal year. Bond sale proceeds of \$95.9 million and a bond premium of \$5.7 million are the primary reasons for the increase. The bond funds helped reduce the effect of a \$3.6 million shortfall in recordation tax and an increase in capital outlay of \$52.9 million. Of the total fund balance, \$54.0 million is unreserved, but designated for future capital project expenditures. Unspent bond proceeds of \$30.6 million make up 56.6 percent of the unreserved fund balance.

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 assets of the Water and Sewer Fund at the end of the year amounted to \$135.6 million and unrestricted net assets of the Internal Service Fund totaled \$6.1 million. The Water and Sewer Fund net assets increased by \$11.6 million while the Internal Service Fund net assets increased by \$2.5 million. Other factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The final budget for the General Fund was increased \$8,033,266 over the original budget by the following appropriations of unappropriated fund balance:

- \$7,678,791 supplemental appropriation to provide sufficient funding to cover post-employment benefit costs for fiscal year 2008;
- \$140,000 supplemental appropriation to provide for the County match of funds required in the Detention Center expansion and renovation grant from the State of Maryland;
- \$100,000 supplemental appropriation to give additional funding to the homeownership initiative program, House Keys 4 Employees, an employer partnership program administered by the Department of Housing and Community Development, which allows eligible homebuyers to receive down payment and/or closing cost assistance;
- \$80,000 supplemental appropriation to fund a school resource officer to provide special law enforcement services for the Harford County Alternative Education Program; and
- \$34,475 supplemental appropriation to provide for services of a receptionist/legal clerk at the State's Attorney's Office Family Justice Center, a position previously funded by a federal program.

Capital Asset and Debt Administration

Capital assets The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$913.3 million (net of accumulated depreciation). This investment in capital assets includes land, development rights, buildings, improvements, machinery and equipment, vehicles, park facilities, roads, highways and bridges and construction in process. The total increase in the County's investment in capital assets for the current fiscal year was 5.3 percent; a 6.7 percent increase for governmental activities and a 2.9 percent increase for business-type activities.

The County's Capital Assets

	(Net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 222,975,372	\$ 205,431,454	\$ 1,892,812	\$ 482,790	\$ 224,868,184	\$ 205,914,244
Development Rights	92,451,283	69,815,957	-	-	92,451,283	69,815,957
Construction in Process	131,757,465	140,627,050	29,489,834	26,589,714	161,247,299	167,216,764
Building	46,964,392	44,546,579	83,780,469	83,592,377	130,744,861	128,138,956
Improvements	7,570,701	7,381,022	200,283,078	196,231,458	207,853,779	203,612,480
Equipment	12,398,905	14,567,773	2,631,597	2,445,607	15,030,502	17,013,380
Vehicle	17,492,553	14,984,218	1,299,814	1,101,666	18,792,367	16,085,884
Infrastructure	62,264,501	59,404,280	-	-	62,264,501	59,404,280
Total	\$ 593,875,172	\$ 556,758,333	\$ 319,377,604	\$ 310,443,612	\$ 913,252,776	\$ 867,201,945

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

- The Site Acquisition capital project is funded for the purchase of real property to be used as future sites for schools, parks and recreational complexes, libraries and public work facilities. Additional appropriation of \$5.8 million was added to the Site Acquisition project for fiscal year 2008. To date, \$12.2 million of the total appropriation of \$18.8 million has been spent. \$11.3 million of the total expenditures took place in fiscal year

- 2008 for the purchase of land in the Churchville, Joppa, Hickory and the Bel Air areas. Part of the land purchased by the County, \$1.4 million worth, was given to the Board of Education, and \$0.2 million was transferred to a nonprofit organization.
- The Abingdon Water Treatment Plant Expansion project will allow for an increase in the existing capacity of the water treatment plant from 10mgd to 30mgd as well as provide enhancements to plant safety and reliability. During fiscal year 2008, \$1.6 million was spent on the project for a total expenditure to date of \$3.1 million. During fiscal year 2008, project appropriation was increased from \$5.5 million to \$81.4 million.
 - The ongoing project begun in fiscal year 2007 to rehabilitate subdivision streets and repair or upgrade County roads has a total projected cost of \$102.4 million. Expenditures of \$6.5 million during fiscal year 2008 bring total project expenditures to \$11.9 million. Additional appropriation of \$8.4 million was added to the project during fiscal year 2008 for total appropriation to date of \$14.7 million.

Additional information on Harford County's capital assets can be found in Note 4C, page 55 & 56 of this report.

Education Capital Expenditures:

Board of Education and Community College projects made up 32.7 percent of fiscal year 2008 Capital Budget. Some of the major expenditures were:

- The Bel Air High School Replacement Project has a total projected cost of \$79.3 million. During fiscal year 2008, \$32.9 million of the total appropriation was spent, increasing total project expenses to \$36.9 million. Bel Air High School was constructed in 1950 with additions in 1957, 1968, and 1983. Scope and feasibility studies have confirmed the replacement of the facility versus modernization.
- Joppatowne Elementary was originally constructed in 1965. The mechanical, electrical and alarm systems are to be upgraded and the instructional spaces modernized for a total projected cost of \$25.6 million. Appropriation was increased during fiscal year 2008 by \$10.3 million. Expenditures during the current fiscal year were \$9.1 million. To date, \$9.8 million has been spent on the project.
- The Edgewood High School Replacement Project received additional appropriation of \$3.5 million during fiscal year 2008 for total appropriation to date of \$7.3 million. During the current year, \$4.4 million was spent, bringing total project expenses to date to \$4.9 million. The total projected cost for the on-site replacement and expansion of Edgewood High School, originally constructed in 1954, is estimated at \$81.3 million.
- An additional appropriation of \$250,000 was added to the Aberdeen Hall Renovation project at Harford Community College. To date, \$4.4 million of the total appropriation of \$6.4 million has been spent. During fiscal year 2008, \$3.7 million was spent for upgrades to the facility which houses the HCC science programs, including laboratories, classrooms and offices.

Long-term debt At the end of the current fiscal year, the County had total debt outstanding of \$376.4 million. Of this amount, \$74.5 million is considered self-supporting debt, funded through various surcharges and assessments related to the operation of the water and sewer systems of the County. Also considered self-supporting are \$52.5 million in installment contracts to purchase easements for agricultural land preservation, payable from special revenue funds supported through one-half of one percent of the transfer tax levy.

The County's Outstanding Debt
Bonds, Notes and Capital Leases

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Bonded						
Debt	\$ 273,848,938	\$ 178,615,044	\$ 74,150,409	\$ 60,228,123	\$ 347,999,347	\$ 238,843,167
Notes Payable	10,590,000	11,870,000	105,683	138,950	10,695,683	12,008,950
Capital Leases	17,406,894	22,584,599	258,656	317,512	17,665,550	22,902,111
	<u>\$ 301,845,832</u>	<u>\$ 213,069,643</u>	<u>\$ 74,514,748</u>	<u>\$ 60,684,585</u>	<u>\$ 376,360,580</u>	<u>\$ 273,754,228</u>

The County's total debt increased by \$102.6 million; i.e. 37.5 percent, during the current fiscal year. For the governmental activities, total debt increased \$88.8 million due to a general obligation bond sale of \$95.9 million, a note payable of \$0.7 million, and Agricultural Land Preservation development rights purchases of \$12.5 million offset by principal payments and reductions of \$20.3 million. In business-type activities, debt principal payments of \$10.9 million were offset by a general obligation bond sale of \$24.7 million.

The County has maintained its high credit rating this fiscal year. The ratings are "AA+" from Standard and Poors Corp., "AA+" from Fitch Investors Services and "Aa1" from Moody's Investors Service.

State statutes limit the amount of general obligation debt a government entity may issue up to 15.0 percent of its net assessed valuation of personal and corporate property plus 6.0 percent of the net assessed valuation of real property. The current debt limitation for the County is \$1.5 billion, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note 4F on pages 61 to 71 of this report.

Economic Factors and Next Year's Budgets and Rates

- Net property tax receipts for fiscal year 2009 are expected to grow by 11.4 percent over those projected for fiscal year 2008. Low mortgage interest rates led to an increased demand for residential real estate that outpaced supply through the early part of fiscal year 2007. This led to rising real estate values and significant increases in assessed values which have supported the growth in property tax receipts as assessment increases are phased in over a three year period.
- Income tax revenues are projected to slow in growth over the previous year due, in part, to a change in income tax laws for State residents which affected income tax brackets, rates and personal exemptions. These changes are projected to lower the County's income tax receipts by \$3.9 million. As a result, income tax receipts are projected to increase by 4.3 percent or \$7.3 million for fiscal year 2009, as compared to a 5.6 percent increase in income tax receipts budgeted in the fiscal year 2008 budget.
- Recordation tax is imposed, by State law, on every instrument of writing recorded with the Clerk of the Circuit Court. Revenues from recordation tax are budgeted at \$12.9 million for fiscal year 2009, a decrease of 21.3 percent from the fiscal year 2008 budget. Actual

receipts from Recordation tax declined by 22.2 percent in fiscal year 2008. A continuation of the decline is expected in fiscal year 2009.

- County support for education provided for an additional \$11.3 million for fiscal year 2009. The State's Maintenance of Effort law required no County increase in school funding.

These and other economic factors were considered when preparing the fiscal year 2009 General Fund budget, which estimates total revenues at \$472.3 million; a \$19.5 million increase over fiscal year 2008. During the current fiscal year, unreserved fund balance in the general fund decreased from \$91.2 million to \$69.3 million. Unreserved fund balance exceeded the five percent reserve for credit rating purposes by \$44.9 million at June 30, 2008. Fund balance appropriated in fiscal year 2009 is budgeted at \$21.5 million in the governmental funds (\$17.3 million less than planned in the fiscal year 2008 budget).

There are no new taxes to fund the fiscal year 2009 budget. The income tax rate of 3.06 percent is unchanged. The real and personal property tax rates remain unchanged in fiscal year 2009 at a current real property tax rate of \$1.082 per \$100 of assessed value and the personal property tax rate is \$2.705 per \$100 of assessed value. The Homestead Tax Credit rate will be lowered from 10 percent to 9 percent for Harford County for fiscal year 2009.

The Water and Sewer Fund rates will increase by 2.8 percent for fiscal year 2009. The Water and Sewer rates affect both residential and industrial consumers by adjusting rates to the change in the Consumer Price Index each fiscal year.

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 page 34 of this report.

Basic Financial Statements

HARFORD COUNTY, MARYLAND

Statement of Net Assets

June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Equity in Pooled Cash and Investments	\$ 188,538,097	\$ 94,213,994	\$ 282,752,091
Cash and Investments	54,363	650	55,013
Taxes and Accounts Receivable (Net)	8,143,457	8,501,888	16,645,345
Federal and State Receivable	71,631,380	992,541	72,623,921
Internal Balances	219,858	(219,858)	-
Due From Primary Government	-	-	-
Inventories	1,964,376	1,084,971	3,049,347
Loans Receivable	695,894	-	695,894
Other Assets	403,308	-	403,308
Deposit with Trustee	1,191,983	-	1,191,983
Benefit Assessments	-	43,512,922	43,512,922
Restricted Assets--Cash & Investments	63,548,183	19,217,007	82,765,190
Unamortized Bond Costs	747,579	337,099	1,084,678
Capital Assets:			
Land, Land Improvements, Development Rights and CIP	447,184,120	31,382,646	478,566,766
Other Capital Assets, Net of Depreciation	146,691,052	287,994,958	434,686,010
Total Assets	<u>\$ 931,013,650</u>	<u>\$ 487,018,818</u>	<u>\$ 1,418,032,468</u>
LIABILITIES			
Accounts Payable	\$ 8,599,842	\$ 1,879,047	\$ 10,478,889
Cash Overdraft	-	-	-
Due to Component Units	25,736,607	-	25,736,607
Retainages Payable	501,620	418,591	920,211
Payable to State of Maryland	210,585	1,323,335	1,533,920
Accrued Expenses	8,123,238	1,281,608	9,404,846
Unearned Revenue	4,837,759	45,145	4,882,904
Performance Deposits	589,661	76,117	665,778
Premium	9,209,417	3,072,781	12,282,198
Escrow Accounts	1,380,064	2,499,127	3,879,191
Other Liabilities	366,637	-	366,637
Noncurrent Liabilities:			
Due within one year	31,927,015	11,473,555	43,400,570
Due in more than one year	326,127,437	65,526,183	391,653,620
Total Liabilities	<u>417,609,882</u>	<u>87,595,489</u>	<u>505,205,371</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	464,659,388	264,079,863	728,739,251
Restricted for:			
Highways Projects	16,688,218	-	16,688,218
Agricultural Land Preservation	45,841,659	-	45,841,659
Board of Education	8,330,608	-	8,330,608
Grant Programs	4,487,913	-	4,487,913
Other Purposes	859,353	-	859,353
Unrestricted	(27,463,371)	135,343,466	107,880,095
Total Net Assets	<u>513,403,768</u>	<u>399,423,329</u>	<u>912,827,097</u>
Total Liabilities and Net Assets	<u>\$ 931,013,650</u>	<u>\$ 487,018,818</u>	<u>\$ 1,418,032,468</u>

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

HARFORD COUNTY, MARYLAND

Statement of Net Assets

June 30, 2008

(continued)

Exhibit 1

Component Units			
Board of Education	Harford Center, Inc.	Harford Community College	Harford County Library
\$ -	\$ -	\$ -	\$ -
21,272,974	1,013,263	20,728,244	1,980,157
2,410,744	2,246	996,624	59,071
1,388,182	-	369,745	47,292
-	-	-	-
23,928,279	-	1,538,205	270,123
668,511	-	475,287	-
-	-	-	-
-	-	271,521	39,797
5,703,928	-	1,372,857	1,696,409
-	-	-	-
-	-	3,341,045	-
-	-	-	-
188,843,214	-	8,060,476	-
201,269,949	460,626	47,627,042	4,845,618
<u>\$ 445,485,781</u>	<u>\$ 1,476,135</u>	<u>\$ 84,781,046</u>	<u>\$ 8,938,467</u>
\$ 18,982,217	\$ 31,977	\$ 2,053,515	\$ 265,408
2,396,884	-	-	135,302
-	-	-	-
-	-	-	-
-	-	-	-
2,361,718	43,617	627,227	251,020
231,690	-	1,637,958	-
-	-	-	-
-	-	-	-
-	-	364,209	-
-	-	256,891	17,804
2,065,936	-	-	21,767
46,210,777	-	840,645	1,305,143
<u>72,249,222</u>	<u>75,594</u>	<u>5,780,445</u>	<u>1,996,444</u>
379,248,748	460,626	55,687,518	4,845,618
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
10,528,035	-	4,609,224	49,501
(16,540,224)	939,915	18,703,859	2,046,904
<u>373,236,559</u>	<u>1,400,541</u>	<u>79,000,601</u>	<u>6,942,023</u>
<u>\$ 445,485,781</u>	<u>\$ 1,476,135</u>	<u>\$ 84,781,046</u>	<u>\$ 8,938,467</u>

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

HARFORD COUNTY, MARYLAND

Statement of Activities

For the year Ended June 30, 2008

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Revenues
Primary Government:					
Government Activities					
Agricultural Preservation	\$ 3,127,195	\$ -	\$ 413,168	\$ -	\$ 413,168
County Council	2,379,819	-	99,270	-	99,270
Education-Primary thru Com. College	297,182,465	-	-	-	-
General Government	43,776,142	2,109,440	2,308,642	125	4,418,207
Harford Center	532,142	-	-	-	-
Judicial	10,398,970	-	1,522,703	-	1,522,703
Libraries	16,406,652	-	-	-	-
Parks and Recreation	18,980,453	853,754	156,494	7,480,303	8,490,551
Public Safety	95,946,852	6,227,490	3,614,512	1,485,806	11,327,808
Public Works	73,819,429	16,734,280	13,513,722	8,121,528	38,369,530
Social Services & Health	26,492,857	487,050	13,238,851	470,000	14,195,901
Unallocated Debt Interest and Other Costs	9,995,430	-	-	-	-
Total Government Activities	599,038,406	26,412,014	34,867,362	17,557,762	78,837,138
Business-type Activities					
Water and Sewer	40,077,024	24,179,578	-	17,661,512	41,841,090
Total Business-type Activities	40,077,024	24,179,578	-	17,661,512	41,841,090
Total Primary Government	\$ 639,115,430	\$ 50,591,592	\$ 34,867,362	\$ 35,219,274	\$ 120,678,228
Component Units:					
Board of Education	\$ 501,614,851	\$ 10,565,941	\$ 102,131,937	\$ 101,153,416	\$ 213,851,294
Harford Center, Inc.	1,511,921	18,742	944,024	-	962,766
Harford Community College	45,319,579	15,522,487	31,514,325	5,469,126	52,505,938
Harford County Library	19,395,701	679,513	18,081,881	-	18,761,394
Total Component Units	\$ 567,842,052	\$ 26,786,683	\$ 152,672,167	\$ 106,622,542	\$ 286,081,392

General Revenues:

Taxes:

- Property Taxes
- Income Taxes
- Other Taxes

Investment Earnings

Grants and Contributions not Restricted to Specific Purposes

Miscellaneous

Total General Revenues

Change in net assets

Net Assets--Beginning

Net Assets--Ending

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, 2008

(continued)

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Board Of Education	Harford Center, Inc.	Harford Community College	Harford Library
\$ (2,714,027)	\$ -	\$ (2,714,027)	\$ -	\$ -	\$ -	\$ -
(2,280,549)	-	(2,280,549)	-	-	-	-
(297,182,465)	-	(297,182,465)	-	-	-	-
(39,357,935)	-	(39,357,935)	-	-	-	-
(532,142)	-	(532,142)	-	-	-	-
(8,876,267)	-	(8,876,267)	-	-	-	-
(16,406,652)	-	(16,406,652)	-	-	-	-
(10,489,902)	-	(10,489,902)	-	-	-	-
(84,619,044)	-	(84,619,044)	-	-	-	-
(35,449,899)	-	(35,449,899)	-	-	-	-
(12,296,956)	-	(12,296,956)	-	-	-	-
(9,995,430)	-	(9,995,430)	-	-	-	-
<u>(520,201,268)</u>	<u>-</u>	<u>(520,201,268)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,764,066	1,764,066	-	-	-	-
-	1,764,066	1,764,066	-	-	-	-
<u>(520,201,268)</u>	<u>1,764,066</u>	<u>(518,437,202)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(287,763,557)	-	-	-
-	-	-	-	(549,155)	-	-
-	-	-	-	-	7,186,359	-
-	-	-	-	-	-	(634,307)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(287,763,557)</u>	<u>(549,155)</u>	<u>7,186,359</u>	<u>(634,307)</u>
243,355,073	-	243,355,073	-	-	-	-
167,483,930	-	167,483,930	-	-	-	-
31,524,076	2,501,024	34,025,100	-	-	-	-
15,068,189	7,542,465	22,610,654	1,263,370	-	788,179	180,380
832,651	-	832,651	352,496,891	532,143	578,142	-
2,048,098	-	2,048,098	5,083,332	30,623	-	104,657
<u>460,312,017</u>	<u>10,043,489</u>	<u>470,355,506</u>	<u>358,843,593</u>	<u>562,766</u>	<u>1,366,321</u>	<u>285,037</u>
(59,889,251)	11,807,555	(48,081,696)	71,080,036	13,611	8,552,680	(349,270)
<u>573,293,019</u>	<u>387,615,774</u>	<u>960,908,793</u>	<u>302,156,523</u>	<u>1,386,930</u>	<u>70,447,921</u>	<u>7,291,293</u>
\$ <u>513,403,768</u>	\$ <u>399,423,329</u>	\$ <u>912,827,097</u>	\$ <u>373,236,559</u>	\$ <u>1,400,541</u>	\$ <u>79,000,601</u>	\$ <u>6,942,023</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, 2008

	General	Highways	Grant
ASSETS			
Equity in Pooled Cash and Investments	\$ 70,349,267	\$ 15,033,106	\$ 6,777,270
Cash and Investments	54,363	-	-
Taxes and Accounts Receivable (Net)	2,737,693	328,785	2,542,938
Federal and State Receivable	64,226,158	2,585,067	2,426,461
Inventories	-	1,964,376	-
Loans Receivable	695,894	-	-
Other Assets	272,026	131,282	-
Deposit with Trustee	-	-	-
Investments-Restricted	-	-	-
Total Assets	\$ 138,335,401	\$ 20,042,616	\$ 11,746,669
LIABILITIES			
Accounts Payable	\$ 3,150,851	\$ 2,049,287	\$ 556,259
Due to Component Units	-	-	-
Retainages Payable	-	-	-
Payable to State of Maryland	209,934	-	-
Accrued Expenditures	4,268,114	607,226	262,529
Deferred Revenue	50,966,685	167,045	6,439,968
Performance Deposits	323,909	265,752	-
Escrow Accounts	140,487	432,133	-
Other Liabilities	366,637	-	-
Total Liabilities	59,426,617	3,521,443	7,258,756
FUND BALANCES			
Reserved	9,610,690	3,934,271	382,534
Unreserved:			
Designated for Future Use	24,929,371	445,376	348,967
Designated for Credit Rating Purposes	24,366,267	2,930,517	-
Designated for Other Purposes	12,727,315	-	-
Undesignated Major Funds	7,275,141	9,211,009	3,756,412
Undesignated Non Major Special Revenue Fund	-	-	-
Total Fund Balances	78,908,784	16,521,173	4,487,913
Total Liabilities and Fund Balances	\$ 138,335,401	\$ 20,042,616	\$ 11,746,669

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

HARFORD COUNTY, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2008

(continued)

Exhibit 3

Agricultural Land Preservation	Capital Project	Non Major Parks & Recreation	Total Governmental Funds
\$ 12,891,534	\$ 71,462,376	\$ 153,669	\$ 176,667,222
-	-	-	54,363
-	2,534,041	-	8,143,457
-	2,393,694	-	71,631,380
-	-	-	1,964,376
-	-	-	695,894
-	-	-	403,308
-	1,191,983	-	1,191,983
32,953,505	30,594,678	-	63,548,183
<u>\$ 45,845,039</u>	<u>\$ 108,176,772</u>	<u>\$ 153,669</u>	<u>\$ 324,300,166</u>
\$ 1,034	\$ 2,761,008	\$ 13,573	\$ 8,532,012
-	25,736,607	-	25,736,607
-	501,620	-	501,620
-	-	651	210,585
2,346	-	14,942	5,155,157
-	959,751	-	58,533,449
-	-	-	589,661
-	792,294	15,150	1,380,064
-	-	-	366,637
<u>3,380</u>	<u>30,751,280</u>	<u>44,316</u>	<u>101,005,792</u>
-	23,379,657	44,199	37,351,351
1,179,874	54,045,835	40,674	80,990,097
-	-	-	27,296,784
32,953,506	-	-	45,680,821
11,708,279	-	-	31,950,841
-	-	24,480	24,480
<u>45,841,659</u>	<u>77,425,492</u>	<u>109,353</u>	<u>223,294,374</u>
<u>\$ 45,845,039</u>	<u>\$ 108,176,772</u>	<u>\$ 153,669</u>	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements.	219,858
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	593,875,172
Unamortized bond costs are not financial resources and therefore are not reported in the funds.	
Some of the County's revenues will be collected after year-end , but not available soon enough to pay for the current period expenditures, and therefore are reported as deferred revenues in the funds.	747,579
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net assets.	53,695,690
Long-term liabilities, including bonds payable, compensated absences, bond premium, and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.	6,812,325
	<u>(365,241,230)</u>
Net Assets of Governmental Activities	<u>\$ 513,403,768</u>

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Highways	Grant
REVENUES			
Taxes	\$ 380,149,132	\$ 32,365,904	\$ -
Revenues from Other Agencies	3,059,443	13,574,722	18,690,130
Investment Income	6,056,720	642,509	44,240
Charges for Current Services	19,103,257	610,074	877,956
Miscellaneous	712,913	330,376	758,412
Licenses and Permits	3,108,872	-	-
Fines and Forfeitures	96,005	4,949	419,497
Total Revenues	<u>412,286,342</u>	<u>47,528,534</u>	<u>20,790,235</u>
EXPENDITURES			
Current:			
Agricultural Preservation	-	-	-
County Council	2,332,322	-	167,553
General Government	34,329,038	-	2,602,027
Education-Primary thru Comm. College	212,593,543	2,800,000	-
Harford Center	532,143	-	-
Judicial	7,727,893	-	1,930,928
Libraries	15,705,461	-	-
Parks, Recreation and Natural Resources	10,259,744	-	368,188
Public Safety	85,398,287	881,330	2,667,603
Public Works	16,861,593	31,315,879	49,099
Social Services	11,651,426	-	14,781,953
Capital Outlay	-	-	-
Debt Service:			
Principal	19,316,121	576,390	-
Interest	10,132,449	103,974	-
Administrative Costs	382,924	158	-
Total Expenditures	<u>427,222,944</u>	<u>35,677,731</u>	<u>22,567,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,936,602)</u>	<u>11,850,803</u>	<u>(1,777,116)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	14,181,958	1,557,904	2,959,327
Transfers (Out)	(20,215,718)	(12,664,000)	-
Issuance of General Capital Project Bonds	-	-	-
Issuance of General Capital Project Bonds Premium	160,153	-	-
Issuance of Notes Payable	-	-	-
Issuance of Installment Purchase Agreements	-	-	-
Total Other Financing Sources and Uses	<u>(5,873,607)</u>	<u>(11,106,096)</u>	<u>2,959,327</u>
Net Change in Fund Balances	<u>(20,810,209)</u>	<u>744,707</u>	<u>1,182,211</u>
Fund Balances--Beginning	99,718,993	15,502,456	3,305,702
Increase in Inventory	-	274,010	-
Fund Balances--Ending	<u>\$ 78,908,784</u>	<u>\$ 16,521,173</u>	<u>\$ 4,487,913</u>

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

(continued)

Exhibit 4

Agricultural Land Preservation	Capital Project	Non Major Parks & Recreation	Governmental Funds
\$ 6,933,020	\$ 19,434,394	\$ -	\$ 438,882,450
413,168	11,474,388	-	47,211,851
4,221,253	3,580,695	18,614	14,564,031
-	-	757,185	21,348,472
8,000	1,736,463	1,485	3,547,649
-	-	-	3,108,872
-	-	-	520,451
11,575,441	36,225,940	777,284	529,183,776
23,120,378	-	-	23,120,378
-	-	-	2,499,875
-	-	-	36,931,065
-	-	-	215,393,543
-	-	-	532,143
-	-	-	9,658,821
-	-	-	15,705,461
-	-	728,463	11,356,395
-	-	-	88,947,220
-	-	-	48,226,571
-	-	-	26,433,379
-	139,888,861	-	139,888,861
510,749	-	-	20,403,260
2,453,253	-	-	12,689,676
184,908	-	-	567,990
26,269,288	139,888,861	728,463	652,354,638
(14,693,847)	(103,662,921)	48,821	(123,170,862)
-	29,920,891	-	48,620,080
(500)	(15,739,862)	-	(48,620,080)
-	95,900,000	-	95,900,000
-	5,741,008	-	5,901,161
-	700,000	-	700,000
12,537,691	-	-	12,537,691
12,537,191	116,522,037	-	115,038,852
(2,156,656)	12,859,116	48,821	(8,132,010)
47,998,315	64,566,376	60,532	231,152,374
-	-	-	274,010
\$ 45,841,659	\$ 77,425,492	\$ 109,353	\$ 223,294,374

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



ABINGDON FIRE COMPANY

Harford County contributed \$750,000 for the construction of this new substation on Willoughby Beach Road for the Abingdon Volunteer Fire Company.

Harford County contributed \$5.5 million dollars for operating expenses of the 13 volunteer fire companies in the County in fiscal year 2008.

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, 2008

Exhibit 5

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

Net change in fund balances--total governmental funds	\$	(8,132,010)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		32,818,090
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		9,461,221
The issuance of long-term debt (i.e. bonds, leases, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(94,011,517)
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.		(2,347,418)
Eliminating the effect of the internal service fund using the "look-back" method resulted in a decrease in expenses in the governmental activities in the statement of activities.		(215,154)
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.		<u>2,537,537</u>
Change in net assets of governmental activities	\$	<u><u>(59,889,251)</u></u>

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

HARFORD COUNTY, MARYLAND
Statement Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2008

	General			Variance With Final Budget Positive(Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes	\$ 384,424,042	\$ 384,424,042	\$ 380,149,132	\$ (4,274,910)
Revenues from Other Agencies	3,079,767	3,079,767	3,059,443	(20,324)
Investment Income	5,338,000	5,338,000	6,056,720	718,720
Charges for Current Services	18,788,855	18,788,855	19,103,257	314,402
Miscellaneous	10,206,303	10,206,303	10,350,962	144,659
Licenses and Permits	3,469,975	3,469,975	3,108,872	(361,103)
Fines and Forfeitures	126,000	126,000	96,005	(29,995)
Total Revenues	<u>425,432,942</u>	<u>425,432,942</u>	<u>421,924,391</u>	<u>(3,508,551)</u>
EXPENDITURES				
Current:				
Agricultural Preservation	-	-	-	-
County Council	2,404,701	2,499,844	2,293,560	206,284
General Government	42,732,502	45,751,496	40,217,210	5,534,286
Education-Primary thru Comm. College	215,393,543	215,393,543	215,393,543	-
Harford Center	532,143	532,143	532,143	-
Judicial	7,430,713	7,914,722	7,694,867	219,855
Libraries	15,705,461	15,705,461	15,705,461	-
Parks, Recreation and Natural Resources	10,308,340	10,716,420	10,349,873	366,547
Public Safety	83,223,025	86,418,328	84,729,262	1,689,066
Public Works	17,276,893	17,568,662	16,994,185	574,477
Social Services	12,301,664	12,701,632	11,730,258	971,374
	<u>407,308,985</u>	<u>415,202,251</u>	<u>405,640,362</u>	<u>9,561,889</u>
Debt Service	43,783,198	43,783,198	29,831,494	13,951,704
Total Expenditures	<u>451,092,183</u>	<u>458,985,449</u>	<u>435,471,856</u>	<u>23,513,593</u>
(Deficiency)/Excess of Revenues Over Expenditures	<u>(25,659,241)</u>	<u>(33,552,507)</u>	<u>(13,547,465)</u>	<u>20,005,042</u>
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	25,657,817	33,691,083	19,421,072	(14,270,011)
Transfers In	20,977,144	20,977,144	14,181,958	(6,795,186)
Transfers (Out)	(20,975,720)	(21,115,720)	(20,215,718)	900,002
Issuance of General Capital Project Bonds Premium	-	-	160,153	160,153
Issuance of Installment Purchases Agreements	-	-	-	-
Total Other Financing Sources (Uses)	<u>25,659,241</u>	<u>33,552,507</u>	<u>13,547,465</u>	<u>(20,005,042)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Less: Appropriated Fund Balance			(19,421,072)	
Fund Balance - Beginning			99,270,187	
Prior Year Encumbrances Cancelled			337,305	
Increase in Inventory			-	
Fund Balance - Ending			<u>\$ 80,186,420</u>	

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

HARFORD COUNTY, MARYLAND
Statement Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2008
(continued)

Exhibit 6

Highways				Agricultural Land Preservation			
Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive(Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive(Negative)
Original	Final			Original	Final		
\$ 27,804,661	\$ 27,804,661	\$ 32,365,904	\$ 4,561,243	\$ 8,000,000	\$ 8,000,000	\$ 6,933,020	\$ (1,066,980)
14,777,392	14,777,392	13,574,722	(1,202,670)	600,000	600,000	413,168	(186,832)
380,200	380,200	642,509	262,309	475,000	475,000	4,221,253	3,746,253
4,627,181	4,627,181	3,741,549	(885,632)	-	-	-	-
4,783,048	4,783,048	5,696,811	913,763	25,000	25,000	8,000	(17,000)
-	-	-	-	-	-	-	-
4,000	4,000	4,949	949	-	-	-	-
<u>52,376,482</u>	<u>52,376,482</u>	<u>56,026,444</u>	<u>3,649,962</u>	<u>9,100,000</u>	<u>9,100,000</u>	<u>11,575,441</u>	<u>2,475,441</u>
-	-	-	-	13,724,500	29,233,719	23,120,378	6,113,341
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,800,000	2,800,000	2,800,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
881,330	881,330	881,330	-	-	-	-	-
41,468,623	42,907,436	39,248,647	3,658,789	-	-	-	-
-	-	-	-	-	-	-	-
<u>45,149,953</u>	<u>46,588,766</u>	<u>42,929,977</u>	<u>3,658,789</u>	<u>13,724,500</u>	<u>29,233,719</u>	<u>23,120,378</u>	<u>6,113,341</u>
708,819	708,819	680,522	28,297	4,200,000	4,200,000	3,148,910	1,051,090
<u>45,858,772</u>	<u>47,297,585</u>	<u>43,610,499</u>	<u>3,687,086</u>	<u>17,924,500</u>	<u>33,433,719</u>	<u>26,269,288</u>	<u>7,164,431</u>
6,517,710	5,078,897	12,415,945	7,337,048	(8,824,500)	(24,333,719)	(14,693,847)	9,639,872
5,346,290	6,785,103	-	(6,785,103)	8,825,000	24,334,219	2,156,656	(22,177,563)
800,000	800,000	1,557,904	757,904	-	-	-	-
(12,664,000)	(12,664,000)	(12,664,000)	-	(500)	(500)	(500)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,537,691	12,537,691
<u>(6,517,710)</u>	<u>(5,078,897)</u>	<u>(11,106,096)</u>	<u>(6,027,199)</u>	<u>8,824,500</u>	<u>24,333,719</u>	<u>14,693,847</u>	<u>(9,639,872)</u>
\$ -	\$ -	1,309,849	\$ 1,309,849	\$ -	\$ -	-	\$ -
-	-	-	-	-	-	(2,156,656)	-
-	-	13,429,488	-	-	-	47,998,315	-
-	-	145,157	-	-	-	-	-
-	-	274,010	-	-	-	-	-
-	-	<u>\$ 15,158,504</u>	-	-	-	<u>\$ 45,841,659</u>	-

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

HARFORD COUNTY, MARYLAND

**Balance Sheet
Proprietary Funds
June 30, 2008**

Exhibit 7

	Business-Type Activities--	Governmental Activities--
	Enterprise Fund Water and Sewer	Internal Service Fund
ASSETS		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 94,213,994	\$ 11,870,875
Cash and Investments	650	-
Restricted Assets - Investments	19,217,007	-
Taxes and Accounts Receivable (Net)	8,501,888	-
Federal and State Receivable	992,541	-
Inventories	1,084,971	-
Benefit Assessments	2,399,825	-
Total Current Assets	<u>126,410,876</u>	<u>11,870,875</u>
Noncurrent Assets:		
Benefit Assessments	41,113,097	-
Unamortized Bond Costs	337,099	-
Capital Assets, Net of Depreciation		
Land	1,892,812	-
Construction in Process	29,489,834	-
Property, Plant & Equipment	287,994,958	-
Total Capital Assets	<u>319,377,604</u>	<u>-</u>
Total Noncurrent Assets	<u>360,827,800</u>	<u>-</u>
Total Assets	<u>\$ 487,238,676</u>	<u>\$ 11,870,875</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 797,136	\$ 67,830
Accounts Payable from Restricted Assets	1,081,911	-
Retainage Payable from Restricted Assets	418,591	-
Payable to the State of Maryland	1,323,335	-
Accrued Expenses	1,281,608	-
Deferred Revenue	45,145	-
Performance Deposits	76,117	-
Escrow Accounts	2,499,127	-
Compensated Absences-Current	1,012,432	-
Bonds Payable-Current	10,365,801	-
Loans Payable-Current	34,230	-
Leases Payable-Current	61,092	-
Estimated Current Liability for Claims in Process	-	1,210,920
Total Current Liabilities	<u>18,996,525</u>	<u>1,278,750</u>
Noncurrent Liabilities:		
Compensated Absences	1,472,558	-
Bonds Payable (net of unamortized discounts)	63,784,608	-
Loans Payable	71,453	-
Leases Payable	197,564	-
Bond Premium	3,072,781	-
Estimated Liability for Claims in Process	-	3,779,800
Total Noncurrent Liabilities	<u>68,598,964</u>	<u>3,779,800</u>
Total Liabilities	<u>87,595,489</u>	<u>5,058,550</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	264,079,863	-
Restricted for Worker Compensation Claims	-	750,000
Unrestricted	135,563,324	6,062,325
Total Net Assets	<u>399,643,187</u>	<u>6,812,325</u>
Total Liabilities and Net Assets		<u>\$ 11,870,875</u>
The net result of the look-back approach for consolidating the Internal Service fund is an interfund payable for the business-type activities in the Statement of Net Assets	<u>(219,858)</u>	
Net Assets of Business-Type Activities	<u>\$ 399,423,329</u>	

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

Exhibit 8

	<u>Business-Type Activities-- Enterprise Fund Water and Sewer</u>	<u>Governmental Activities-- Self Insurance Fund</u>
Operating Revenues:		
Charges for Services	\$ -	\$ 6,015,961
Income from Water Operations	10,133,340	-
Income from Sewer Operations	12,531,969	-
Miscellaneous	1,514,269	4,677
Total Operating Revenues	<u>24,179,578</u>	<u>6,020,638</u>
Operating Expenses:		
General and Administrative Expenses	4,255,198	-
Insurance Claims and Expenses	-	3,987,259
Operations and Maintenance-Water	10,243,557	-
Operations and Maintenance-Sewer	14,007,573	-
Depreciation	8,656,902	-
Total Operating Expenses	<u>37,163,230</u>	<u>3,987,259</u>
Operating Income (Loss)	(12,983,652)	2,033,379
Non-operating Revenues (Expenses):		
Recordation Tax Revenue	2,501,024	-
Interest Income	7,542,465	504,158
Interest Expense	(2,858,150)	-
Other Income (Expense)	(270,798)	-
Total Non-operating Revenue (Expenses)	<u>6,914,541</u>	<u>504,158</u>
Income Before Contributions	(6,069,111)	2,537,537
Capital Contributions	17,661,512	-
Change in Net Assets	<u>11,592,401</u>	<u>2,537,537</u>
Total Net Assets--Beginning	<u>388,050,786</u>	<u>4,274,788</u>
Total Net Assets--Ending	<u>\$ 399,643,187</u>	<u>\$ 6,812,325</u>

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

Net change in Net Assets --total business type activities	\$ 11,592,401
Eliminating the effect of the internal service fund, using the "look-back method" resulted in decreased expenses in the enterprise fund	<u>215,154</u>
Change in Net Assets of Business-Type Activities	<u>\$ 11,807,555</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, 2008

Exhibit 9

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	Enterprise Fund Water and Sewer	Internal Service Fund Self Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 23,113,159	\$ -
Receipts for Premiums within the Government Entity	-	5,940,840
Receipts from Others for Claims	-	79,798
Receipts from Customer Deposits	709,141	-
Payment of Deposits to Customer	(179,574)	-
Payments to Employees for Services	(14,717,167)	-
Payments to Suppliers for Goods and Services	(13,307,354)	(332,705)
Payments for Claims	-	(3,820,348)
Payments to Self Insurance Fund	(253,376)	-
Net Cash (Used in) Provided by Operating Activities	(4,635,171)	1,867,585
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(11,525,134)	-
Principal Payments on Long Term Debt	(11,017,020)	-
Proceeds from Bond Sale	24,695,000	-
Premium and Accrued Interest, net of Underwriters Fees	1,523,941	-
Bond Service Costs	(159,864)	-
Interest Paid on Bonds	(3,208,629)	-
Proceeds from Federal and State Grants	964,862	-
Recordation Tax Revenue	2,378,513	-
Tap Fees in Excess of Connection Costs	10,713,060	-
Proceeds from Rental Income	28,602	-
Proceeds from Sale of Capital Assets	11,245	-
Net Cash Used in Capital and Related Financing Activities	14,404,576	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	7,522,105	504,158
Net Cash (Used in) Provided by Investing Activities	7,522,105	504,158
Net Increase in Cash and Cash Equivalents	17,291,510	2,371,743
Cash and Cash Equivalents, July 1 (including \$6,449,673 reported as restricted investments)	96,140,141	9,499,132
Cash and Cash Equivalents, June 30 (including \$19,271,007 reported as restricted investment)	\$ 113,431,651	\$ 11,870,875
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Operating (Loss) Income	(12,983,652)	2,033,379
Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	8,656,902	-
(Increase) Decrease in Accounts Receivable	(1,099,283)	-
(Increase) Decrease in Inventory	(178,740)	-
Increase (Decrease) in Accounts Payable	214,250	8,092
Increase (Decrease) in Accrued Payroll	85,237	-
Increase (Decrease) Estimated Payables for Future Claims	-	(173,886)
Increase (Decrease) in Performance Deposits	(2,174)	-
Increase (Decrease) in Escrow Accounts	523,596	-
Increase (Decrease) in Deferred Revenue	41,009	-
Increase (Decrease) in Compensated Absences	107,684	-
Net Cash (Used in) Provided by Operating Activities	\$ (4,635,171)	\$ 1,867,585
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Developer Contributions of Capital Assets to the Water & Sewer Fund	\$ 6,402,757	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO EXHIBIT 7		
Equity in Pooled Cash and Investments	\$ 94,213,994	\$ 11,870,875
Cash and Investments	650	-
Investments - Current Restricted Assets	19,217,007	-
Cash and Cash Equivalents, June 30	\$ 113,431,651	\$ 11,870,875

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

HARFORD COUNTY, MARYLAND
Statement of Fiduciary Net Assets
June 30, 2008

Exhibit 10

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Equity in Pooled Cash and Investments	\$ 1,215,750	\$ 12,032,859	\$ 1,669,616	\$ 111,687
Accounts Receivable	-	-	30,079	14,103
Investments, at Fair Value				
Cash Equivalents	327,960	-	1,181,456	8,526,121
Fixed Income Fund	16,738,133	-	-	-
Equities & Equivalents	21,513,599	-	-	-
Total Investments	<u>38,579,692</u>	<u>-</u>	<u>1,181,456</u>	<u>8,526,121</u>
Total Assets	<u>39,795,442</u>	<u>12,032,859</u>	<u>2,881,151</u>	<u>8,651,911</u>
LIABILITIES				
Accounts Payable	31,765	-	38,856	-
Deferred Revenue	-	-	1,181,456	-
Due to Beneficiary	-	-	-	8,651,911
Total Liabilities	<u>31,765</u>	<u>-</u>	<u>1,220,312</u>	<u>8,651,911</u>
NET ASSETS				
Held in Trust for pension benefits and other purposes	\$ <u>39,763,677</u>	\$ <u>12,032,859</u>	\$ <u>1,660,839</u>	\$ <u>-</u>

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

HARFORD COUNTY, MARYLAND
Statement of Changes in Fiduciary Net Assets
For Fiscal Year Ending June 30, 2008

Exhibit 11

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions and Donations	\$ -	\$ -	\$ 243,354
Employee Contributions	438,524	-	-
Employer Contributions	2,388,571	-	-
Plan Sponsor Contributions	1,387,771	14,198,000	-
Retiree Contributions	-	679,405	-
Total Contributions	<u>4,214,866</u>	<u>14,877,405</u>	<u>243,354</u>
Investment Earnings			
Net Depreciation in Fair Value of Investments	(3,385,576)	-	-
Interest and Dividends	1,715,184	-	77,717
Total Investment Earnings	<u>(1,670,392)</u>	<u>-</u>	<u>77,717</u>
Less Investment Expense	(274,636)	-	-
Net Investment Income	<u>(1,945,028)</u>	<u>-</u>	<u>77,717</u>
Total Additions	<u>2,269,838</u>	<u>14,877,405</u>	<u>321,071</u>
DEDUCTIONS			
Administrative Expenses	60,725	-	-
Benefits	2,772,890	2,844,546	-
Contractual Service	-	-	195,524
Miscellaneous	-	-	5,944
Scholarships	-	-	2,000
Total Deductions	<u>2,833,615</u>	<u>2,844,546</u>	<u>203,468</u>
Change in Net Assets	(563,777)	12,032,859	117,603
Net Assets--Beginning of the Year	<u>40,327,454</u>	<u>-</u>	<u>1,543,236</u>
Net Assets--End of the Year	<u>\$ 39,763,677</u>	<u>\$ 12,032,859</u>	<u>\$ 1,660,839</u>

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

Notes to the Basic Financial Statements

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Harford County Government (the County) was formed in 1773. Under home rule, as approved during 1972, the County is governed by an elected County Executive and a seven-member County Council, with each serving separate executive and legislative functions. The accompanying financial statements include various agencies, departments, organizations and offices which are legally part of Harford County (the Primary Government) and the County's Component Units. The Primary Government's major operations include health and social services, public safety, public works, parks and recreation, road and highway administration, agricultural preservation and general administrative services. Harford Community College, Board of Education of Harford County, Harford County Library and Harford Center, Inc. are legally separate organizations included as component units because of their fiscal dependence on the County.

Component units have been included within the financial reporting entity using a discrete presentation. The component units do not provide services entirely, or almost entirely, to the County nor are any of the governing boards substantially the same. 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) to emphasize that it is legally separate from the government.

Harford Community College – Operates the community college in Harford County.

Board of Education of Harford County – Operates all public schools (grades K through 12) within Harford County.

Harford County Library – Operates all public libraries within Harford County.

Harford Center, Inc. – Operates a rehabilitation center for disabled individuals in Harford County.

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

Harford Community College

401 Thomas Run Road
Bel Air, Maryland 21015

Harford Center, Inc.

4 North Earlton Road
Havre de Grace, Maryland 21078

**Board of Education
of Harford County**

102 S. Hickory Avenue
Bel Air, Maryland 21014

Harford County Library

1221 A Brass Mill Road
Belcamp, Maryland 21017

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The government reports the following major governmental funds:

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

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

The Grants Fund accounts for the receipt, appropriation and expenditure of federal, state, and private monies in accordance with Harford County Charter, Article V.

The Agricultural Land Preservation Fund accounts for dedicated transfer tax revenues and provides for easement purchases of County agricultural land.

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.

The government reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the operation, maintenance, administration, and engineering of public water and sewer facilities.

Additionally, Harford County Government reports the following additional fund types:

Internal Service Fund accounts for the County's *Self-Insurance Fund*, which provides self-insurance coverage to County government agencies.

Pension and Other Employee Benefit Trust Funds:

Sheriff's Office Pension System;

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

Firemen's LOSAP;

This trust fund was established to account for the pension system for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

OPEB (Other Post Employment Benefits);

This trust fund was established to account for the County's other post-employment benefits; the trust fund will act as a funding mechanism for the employers cost of retiree benefits.

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

Revolving Loan Fund;

This private purpose trust fund was established in February 1998. This account, joined with funding from several local lending institutions, provides loans to credit-worthy businesses unable to obtain financing through traditional sources due to limited equity, collateral or marginal cash flow and serves as an alternative incentive offered by the County to attract, expand or retain a small business by extending below market rates and favorable terms.

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.

Jeffrey Chenowith Scholarship Trust Fund;

This private purpose trust fund is used to account for principal trust amounts received and related interest income. Scholarships may be awarded to a qualified individual that the board selects.

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

Pass-Through Grants;

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

Harford County Public Entities Healthcare Consortium;

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, and then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

a. POOLED CASH AND INVESTMENTS

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

Based on an average daily balance of each fund's equity in pooled cash and investments, investment income earned on the cash and investment pool is distributed monthly to the General, Highways, Agricultural Land Preservation, Self-Insurance, Capital Projects, Enterprise, Parks & Recreation, four Private Purpose Trusts and both Pension Trust funds. Investment income earned on individual funds' separate cash and investments is recorded monthly in the corresponding fund. Per management policy, investment income earned monthly by general county capital projects is transferred to the General Fund and investment income earned monthly on highways capital projects is transferred to the Highways Fund.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

The Maryland Local Government Investment Pool, (the "MLGIP") was created under Maryland State Law and is regulated by the Maryland State Treasurer's Office. It is maintained exclusively to assist eligible participants, as defined by Articles 95 and 22 of the Annotated Code of Maryland. The MLGIP may invest in any instrument in which the State Treasurer may invest. Permissible instruments are established by Section 6-222 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; Two Hopkins Plaza; 4th Floor; Baltimore, Maryland, 21201; or by calling 1-800-492-5160.

The County has an independent third party as custodian for securities collateralizing most repurchase agreements, certificates of deposit and all other investments. Collateralization is required on repurchase agreements and certificate of deposits at a level of 102 percent of market value of principal plus accrued interest. The County has an agreement with the custodian used for the overnight repurchase agreement whereby the County's authorization is needed to release any collateral held in the County's name. In order to mitigate risk, the County continually monitors the financial condition of this third party custodian.

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

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Currently, 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. A service charge is assessed on the second payment to cover administrative costs and lost interest. Taxpayers have the option of paying the entire bill by the first installment date, thereby avoiding the service charge assessed on the second payment.

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

The County's real property tax rate for the year ended June 30, 2008, was \$1.082 per \$100 of assessed value for properties within the County, but not in an incorporated town and \$0.926 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

Inventories in the Highways special revenue fund are accounted for by the purchase method. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. Reservations of fund balances for the amounts of inventory have been made to reflect the non-availability of those amounts for appropriation for expenditures. Inventory of the Board of Education General Fund is charged to expenditures as consumed. All inventories are valued at the lower of cost or market using the First-In/First-Out (FIFO) method.

d. RESTRICTED ASSETS

Certain assets of the Governmental Activities are classified as restricted assets on the balance sheet. These assets include debt proceeds held by the MLGIP and drawn down as needed for capital project expenses. Included as restricted assets are investments in strip treasuries held to maturity for the final payment on the purchase of land development rights.

Certain assets of the Business-type Activities are classified as restricted assets on the balance sheet. These assets include unspent bond proceeds limited by applicable bond covenants to specific capital projects.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

e. CAPITAL ASSETS

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The government defines capital assets, other than infrastructure, as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life in excess of one year. Infrastructure is defined as capital assets with an initial cost of \$50,000 or more, and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. Interest expense is not capitalized in the current year due to immateriality. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Bridges	50
Buildings	40-50
Machinery and Equipment	5-10
Roads	15
Vehicles	7
Water and Sewer Lines and Improvements	10-75

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

f. COMPENSATED ABSENCES

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

g. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund financial statements, non-current obligations are reported as liabilities in either governmental activities, or business-type activities, in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

h. NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. Invested in capital assets, net of related debt, represents all capital assets, including infrastructure reduced by accumulated depreciation and the outstanding debt directly attributable to the acquisition, construction or improvement of these assets. Restricted net assets represent external restrictions by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets represent the net assets of the County, not restricted for any project or purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation because they are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are not legally required segregations, but rather represent the intent of the County's administration to use fund balances for specific purposes in the future.

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker's compensation, property damage and medical claims as of June 30, 2008. 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.

k. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentations.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 ASSETS

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

Accrued Bond Interest	\$	2,968,081
Agricultural Preservation Installments		52,535,289
Bonds Payable		221,313,649
Capital Lease Obligations		17,406,894
Notes Payable		10,590,000
Landfill Closure Liability		29,084,297
Compensated Absences		22,133,603
Premium on Bonds, Less Amortization		9,209,417
	\$	<u>365,241,230</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances – total governmental funds* and *changes in net assets 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	\$	51,462,491
Depreciation		(18,644,401)
	\$	<u>32,818,090</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

Contributed Assets	\$ 6,014,992
Loss on Disposal of Assets	(1,716,243)
Increase in Tipping Fee Deferred Revenue	1,434,219
Increase in Property Tax Deferred Revenue	333,960
Increase in Income Tax Deferred Revenue	3,146,669
Increase in Deferred Loans Receivable	224,013
Decrease in Deferred Special Assessments	(7,321)
Increase in Restitution Deferred Revenue	30,932
	<u>\$ 9,461,221</u>

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

Accrued Interest Expense	\$ (128,781)
Amortization of Bond Premium	528,667
Net Increase and Amortization of Costs of Issuance	265,947
Amortization of Deferred Loss	(41,758)
Issuance of Bonds Payable	(95,900,000)
Issuance of Notes Payable	(700,000)
Issuances of Installment Purchase Agreements	(12,537,691)
Proceeds from Bond Premium	(5,901,161)
Principal Payments on General Obligation Debt	20,403,260
	<u>\$ (94,011,517)</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:

Compensated Absences Liability	\$ (1,836,473)
Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method used in the Fund Statements	274,010
Increase in Deferred Health Care Consortium Receivable	150,967
Net Increase in Landfill Closure Expenses	(935,922)
	<u>\$ (2,347,418)</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 1 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, Board of Education 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, 2008, supplemental appropriations adopted in the general fund were \$8,033,266. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers. Transfers between departments require the County Council's approval and are only completed after April 1.

Annual budgets are adopted for the General Fund, Highways Fund, Agricultural Land Preservation Fund, Parks & Recreation Fund, Enterprise Fund, Internal Service Fund, Firemen's Pension 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 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 each major governmental fund with an annual budget. These are the General, Highways and Agricultural Land Preservation funds.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

B. RECONCILIATION OF GAAP TO BASIS OF BUDGETING

The Governmental Funds, except for Grants and Capital Project Funds, have legally adopted annual budgets. The “Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual” are prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting where encumbrances are treated as expenditures of the current period. The “Statement of Revenues, Expenditures and Changes in Fund Balances” for all major governmental funds is prepared on a basis consistent with GAAP where encumbrances are treated as a reservation of fund balance. In the Agricultural Land Preservation fund there are no differences between GAAP and the basis used for budgeting. The other fund statements are reconciled below.

As of June 30, 2008, the changes in fund balances are reconciled as follows:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Parks & Recreation</u>
Basis of Budgeting - Net Change in Fund Balances	\$ -	\$ 1,309,849	\$ 18,992
Basis Adjustments:			
Revenue for Budgetary, not GAAP Purposes	(9,638,049)	(8,497,910)	-
Encumbrances Adjustment	(481,256)	(475,334)	30,705
Expenditures for Budgetary, not GAAP Purposes	9,638,049	8,497,910	-
Expenditures for GAAP, not for Budgetary Purposes	(907,881)	(89,808)	(876)
Fund Balance Appropriated for Budget not GAAP	<u>(19,421,072)</u>	<u>-</u>	<u>-</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ (20,810,209)</u>	<u>\$ 744,707</u>	<u>\$ 48,821</u>

As of June 30, 2008, the ending fund balances are reconciled as follows:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Parks & Recreation</u>
Basis of Budgeting - Fund Balances	\$ 80,186,420	\$ 15,158,504	\$ 80,096
Basis Adjustments:			
Encumbrances	2,990,478	1,969,895	44,199
Expenditures for GAAP, not for Budgetary Purposes	<u>(4,268,114)</u>	<u>(607,226)</u>	<u>(14,942)</u>
GAAP Basis - Fund Balances	<u>\$ 78,908,784</u>	<u>\$ 16,521,173</u>	<u>\$ 109,353</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 (\$422,810) and the collected bank balance was \$48,055. The Federal Depository Insurance Corporation (FDIC) insured the entire collected bank balance deposit of \$48,055. The negative carrying amount reflects the fact that idle collected funds in excess of \$3,000 are automatically invested overnight in repurchase agreements, in accordance with the County’s banking contract. Overnight investments are liquidated the next day so that funds are always available to cover the County liabilities. At June 30, 2008, 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 assets and the statement of fiduciary net assets.

Reconciliation:

Total Primary Government - Exhibit 1	
Equity in Pooled Cash and Investments	\$ 282,752,091
Cash and Investments	55,013
Restricted Assets - Investments	82,765,190
Pension Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	1,215,750
Total Investments	38,579,692
Other Post Employment Benefit Trust Fund - Exhibit 10	
Equity in Pooled Cash and Investments	12,032,859
Private Purpose Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	1,669,616
Total Investments	1,181,456
Agency Funds - Exhibit 10	
Equity in Pooled Cash and Investments	111,687
Total Investments	8,526,121
Total All Equity in Pooled Cash	428,889,475
Less: Investments - Primary Government, p. 49	(429,312,285)
Cash in the Bank	\$ (422,810)

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$15,316,914 net of bank overdrafts of (\$2,532,186). 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 Board of Education Fiduciary fund cash of \$14,766,228 is included in these totals, but is not included in the Statement of Net Assets.

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

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

Board of Education	\$ 21,272,974
Harford Center, Inc.	1,013,263
Harford Community College	24,069,289
Harford County Library	1,980,157
Less: Cash Overdraft for Component Units--Exhibit 1:	
Board of Education	(2,396,884)
Harford County Library	(135,302)
Total Component Unit Cash & Investments	<u>45,803,497</u>
Add: Board of Education Fiduciary Fund Cash	14,766,228
Less: Investments--Component Units; page 51	<u>(45,252,811)</u>
Cash in the Bank	<u><u>\$ 15,316,914</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2008, the County had the following investments and maturities.

Investment Type	Investment Maturities (Years)			
	Fair Value	Less than 1	1 - 5	5+
<u>Pooled Investments</u>				
Repurchase Agreements	\$ 33,948,134	\$ 33,948,134	\$ -	\$ -
Banker's Acceptances	23,529,289	23,529,289	-	-
¹ Federal Agencies	197,650,523	133,251,530	64,398,993	-
MLGIP	37,937,704	37,937,704	-	-
Mutual Funds	5,194,176	5,194,176	-	-
Subtotal	<u>298,259,826</u>	<u>233,860,833</u>	<u>64,398,993</u>	<u>-</u>
<u>Non-Pooled Investments</u>				
MLGIP	48,533,846	48,533,846	-	-
² U.S. Stripped Treasuries	32,953,505	794,944	2,778,107	29,380,454
³ Trust Fund Annuity Contract	1,181,456	25,069	118,180	1,038,207
Lease Escrow	1,277,839	1,277,839	-	-
MLGIP - Fiduciary Funds	8,526,121	8,526,121	-	-
Pension Funds:				
³ Short-Term Investments	327,960	327,960	-	-
³ Equities	21,513,599	21,513,599	-	-
³ MTB Intermed Term Bond	391,712	391,712	-	-
US Government Agencies	6,774,491	1,980,793	4,283,033	510,665
Corporate Bonds	4,051,159	640,339	2,604,439	806,381
² US Treasury Obligations	5,520,771	-	2,818,581	2,702,190
Subtotal	<u>131,052,459</u>	<u>84,012,222</u>	<u>12,602,340</u>	<u>34,437,897</u>
Total	<u>\$ 429,312,285</u>	<u>\$ 317,873,055</u>	<u>\$ 77,001,333</u>	<u>\$ 34,437,897</u>

¹ These Agencies mature in Fiscal Years 2008, 2009 and 2010, but are callable monthly, quarterly, and semi-annually until maturity; it is not anticipated that these Agencies will be called.

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

³ These investments are unrated.

Investments Other than Pensions:

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. Non-operating funds may be invested in securities exceeding two years but less than five years. Only Agricultural Land Preservation Funds will be

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

invested in U.S. Stripped Treasuries to coincide with the maturity dates on installment purchase agreements; up to thirty years in length. Because the mutual bond funds and the MLGIP funds as of June 30, 2008, have a weighted average maturity of less than 2 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, 2008, the County's investments in Federal agency obligations, including repurchase agreements, backed by Federal agency obligations, were rated Aaa by Moody's Investor Service; the MLGIP and the money market mutual funds were rated AAAM by Standard and Poor's.

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying all certificates of deposit, repurchase agreements and reverse repurchase agreements have a market value of at least 102 percent of the cost plus accrued interest of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all investments, in the government's name. At June 30, 2008, the County's investments were not exposed to custodial credit risk.

Pension Investments:

Interest Rate Risk: The investment policies of the pension 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 may purchase commercial paper, medium term notes, and public debt securities, with short-term ratings of A-2 or P-2 or better or long-term ratings of A/A or better by either Moody's or Standard and Poor's. Fixed income securities, such as obligations of the U.S. Government and its agencies, corporate debt securities, exchange traded fixed income funds, etc. shall be *investment grade* as defined by Moody's or Standard and Poor's.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

The maximum ratings allocations and the actual allocations of US Government Agencies and corporate bond investments at June 30, 2008, are as follows:

<u>Rating</u>	<u>Maximum Allocation</u>	<u>Allocation at June 30, 2008</u>
AAA/Aaa	100%	59%
AA/Aa	50%	18%
A/A	50%	16%
BAA/Baa	20%	7%

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

	Firemen's Pension		Sheriff's Pension	
	Minimum	Maximum	Minimum	Maximum
Large Cap Equities	20%	50%	35%	55%
Small Cap Equities	0%	10%	0%	0%
International Equities	0%	10%	5%	10%
Fixed Income	40%	60%	40%	60%
Cash & Equivalents	0%	5%	0%	5%

COMPONENT UNITS

As of June 30, 2008, the total investments of the component units, in the amount of \$45,252,811 was distributed by type as follows:

	<u>MLGIP</u>	<u>Repurchase Agreements</u>	<u>Other Investments</u>	<u>Total</u>
Board of Education	\$ 9,612,171	\$ 11,660,122	\$ -	\$ 21,272,293
Harford Center, Inc.	-	-	493,087	493,087
Harford Community College	16,631,081	5,000,000	-	21,631,081
Harford County Library	<u>1,438,473</u>	<u>417,877</u>	<u>-</u>	<u>1,856,350</u>
	<u>\$ 27,681,725</u>	<u>\$ 17,077,999</u>	<u>\$ 493,087</u>	<u>\$ 45,252,811</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Interest Rate Risk: The component units of the County generally limit the term of investment maturities, except for the fiduciary funds of the Board of Education, 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

a. TAXES AND OTHERS

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

	<u>General</u>	<u>Highway</u>	<u>Grant</u>
Property Taxes	\$ 2,022,674	\$ 265,106	\$ -
Other Taxes	-	-	-
Interest Accrual	57,399	-	-
Service Billings	539,378	31,788	-
Health Care Consortium	540,018	113,455	-
Home Grants Receivable	-	-	2,503,059
Miscellaneous	726,708	61,215	39,879
Gross Receivables	<u>3,886,177</u>	<u>471,564</u>	<u>2,542,938</u>
Less: Allowance for Uncollectible	<u>(1,148,484)</u>	<u>(142,779)</u>	<u>-</u>
	<u>\$ 2,737,693</u>	<u>\$ 328,785</u>	<u>\$ 2,542,938</u>

	<u>Capital Project Fund</u>	<u>Water & Sewer</u>	<u>Total</u>
Property Taxes	\$ -	\$ -	\$ 2,287,780
Other Taxes	2,031,008	-	2,031,008
Interest Accrual	-	2,485,892	2,543,291
Service Billings	-	5,823,406	6,394,572
Health Care Consortium	-	-	653,473
Home Grants Receivable	-	-	2,503,059
Miscellaneous	503,033	203,499	1,534,334
Gross Receivables	<u>2,534,041</u>	<u>8,512,797</u>	<u>17,947,517</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>(10,909)</u>	<u>(1,302,172)</u>
	<u>\$ 2,534,041</u>	<u>\$ 8,501,888</u>	<u>\$ 16,645,345</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

b. DEFERRED REVENUES

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

Deferred Revenues:	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Income Taxes	\$ 48,187,768	\$ -	\$ 48,187,768
Consortium Receivable	540,018	-	540,018
Prepaid Property Taxes	-	104,892	104,892
Corporate Taxes Receivable	-	3,429	3,429
Property Taxes Receivable	696,362	-	696,362
Solid Waste Prepaid Fees	1,434,216	-	1,434,216
Sub-total: General Fund	<u>50,858,364</u>	<u>108,321</u>	<u>50,966,685</u>
Property Taxes Receivable	53,590	-	53,590
Consortium Receivable	113,455	-	113,455
Sub-total: Highways Fund	<u>167,045</u>	<u>-</u>	<u>167,045</u>
Grant Drawdown in Excess of Expenditures	-	3,936,909	3,936,909
Grant Loans Receivable	2,373,731	-	2,373,731
Grant Restitution Receivable	129,328	-	129,328
Sub-total: Grant Fund	<u>2,503,059</u>	<u>3,936,909</u>	<u>6,439,968</u>
Special Assessments Receivable	167,222	792,529	959,751
Sub-total: Capital Project Fund	<u>167,222</u>	<u>792,529</u>	<u>959,751</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 53,695,690</u>	<u>\$ 4,837,759</u>	<u>\$ 58,533,449</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

c. LEASE RECEIVABLES

PRIMARY GOVERNMENT

Governmental activities: The County is obligated as the lessor under a number of lease agreements. Many of the leases are for \$1 per year to various government and nonprofit organizations. There are a few leases with end dates but most of the leases are for one year, with automatic renewals, indefinitely. In fiscal year 2008 rental income from all leases was \$341,868. The following is a five year schedule, by year, of future rental payments, assuming all leases with automatic renewal clauses continue at their current lease amount.

<u>Year ending June 30</u>	<u>Amount</u>
2008	\$ 397,119
2009	374,128
2010	317,411
2011	317,411
2012	<u>246,389</u>
Rental Income	\$ <u><u>1,652,458</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2008, is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Land	\$ 205,431,454	\$ 19,143,918	\$ (1,600,000)	\$ 222,975,372
Development Rights	69,815,957	22,635,326	-	92,451,283
Construction in Process	140,627,050	25,066,377	(33,935,962)	131,757,465
Total Capital Assets, not being depreciated	<u>415,874,461</u>	<u>66,845,621</u>	<u>(35,535,962)</u>	<u>447,184,120</u>
Capital Assets, being depreciated:				
Buildings	75,288,073	4,532,150	(125,000)	79,695,223
Improvements other than buildings	44,813,684	2,883,364	(8,404)	47,688,644
Machinery and Equipment	42,183,557	2,548,208	(481,620)	44,250,145
Vehicles	36,081,770	6,707,568	(3,630,087)	39,159,251
Infrastructure	109,131,474	7,896,534	-	117,028,008
Total Capital Assets, being depreciated	<u>307,498,558</u>	<u>24,567,824</u>	<u>(4,245,111)</u>	<u>327,821,271</u>
Less Accumulated Depreciation for:				
Buildings	(30,741,494)	(2,114,337)	125,000	(32,730,831)
Improvements other than buildings	(37,432,662)	(2,685,281)	-	(40,117,943)
Machinery and Equipment	(27,615,784)	(4,717,076)	481,620	(31,851,240)
Vehicles	(21,097,552)	(4,091,394)	3,522,248	(21,666,698)
Infrastructure	(49,727,194)	(5,036,313)	-	(54,763,507)
Total Accumulated Depreciation	<u>(166,614,686)</u>	<u>(18,644,401)</u>	<u>4,128,868</u>	<u>(181,130,219)</u>
Total Capital Assets, being depreciated, net	<u>140,883,872</u>	<u>5,923,423</u>	<u>(116,243)</u>	<u>146,691,052</u>
Governmental Activities Capital Assets, net	<u>\$ 556,758,333</u>	<u>\$ 72,769,044</u>	<u>\$ (35,652,205)</u>	<u>\$ 593,875,172</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 482,790	\$ 1,410,022	\$ -	\$ 1,892,812
Construction in Process	26,589,714	11,930,038	(9,029,918)	29,489,834
Total Capital Assets, not being depreciated	<u>27,072,504</u>	<u>13,340,060</u>	<u>(9,029,918)</u>	<u>31,382,646</u>
Capital Assets, being depreciated:				
Buildings	145,362,013	3,858,352	-	149,220,365
Improvements other than buildings	249,255,469	8,495,022	-	257,750,491
Machinery and Equipment	6,797,228	408,780	(216,037)	6,989,971
Vehicles	3,943,780	526,523	(108,332)	4,361,971
Total Capital Assets, being depreciated	<u>405,358,490</u>	<u>13,288,677</u>	<u>(324,369)</u>	<u>418,322,798</u>
Less Accumulated Depreciation for:				
Buildings	(61,769,636)	(3,670,260)	-	(65,439,896)
Improvements other than buildings	(53,024,011)	(4,443,402)	-	(57,467,413)
Machinery and Equipment	(4,351,621)	(214,865)	208,112	(4,358,374)
Vehicles	(2,842,114)	(328,375)	108,332	(3,062,157)
Total Accumulated Depreciation	<u>(121,987,382)</u>	<u>(8,656,902)</u>	<u>316,444</u>	<u>(130,327,840)</u>
Total Capital Assets, being depreciated, net	<u>283,371,108</u>	<u>4,631,775</u>	<u>(7,925)</u>	<u>287,994,958</u>
Business-type Activities Capital Assets, net	<u>\$ 310,443,612</u>	<u>\$ 17,971,835</u>	<u>\$ (9,037,843)</u>	<u>\$ 319,377,604</u>

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

Governmental Activities:	
County Council	\$ 33,237
General Government	1,378,115
Judicial	628,193
Libraries	112,773
Parks & Recreation	1,768,550
Public Safety	4,946,156
Public Works	8,833,244
Social Services & Health	944,133
Total Depreciation Expense - Governmental activities	<u>\$ 18,644,401</u>
Business-type Activities	
Water & Sewer	\$ 8,656,902
Total Depreciation Expense - Business-type activities	<u>\$ 8,656,902</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

COMPONENT UNITS

Board of Education: Capital Asset Activity for the year ended June 30, 2008, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in Process	96,655,840	83,303,805	(789,373)	179,170,272
Total Capital Assets, not being depreciated	<u>106,328,782</u>	<u>83,303,805</u>	<u>(789,373)</u>	<u>188,843,214</u>
Capital Assets, being depreciated				
Land Improvements	6,475,402	1,112,253	-	7,587,655
Buildings and Improvements	277,232,859	2,182,656	-	279,415,515
Furniture and Equipment	20,863,316	4,234,825	(573,875)	24,524,266
Total Capital Assets, being depreciated	<u>304,571,577</u>	<u>7,529,734</u>	<u>(573,875)</u>	<u>311,527,436</u>
Accumulated Depreciation				
Land Improvements	(1,960,221)	(318,835)	-	(2,279,056)
Buildings and Improvements	(90,912,736)	(5,843,874)	-	(96,756,610)
Furniture and Equipment	(9,287,544)	(2,507,373)	573,096	(11,221,821)
Total Accumulated Depreciation	<u>(102,160,501)</u>	<u>(8,670,082)</u>	<u>573,096</u>	<u>(110,257,487)</u>
Total Capital Assets, being depreciated, net	<u>202,411,076</u>	<u>(1,140,348)</u>	<u>(779)</u>	<u>201,269,949</u>
Total Capital Assets, net	<u>\$ 308,739,858</u>	<u>\$ 82,163,457</u>	<u>\$ (790,152)</u>	<u>\$ 390,113,163</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2008, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Equipment - Other	\$ 152,889	\$ 1,197	\$ -	\$ 154,086
Equipment - Transportation	532,269	52,389	-	584,658
Leasehold Improvements	348,065	28,064	-	376,129
Total Capital Assets, being depreciated	<u>1,033,223</u>	<u>81,650</u>	<u>-</u>	<u>1,114,873</u>
Accumulated Depreciation:				
Capital Assets	(569,603)	(84,644)	-	(654,247)
Total Accumulated Depreciation	<u>(569,603)</u>	<u>(84,644)</u>	<u>-</u>	<u>(654,247)</u>
Total Capital Assets, net	<u>\$ 463,620</u>	<u>\$ (2,994)</u>	<u>\$ -</u>	<u>\$ 460,626</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

Harford Community College: Capital asset activity for the year ended June 30, 2008, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 1,474,009	\$ 442,490	\$ -	\$ 1,916,499
Construction in Process	1,068,869	5,337,269	(262,161)	6,143,977
Total Capital Assets, not being depreciated	<u>2,542,878</u>	<u>5,779,759</u>	<u>(262,161)</u>	<u>8,060,476</u>
Capital Assets, being depreciated				
Buildings and Improvements	59,094,999	481,496	-	59,576,495
Furniture and Equipment	7,883,578	995,803	(37,492)	8,841,889
Vehicles	362,281	69,201	-	431,482
Library Books	163,989	114,529	(27,472)	251,046
Total Capital Assets, being depreciated	<u>67,504,847</u>	<u>1,661,029</u>	<u>(64,964)</u>	<u>69,100,912</u>
Accumulated Depreciation:				
Buildings and Improvements	(13,032,297)	(2,012,904)	-	(15,045,201)
Furniture and Equipment	(5,571,940)	(578,405)	-	(6,150,345)
Vehicles	(195,737)	(39,716)	13,338	(222,115)
Library Books	-	(83,682)	27,473	(56,209)
Total Accumulated Depreciation	<u>(18,799,974)</u>	<u>(2,714,707)</u>	<u>40,811</u>	<u>(21,473,870)</u>
Total Capital Assets, being depreciated, net	<u>48,704,873</u>	<u>(1,053,678)</u>	<u>(24,153)</u>	<u>47,627,042</u>
Total Capital Assets, net	<u>\$ 51,247,751</u>	<u>\$ 4,726,081</u>	<u>\$ (286,314)</u>	<u>\$ 55,687,518</u>

Harford County Library: Capital asset activity for the year ended June 30, 2008, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Buildings and Improvements	\$ 679,416	\$ 125,159	\$ (3,619)	\$ 800,956
Circulating Materials	6,510,415	2,519,292	(1,584,951)	7,444,756
Furniture and Equipment	1,639,087	115,687	(5,529)	1,749,245
Computer Equipment	717,419	118,984	(19,069)	817,334
Vehicles	290,318	-	-	290,318
Copier Equipment	34,231	-	-	34,231
Total Capital Assets, being depreciated	<u>9,870,886</u>	<u>2,879,122</u>	<u>(1,613,168)</u>	<u>11,136,840</u>
Accumulated Depreciation:				
Buildings and Improvements	(219,257)	(48,701)	618	(267,340)
Circulating Materials	(2,996,336)	(2,325,861)	1,584,951	(3,737,246)
Furniture and Equipment	(1,266,827)	(111,954)	5,195	(1,373,586)
Computer Equipment	(543,063)	(117,771)	19,070	(641,764)
Vehicles	(225,325)	(17,435)	-	(242,760)
Copier Equipment	(21,681)	(6,845)	-	(28,526)
Total Accumulated Depreciation	<u>(5,272,489)</u>	<u>(2,628,567)</u>	<u>1,609,834</u>	<u>(6,291,222)</u>
Total Capital Assets, net	<u>\$ 4,598,397</u>	<u>\$ 250,555</u>	<u>\$ (3,334)</u>	<u>\$ 4,845,618</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 2008, rental expenditures approximated \$417,348. 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, 2008:

Year ending June 30	Amount
2009	\$ 151,450
2010	128,459
2011	95,742
2012	71,742
2013	720
2014-2018	1,440
Total Minimum Payments Required	\$ 449,553

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

a. DUE FROM PRIMARY GOVERNMENT AND DUE TO COMPONENT UNITS

Interfund receivables and payables result from the time lag between the time reimbursable expenditures occur in the component units and when the payments are made. At June 30, these interfund balances are:

	Due From		Due To
Primary Government:			
Capital Projects Fund	\$ -	\$	25,736,607
Component Units:			
Board of Education	23,928,279		-
Harford Community College	1,538,205		-
Harford County Library	270,123		-
	\$ 25,736,607	\$	25,736,607

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INTERFUND TRANSFERS

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

	Transfers In		
Transfers Out	General Fund	Highway Fund	Grant Fund
General Fund	\$ -	\$ -	\$ 2,948,827
Highways Fund	-	-	10,000
Agricultural Preservation	-	-	500
Capital Projects Fund	14,181,958	1,557,904	-
Total Transfers In	\$ 14,181,958	\$ 1,557,904	\$ 2,959,327

	Transfer In	
Transfers Out	Capital Project Fund	Total
General Fund	\$ 17,266,891	\$ 20,215,718
Highways Fund	12,654,000	12,664,000
Agricultural Preservation	-	500
Capital Projects Fund	-	15,739,862
Total Transfers In	\$ 29,920,891	\$ 48,620,080

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2007	Additions	Principal Repayments & Reductions	Balance June 30, 2008	Due Within One Year
Governmental activities:					
Agricultural Land Preservation	\$ 40,508,347	\$ 12,537,691	\$ (510,749)	\$ 52,535,289	\$ 1,424,166
Bonds Payable	138,106,697	95,900,000	(12,693,048) ¹	221,313,649	14,905,600
Capital Lease Obligations	22,584,599	-	(5,177,705)	17,406,894	4,080,993
Notes Payable	11,870,000	700,000	(1,980,000)	10,590,000	1,725,000
Landfill Closure Liability	28,148,375	1,162,038	(226,116)	29,084,297	226,116
Compensated Absences	20,297,130	2,471,338	(634,865)	22,133,603	8,354,220
Est. Liab. For Claims in Process	<u>5,164,606</u>	<u>1,543,357</u>	<u>(1,717,243)</u>	<u>4,990,720</u>	<u>1,210,920</u>
Governmental activity - Long-term Liabilities	<u>\$ 266,679,754</u>	<u>\$ 114,314,424</u>	<u>\$ (22,939,726)</u>	<u>\$ 358,054,452</u>	<u>\$ 31,927,015</u>
Business-type activities:					
Lease 2007	\$ 317,512	\$ -	\$ (58,856)	\$ 258,656	\$ 61,092
Bonds Payable	60,228,123	24,695,000	(10,772,714) ¹	74,150,409	10,365,801
Notes Payable	138,950	-	(33,267)	105,683	34,230
Compensated Absences	<u>2,377,305</u>	<u>124,781</u>	<u>(17,096)</u>	<u>2,484,990</u>	<u>1,012,432</u>
Business-type activities - Long-term Liabilities	<u>\$ 63,061,890</u>	<u>\$ 24,819,781</u>	<u>\$ (10,881,933)</u>	<u>\$ 76,999,738</u>	<u>\$ 11,473,555</u>

¹ Includes amortization of deferred loss on refunding of \$41,758 for Governmental activities and \$152,183 for Business-type activities.

Agricultural Land Preservation long-term debt has typically been liquidated in the Agricultural Land Preservation special revenue fund. Governmental compensated absences typically have been liquidated in the General and other governmental funds. Claims liabilities typically have been liquidated in the Internal Service fund.

The debt limit for the primary government at June 30, 2008, was \$1,465,360,184 and the legal debt margin was \$1,216,049,641.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Non-current liabilities in the component units consist of liabilities for compensated absences and two leases. The changes and the portion due within one year are as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Changes</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>Board of Education</u>				
Capital Leases	\$ 11,133,844	\$ (269,429)	\$ 10,864,415	\$ 282,845
Compensated Absences	27,859,665	1,062,818	28,922,483	1,783,091
Other Post-employment Benefit Obligation	-	8,489,815	8,489,815	-
	<u>\$ 38,993,509</u>	<u>\$ 9,283,204</u>	<u>\$ 48,276,713</u>	<u>\$ 2,065,936</u>
<u>Harford Community College</u>				
Compensated Absences	\$ 795,078	\$ 22,550	\$ 817,628	\$ -
Other Post-employment Benefit Obligation	-	23,017	23,017	-
	<u>\$ 795,078</u>	<u>\$ 45,567</u>	<u>\$ 840,645</u>	<u>\$ -</u>
<u>Harford County Library</u>				
Compensated Absences	\$ 326,828	\$ 31,331	\$ 358,159	\$ 21,767
Other Post-employment Benefit Obligation	-	968,751	968,751	-
	<u>\$ 326,828</u>	<u>\$ 1,000,082</u>	<u>\$ 1,326,910</u>	<u>\$ 21,767</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. AGRICULTURAL LAND PRESERVATION INSTALLMENTS

PRIMARY GOVERNMENT

The County has entered into installment contracts to purchase easements for agricultural land preservation purposes. The primary source of revenue for repayment of the indebtedness is a transfer tax of one-half of one percent on all transfers of real property in the County. Under the terms of the installment contracts, which range in length from ten to twenty years, the County pays the property owner annual interest and minimal portions of the installment purchase price for the term of the agreement. The final principal payment is made with a stripped-coupon U.S. Treasury obligation purchased at settlement and held to maturity. The interest rate of the stripped-coupon U.S. Treasury obligation is the interest rate used for the installment purchase agreement. Interest rates on securities owned at June 30, 2008, range from 3.74 percent to 8.45 percent. The annual requirements to amortize agricultural preservation installments outstanding as of June 30, 2008, are as follows:

As of June 30, 2008	Principal	Interest	Total Requirement
2009	\$ 1,424,166	\$ 2,953,785	\$ 4,377,951
2010	963,525	2,876,891	3,840,416
2011	837,180	2,820,096	3,657,276
2012	1,032,764	2,774,592	3,807,356
2013	2,812,035	2,716,607	5,528,642
2014	1,900,183	2,589,050	4,489,233
2015	2,592,297	2,482,774	5,075,071
2016	6,869,562	2,304,330	9,173,892
2017	7,294,157	1,860,886	9,155,043
2018	18,074,902	1,393,383	19,468,285
2019	2,357,909	481,339	2,839,248
2020	1,016,088	340,451	1,356,539
2021	512,044	276,944	788,988
2022	65,054	247,703	312,757
2023	1,877,707	244,366	2,122,073
2024	1,141,871	150,542	1,292,413
2025	297,850	85,858	383,708
2026	613,343	71,419	684,762
2027	328,135	41,878	370,013
2028	524,517	25,465	549,982
	<u>\$ 52,535,289</u>	<u>\$ 26,738,359</u>	<u>\$ 79,273,648</u>

For the year ended June 30, 2008, total principal and interest incurred related to agricultural land preservation installments was \$510,749 and \$2,453,253.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

c. GENERAL OBLIGATION BONDS

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of the County, and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds 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 1996, 1997, 1999, 2001, 2002, 2003, 2004, 2005 and 2007 allocated to school projects are payable in the first instance from recordation and transfer tax revenues. Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Funds, area connection charges, benefit and surcharge assessments, and recordation taxes. As of June 30, 2008, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding at June 30, 2008</u>
Public Improvement Bond of 1996 - 4.25% - 4.25% - 5.0% - 4.25% - 5.125% - 5.5% - 4.7% - 4.8% - 5.0% - due serially to 2016.....	\$ 27,870,000	\$ 8,600,000
Public Improvement Bond of 1997 - 5.0% - 4.5% - 5.0% - 5.25% - 5.5% - 4.8% - 4.9% - 5.0% - due serially to 2017.....	24,680,000	8,960,000
Public Improvement Bond of 1999 - 5.5% - 4.375% - 4.5% - 4.4% - 4.625% - 4.7% - 4.75% - 4.8% - 4.875% - 5.0% - due serially to 2019....	15,060,000	8,760,000
Water Quality Loan of 1999 - 2.52% - due serially to 2018.....	4,585,000	2,829,828
Public Improvement Bond of 2001 - 4.25% - 4.2% - 4.25% - 4.35% - 4.4% - 4.4% - 4.45% - 4.5% - 4.55% - 4.625% - due serially to 2021.....	31,325,000	20,575,000
Public Improvement Bond of 2002 - 3.5% - 4.0% - 4.25% - 4.5% - 4.6% - 4.7% - 4.75% - 4.8% - 4.85% - 4.875% - due serially to 2022.....	28,350,000	18,630,000
Refunding Bond of 2003 - 3.0% - 4.0% - 5.0% - due serially to 2012.....	12,007,969	7,632,981
Public Improvement Bond of 2004 - 2.0% - 2.625% - 2.875% - 3.125% - 3.25% - 3.375% - 3.5% - 4.0% - 4.1% - 4.125% - 4.25% - 4.3% - 4.375% - due serially to 2024.....	23,870,000	17,285,000
Public Improvement Bond of 2005 - 3.0% - 5.0% - due serially to 2005.....	35,905,000	32,349,630
Public Improvement Bond of 2007- 4.0% - 5% - due serially to 2027.....	95,900,000	95,900,000
Total Bonds Outstanding	299,552,969	221,522,439
Deferred Loss on Refunding	(417,580)	(208,790)
Total	<u>\$ 299,135,389</u>	<u>\$ 221,313,649</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2008, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2009	\$ 14,905,600	\$ 10,086,995	\$ 24,992,595
2010	15,775,467	9,418,406	25,193,873
2011	16,516,724	8,723,410	25,240,134
2012	16,734,179	8,006,319	24,740,498
2013	16,387,744	7,277,559	23,665,303
2014-2018	71,687,852	25,905,127	97,592,979
2019-2023	47,855,773	11,007,624	58,863,397
2024-2028	21,659,100	2,138,182	23,797,282
Deferred Loss	(208,790)	-	(208,790)
	<u>\$ 221,313,649</u>	<u>\$ 82,563,622</u>	<u>\$ 303,877,271</u>

For the year ended June 30, 2008, total principal and interest incurred related to general obligation bonds was \$12,734,806 and \$8,598,121.

Business Type Activities:

	Originally Issued	Outstanding at June 30, 2008
State of Maryland Water Quality Loan dated November 1990 4.894% - due serially to 2011.....	\$ 3,722,000	\$ 807,642
State of Maryland Water Quality Loan dated November 1991 4.458% - due serially to 2013.....	13,586,473	4,732,495
Consolidated Public Improvement Bonds of 1997 5.0%-4.5%-5.0%-5.25%-5.5%-4.8%-4.9%-5.0%-due serially to 2017.....	16,645,000	5,240,000
State of Maryland Water Quality Loan dated February 1999 2.39% - due serially to 2019.....	1,200,000	758,702
State of Maryland Water Quality Loan dated September 1999 2.52% - due serially to 2018.....	11,585,000	7,150,172
USDA Rural Development Bond of 2001 4.5% - due serially to 2031.....	1,080,000	939,774
Consolidated Public Improvement Bond of 2002 - 3.5% - 4.0% - 4.25% - 4.5% - 4.5% - 4.6% - 4.7% - 4.75% - 4.8% - 4.85% - 4.875%- due serially to 2022 ...	28,940,000	11,765,000
Refunding Bond of 2003 3.0% - 4.0% - 5.0% - due serially to 2012.....	17,472,031	9,547,019
Public Improvement Bond of 2004-2.0% - 2.625% - 2.875% - 3.125% - 3.25% - 3.375% - 3.5% - 4.0% - 4.1% - 4.125% - 4.25% - 4.3% - 4.375%- due serially to 2024.....	4,060,000	3,215,000
USDA Rural Development Bond of 2004 4.375% - due serially to 2034.....	210,000	195,150
Public Improvement Bond of 2005 - 3.0%-5.0% due serially to 2024.....	6,510,000	5,865,370
Public Improvement Bond of 2007 - 4.0% - 5% - due serially to 2027.....	24,695,000	24,695,000
Total Bonds Outstanding	129,705,504	74,911,324
Deferred Loss on Refunding	(1,982,955)	(760,915)
Total	<u>\$ 127,722,549</u>	<u>\$ 74,150,409</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2008, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirement</u>
2009	\$ 10,365,801	\$ 3,203,993	\$ 13,569,794
2010	10,384,820	2,764,010	13,148,830
2011	9,979,878	2,318,131	12,298,009
2012	6,595,166	1,892,109	8,487,275
2013	6,118,741	1,622,719	7,741,460
2014-2018	15,044,624	5,699,725	20,744,349
2019-2023	11,706,243	2,586,826	14,293,069
2024-2028	4,465,321	468,062	4,933,383
2029-2033	238,600	22,948	261,548
2034	12,130	333	12,463
Deferred Loss on Refunding	(760,915)	-	(760,915)
	<u>\$ 74,150,409</u>	<u>\$ 20,578,856</u>	<u>\$ 94,729,265</u>

For the year ended June 30, 2008, total principal and interest incurred related to business-type activities was \$ 10,924,897 and \$ 2,843,674.

d. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities: The balance at June 30, 2008 consists of two capital leases; a Waste to Energy lease with a balance of \$3,092,250 and new lease purchase with a balance of \$14,314,644. In July 2002, the County entered into a capital lease purchase agreement with Northeast Maryland Waste Disposal Authority to purchase the Harford Waste-to-Energy Facility. In April 2007, the county entered into a lease purchase agreement with M&T Bank for purchase of various capital assets.

<u>Fiscal Year Ending June 30,</u>	
2009	\$ 4,792,532
2010	4,753,332
2011	4,664,132
2012	4,627,732
2013	445,170
2014	22,120
Total minimum lease payments	<u>19,305,018</u>
Less: deferred interest	<u>(1,898,124)</u>
Present value minimum lease payments	<u>\$ 17,406,894</u>

For the year ended June 30, 2008, total principal and interest incurred related to capital leases was \$5,177,705 and \$1,019,477.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES– CONTINUED

The assets acquired through capital leases, by major classes, are as follows:

Capital Lease Assets	
Vehicles	\$ 6,782,435
Equipment	9,564,777
Harford Waste-to-Energy Facility	
Land	\$ 288,793
Buildings	3,594,428
Equipment	18,093,619
Vehicles	593,910
Total Waste-to-Energy Assets	22,570,750
Total Capital Lease Assets	\$ 38,917,962

Business Type Activities: The balance at June 30, 2008, of \$258,656 consists of a lease purchase agreement entered into with M&T bank in April 2007.

Fiscal Year Ending June 30,	
2009	\$ 70,261
2010	70,261
2011	70,261
2012	70,261
Total minimum lease payments	281,044
Less: deferred interest	(22,388)
Present value minimum lease payments	\$ 258,656

For the year ended June 30, 2008, total principle and interest incurred related to capital leases was \$58,856 and \$10,927.

The assets acquired through capital lease, by major classes, are as follows:

Capital Lease Assets	
Vehicles	\$ 135,500
Equipment	128,810
Total Capital Lease Assets	\$ 264,310

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Board of Education: The Board has entered into lease agreements as lessee to construct the administration building in the amount of \$11,400,223, which was completed in January 2007. The lease agreement is for a period of twenty-five years. The asset acquired and capitalized under the capital lease is a building, valued at \$10,852,395. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

<u>Fiscal Year Ending June 30,</u>		
2009	\$	823,822
2010		823,822
2011		823,822
2012		823,822
2013		823,822
2014-2018		4,119,110
2019-2023		4,119,110
2024-2028		4,119,110
2029-2030		1,647,644
Total minimum lease payments		18,124,084
Less: Amount Representing Interest		(7,259,669)
Present value minimum lease payments	\$	10,864,415

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Government activities: The balance at June 30, 2008, of \$10,590,000 consists of three notes payable. The note entered into this fiscal year for \$700,000 is for the purchase of land. The Waste-to-Energy, (WTE Retrofit) note payable to the Northeast Maryland Waste Disposal Authority, was entered into on July 1, 2004, to provide funds for an upgrade to the Harford Waste-to-Energy Facility. At June 30, 2008, all of the funds, \$10,469,336 have been spent and \$1,191,984 is in a Debt Service Reserve Fund. This facility is being purchased under a capital lease – details of which are recorded under **d. CAPITAL LEASE OBLIGATIONS**.

	<u>Principal Balance</u>	<u>Interest Paid</u>	<u>Annual Rate/</u>	<u>Payment</u>	<u>Date</u>
	<u>June 30, 2008</u>	<u>In Fiscal Year 2008</u>	<u>Payment Frequency</u>	<u>Began</u>	<u>Matures</u>
Q-4 LLC	\$ -	\$ 27,500	5.00%/Annually	Apr-07	Feb-08
Vest	700,000	-	5.00%/Annually	May-08	May-10
Washington Court	2,090,000	130,425	5.78%/Semi	Feb-02	Aug-15
WTE Retrofit	7,800,000	460,900	4.79%/Semi	Mar-05	Mar-14
	\$ 10,590,000	\$ 618,825			

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2009	\$ 1,725,000	\$ 559,315	\$ 2,284,315
2010	1,785,000	471,655	2,256,655
2011	1,495,000	377,736	1,872,736
2012	1,565,000	298,015	1,863,015
2013	1,635,000	214,325	1,849,325
2014-2016	2,385,000	175,599	2,560,599
	<u>\$ 10,590,000</u>	<u>\$ 2,096,645</u>	<u>\$ 12,686,645</u>

For the year ended June 30, 2008, total principal and interest incurred related to notes payable was \$1,980,000 and \$618,825.

Business Type Activities: In October 2002, the County entered into a loan agreement with the State Department of Business and Economic Development pursuant to the provisions of the Maryland Economic Development Assistance Authority and Fund. The proceeds were used to finance a portion of the Edgewood-Joppa Enterprise Zone project to extend the public sewer.

	<u>Principal Balance June 30, 2008</u>	<u>Interest Paid This Fiscal Year</u>	<u>Annual Rate/Payment Frequency</u>	<u>Payment Begin</u>	<u>Date Matures</u>
DBED Loans:					
Strescon Edgewood-Joppa	\$ 105,683	\$ 3,797	3.00%/Qtrly	Oct-03	Apr-11

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2009	\$ 34,230	\$ 2,834	\$ 37,064
2010	35,283	1,781	37,064
2011	36,170	827	36,997
	<u>\$ 105,683</u>	<u>\$ 5,442</u>	<u>\$ 111,125</u>

For the year ended June 30, 2008, total principal and interest, including accrued interest, incurred related to the notes payable was \$33,267 and \$3,797 (\$3,549 net of accruals).

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

f. LANDFILL CLOSURE LIABILITY

PRIMARY GOVERNMENT

Subtitle D of the Resource Conservation and Recovery Act of 1976, as amended, provides Federal guidelines and standards 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, 2008, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Assets:

		Beginning Balance	Current Year Additions (Deductions)	Ending Balance
Cumulative Liability for Open Landfills	\$	11,501,927	\$ 1,162,038	\$ 12,663,965
Estimated Liability for Closed Landfills		16,646,448	(226,116)	16,420,332
	\$	28,148,375	\$ 935,922	\$ 29,084,297

The Cumulative Liability for the Open Landfill represents the cost, based on use of 94.5 percent of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$736,105 as the remaining estimated capacity is used. As of June 30, 2008, it is estimated that the landfill has approximately one year before permitted space is filled.

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.

Unreserved Fund Balance has been designated to cover the Cumulative Liability for Open Landfills, in the amount of \$12,663,965, (see NOTE 4 – DETAILED NOTES ON ALL FUNDS, G. Fund Balance, b. Governmental Activities with Unreserved Fund Balances Designated for Other Purposes).

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The County was issued a Refuse Disposal Permit (2000-WMY-0570) on October 5, 2007, which provides for construction and operation new landfill cells at the Harford Waste Disposal Center. The first of the new landfill cells is expected to be operational in July 2010. The additional design capacity of the initial area of expanded landfill is approximately 675,000 cubic yards of municipal solid waste and is anticipated to have a service life of approximately four years. The total remaining service life of the permitted landfill is estimated to be 20 or more years, depending upon future waste management practices.

G. FUND BALANCE

a. GOVERNMENTAL ACTIVITIES WITH RESERVATION OF FUND BALANCE

Reservations of fund balance segregate a portion of the balance to indicate that these resources are for a specific purpose and are not available for appropriation for other purposes. As of June 30, 2008, fund balances were reserved as follows:

	<u>General</u>	<u>Highways</u>	<u>Grant</u>
Encumbrances	\$ 2,990,478	\$ 1,969,895	\$ 382,534
Dedicated Revenues	5,924,318	-	-
Inventory	-	1,964,376	-
Loan Receivable	695,894	-	-
	<u>\$ 9,610,690</u>	<u>\$ 3,934,271</u>	<u>\$ 382,534</u>
		Non-Major Parks and Recreation	
	<u>Capital Projects</u>	<u>Recreation</u>	<u>Total</u>
Encumbrances	\$ 15,049,049	\$ 44,199	\$ 20,436,155
Dedicated Revenues	8,330,608	-	14,254,926
Inventory	-	-	1,964,376
Loan Receivable	-	-	695,894
	<u>\$ 23,379,657</u>	<u>\$ 44,199</u>	<u>\$ 37,351,351</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

**b. GOVERNMENTAL ACTIVITIES WITH UNRESERVED FUND BALANCES
DESIGNATED FOR OTHER PURPOSES**

As of June 30, 2008, Unreserved Fund Balances designated for other purposes are as follows:

	General	Agricultural Land Preservation	Total
Designated for Landfill Closure Costs	\$ 12,663,965	\$ -	\$ 12,663,965
Waste to Energy Plant Closure	63,350	-	63,350
Designated for Future Principal Payments on Development Rights	-	32,953,506	32,953,506
	<u>\$ 12,727,315</u>	<u>\$ 32,953,506</u>	<u>\$ 45,680,821</u>

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE

PRIMARY GOVERNMENT

The County carries commercial property insurance coverage with a \$2,500 deductible on real and personal property, and a \$25,000 deductible for physical damage to County-owned vehicles.

Since July 1, 1982, the County has been 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 \$350,000 retention for General and Automobile liability claims and \$350,000 retention for Workers' Compensation claims (\$400,000 for Sheriff's Office). The County is also required to maintain reserve funds of \$750,000 for Workers' Compensation claims in accordance with Article 101, Section 16 of the Code of Public General Laws of Maryland.

The pending claims liability of \$4,990,720 reported in the fund at June 30, 2008, is comprised of estimates of outstanding losses (including allocated loss adjustment expenses, ALAE, which are the direct expenses to settle specific claims) and losses projected to be paid as of June 30, 2008, and June 30, 2009. The estimated outstanding losses are the cost of unpaid claims, including case reserves, the development of known claims and claims incurred but not reported, IBNR claims. The amounts are limited to the self-insured retention. No estimate was made for unpaid unallocated loss adjustment expenses, which are typically 5 percent to 10 percent. 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

The changes in the fund’s claims liability are as follows:

Fiscal Year	Beginning of Year	Changes in Estimates	Payments	End of Year
2007	\$ 5,288,406	\$ 1,109,203	\$ (1,233,003)	\$ 5,164,606
2008	\$ 5,164,606	\$ 1,543,357	\$ (1,717,243)	\$ 4,990,720

COMPONENT UNITS

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

Harford 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; injuries to employees; and natural disasters. The College purchases commercial insurance to protect its interests.

Harford County Library: The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a component unit of Harford County, Maryland, insurance for such losses is purchased from Harford County each year via a reduction in annual appropriations. Harford County purchases commercial insurance to cover the Library’s buildings. Other claims are covered by Harford County’s Self Insurance fund. As a condition to this participation, the Library must provide a physical inventory of all building contents, which the risk management department of the County appraises for insurance purposes. In addition, Harford County performs an inspection of all Library buildings annually. There have been no significant reductions in insurance coverage from the prior year. In addition, the amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

B. COMMITMENT AND CONTINGENCIES

PRIMARY GOVERNMENT

The County is involved in numerous lawsuits that normally occur in governmental operations, including claims for personal injury and personnel practices and disputes over contractual obligations and condemnation proceedings. The County has provided allowances for estimated probable losses on outstanding claims and incurred but not reported claims. The County is actively defending its position in each of these cases. In the opinion of the County officials and solicitors, resolution of these matters will not have a material adverse effect on the financial statements.

The County and Component Units receive significant financial assistance from the U.S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowance as a result of these audits becomes a liability of the County. As of June 30, 2008, the County estimates that no material liabilities will result from such audits.

As of June 30, 2008, the County had the following commitments with respect to unfinished capital projects:

	Project Appropriation	Total Expenditures	Amount Funded	Required Future Funding
General County	\$ 128,469,280	\$ 60,122,135	\$ 78,120,884	\$ 50,348,396
Fire/Safety	54,857,218	37,459,548	54,697,282	159,936
Harford County Library	21,677,898	19,488,334	21,637,898	40,000
Harford Community College	19,297,613	13,414,412	16,090,554	3,207,059
Landfill	29,929,116	15,911,668	19,131,966	10,797,150
Parks and Recreation	73,929,325	48,671,471	58,407,146	15,522,179
Highways	113,240,211	74,588,322	96,952,553	16,287,658
Board of Education	270,304,544	220,275,774	237,400,390	32,904,154
	<u>\$ 711,705,205</u>	<u>\$ 489,931,664</u>	<u>\$ 582,438,673</u>	<u>\$ 129,266,532</u>

COMPONENT UNITS

Board of Education: The Board has been named as defendant in several lawsuits, the outcome of which is 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 their financial statements.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

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 1997, 2002, 2004, 2005 and 2007.

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. The County has determined it may be liable to the federal government for arbitrage rebate on the proceeds of the 2004 and 2005 General Obligations issues. The County believes the liability, if any, is not material to the financial statements.

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, 2008, there were 16 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding, for the ten bonds issued after July 1, 1996, is \$56.5 million as of June 30, 2008. The aggregate principal amount payable for the nine series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$28.3 million.

E. RETIREMENT PLANS

a. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

Plan Description: The employees of the reporting entity, other than certain correctional employees, who are covered by the Sheriff's Office Pension System, are covered by either the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, or the Law Enforcement Officers' Pension System. These plans are administered by the State Retirement and Pension System of Maryland (the System). The State of Maryland is the primary sponsor of this multi-employer, defined benefit system which provides pension benefits

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 – OTHER INFORMATION– CONTINUED

and death and disability benefits to plan members and their beneficiaries. The State Personnel and Pensions Article of the Annotated Code of Maryland specify all plan benefits to plan members. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, or by calling 410-946-5900.

Funding Policies: Plan Members of the Employees’ Retirement System contribute up to 7 percent of their covered salary. Effective July 1, 2006, the Governor signed House Bill 1737, State Employees’ and Teachers’ Pension Enhancement Benefit Act of 2006. In order to fund the improved plan an increased employee contribution rate will be phased in over the next three years. Members of the Employees’ Pension System contributed 4 percent of their covered salary in fiscal year 2008; in the next fiscal year, employees will contribute 5 percent of their covered salary. Members of the Law Enforcement Officers’ Pension System contribute 4 percent of their covered salary. The County and its component units are required to contribute at an actuarially determined rate.

The contribution requirements of plan members of the reporting entity are established and may be amended by the System Board of Trustees. The contributions for the fiscal year ending June 30th to the System, exclusive of contributions made directly by the State of Maryland, were equal to the actuarially determined amount, as follows:

	<u>2008</u>		<u>2007</u>		<u>2006</u>
Primary Government	\$ 11,409,372	\$	8,865,581	\$	4,360,024
Component Units:					
Board of Education	3,183,434		2,662,247		2,187,791
Harford Community College	49,780		42,841		38,715
Harford County Library	129,063		110,742		86,415

b. PENSION PLAN – VOLUNTEER FIREMEN

The County instituted and began administering a single employer defined benefit length of service award program, or LOSAP, for volunteer firemen and ambulance personnel on January 31, 1975. The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Harford County Government, Treasurer’s Office, 220 South Main Street, Bel Air, Maryland 21014, or by calling 410-638-3316.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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

Retirees and beneficiaries currently receiving benefits	334
Terminated plan members entitled to, but not yet receiving benefits	265
Active plan members	<u>1,097</u>
Total	<u><u>1,696</u></u>

Basis of Accounting: The Firemen’s LOSAP plan uses the accrual basis of accounting. The County contributions are revenues in the period in which volunteer services are performed. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method used to Value Investments: Investments are reported at market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments of the volunteer firemen’s LOSAP plan.

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

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

Annual Required Contribution	\$ 1,387,771
Contributions made	<u>1,387,771</u>
Net Pension Obligation, Beginning and end of the year	\$ <u><u>-</u></u>

Actuarial Information: The annual required contribution for the current year was determined as part of the September 30, 2007 , actuarial valuation using the entry age normal funding method, with a 20 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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

is calculated at each valuation date as the present value of all plan benefits, less current assets. The actuarial assumptions included a 6 percent investment rate of return compounded annually. The Firemen are voluntary and therefore would not have a projected salary increase. The assumptions did not include post retirement benefit increases since none are provided. The actuarial value of assets was determined using market value as of June 30, 2007, plus adjustments to September 30, 2007.

Three years of trend information is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$ 946,098	100%	NONE
2007	1,046,218	100%	NONE
2008	1,387,771	100%	NONE

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

The County instituted and began administering a single employer defined benefit pension plan, the Sheriff’s Office Pension System (the SOPS) effective July 1, 1997, for certain law enforcement and correctional employees of the Office of the Sheriff of Harford County. The SOPS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Harford County Government, Treasurer’s Office, 220 South Main Street, Bel Air, Maryland 21014, or by calling 410-638-3316.

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

Plan Description: Harford County Bill No. 97-20 assigns the authority to establish and amend the benefit provisions of the plan to the government by county ordinance. The SOPS provides retirement, disability and death benefits to plan members and their beneficiaries. Effective July 1, 2005, per Bill 05-22, the cost of living increase of the CPI-U is limited to 3 percent applied each July 1 for all participants in pay status for the requisite 12 months.

The membership data related to THE SOPS at June 30 was as follows:

<u>Plan Participants</u>	
Retirees and beneficiaries currently receiving benefits	56
Terminated plan members entitled to, but not yet receiving benefits	5
Terminated non-vested participants who had not yet received their employee contributions	6
Active Plan members	<u>118</u>
Total	<u>185</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

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

Method used to Value Investments: Investments are reported at fair market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The County has hired an investment firm to manage the investments of the Sheriff’s Office Pension System.

Contributions and Funding Policy: Plan members are required to contribute 7 percent of their annual covered salary. The County is required to contribute at an actuarially determined rate, currently 34.9 percent of covered payroll. Per Bill 97-20, contribution requirements of the plan members and the County are established and may be amended by County legislature. Administrative costs of the SOPS are to be paid by the trust unless the County decides to do so.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to the County for the SOPS are as follows:

Annual Required Contribution	\$	2,388,571
Contributions made		<u>2,388,571</u>
Net Pension Obligation, Beginning and end of the year	\$	<u>-</u>

Actuarial Information: The annual required contribution for the current year was determined as part of the July 1, 2007, actuarial valuation using the projected unit cost method. Under this method, the actuarial liability represents the present value of projected benefits prorated for service to date for current participants. The normal cost represents the present value of projected benefits allocated to the current year for active participants who have not attained normal retirement age. Any actuarial gains and losses resulting from actual plan experiences either more or less favorable than anticipated on the basis of the actuarial assumptions and asset valuation method will result in direct adjustments of the unfunded actuarial accrued liability. These adjustments will be amortized over a rolling 15-year period.

Generally, contributions toward the funding of the plan are derived as the sum of the normal cost and a payment toward the amortization of the unfunded actuarial liability. The original unfunded accrued liability will be amortized over the next 15 years, closed; various adjustments are being amortized over 15 to 29 years, closed. Payments toward the unfunded liability increase by 3 percent per year. The actuarial assumptions included (a) a 7.50 percent investment rate of return compounded annually and (b) salary increases of 9.50 percent for each of the first four years of service, 6.50 percent for the fifth year, 5.50 percent for each of the next five years, 5.00 percent for each of the next 15 years, and 3.50 percent annually thereafter.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

Three years of trend information is as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2006	\$ 4,789,795	100%	NONE
2007	1,410,000	100%	NONE
2008	2,388,571	100%	NONE

d. PENSION PLANS – COMPONENT UNITS

Harford Center, Inc.: The Center participates in a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees of the Center. Employees may make contributions to the Plan up to a maximum amount allowed by the Internal Revenue Code. Plan expenses were \$10,000 for the year ended June 30, 2008.

F. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

Beginning in fiscal year 2008 the County administers a single employer defined benefit post-employment health care plan, titled Other Post Employment Benefit (OPEB) Plan (the Plan). The County established a trust to act solely as a funding mechanism for the employers cost of benefits provided by the OPEB Plan. This trust fund is included solely in these financial statements, as an Other Post Employment Benefits Trust Fund.

Plan Description: The County’s OPEB Plan is established by the Administrative Policy on Retiree Medical Benefits (APRMB) of Harford County, Maryland, effective July 1, 1994, as amended. The APRMB defines the terms, including eligibility and benefits, of the retiree health and welfare benefits provided by the County. Employees of the County who retire from active County service with a pension benefit under the Maryland State Retirement System or the Sheriff’s Office Pension System may receive a subsidy toward the purchase of group health benefits. The Director of Human Resources may amend the APRMB at any time, or terminate the APRMB, or any portion thereof, at any time for any reason.

Under the current APRMB retirees may continue the same medical, dental, vision and life insurance coverage they had (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 their years of service with the County. A minimum of ten years is required for a subsidy. 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

The subsidy related to years of service, effective July 1, 2008 is:

<u>Years of Credit Service</u>	<u>Percent of Coverage</u>
10 years or more	75%
15 years or more	80%
20 years or more	85%
25 years or more	90%

Membership in the plan consisted of the following at the most recent actuarial valuation:

<u>Plan Participants</u>	
Retirees and beneficiaries currently receiving benefits	
Retirees (Pre-Medicare)	216 *
Retirees (Medicare Age)	221 *
Active Employees	<u>1,428</u>
Total	<u>1,865</u>

* Does not include spouses

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

Funding Policy: The County is not required by law or contractual agreement to provide funding for retiree benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County may contribute to the Trust Fund those amounts that the County Council appropriates. All contributions and all earnings and other additions, less payments, constitute the assets of the Trust Fund; which must be held for the exclusive benefit of participants covered by the APRMB. The Trust may be, but is not required to be, the sole source of funding for the employers share of the cost of benefits to be provided under APRMB. The County contributed the full ARC during fiscal year 2008; the retirees paid \$678,937 toward the cost of their benefits. The Trust reimbursed the County for the County's share of retiree's premiums of \$1,501,000. In addition the hidden subsidy, actuarially estimated at \$661,000 for FY2008, transferred from Trust to the County, leaving Trust Assets of \$12,032,859, derived as follows:

Trust Asset Balance as of July 1, 2007	\$ -
County Contribution	14,198,000
Retirees Contributions	679,405
Payment for County's Share of Premiums	(1,504,141)
Payment for Retirees Share of Premiums	(679,405)
Estimated Hidden Subsidy Transfer	<u>(661,000)</u>
Trust Asset Balance as of June 30, 2008	<u>\$ 12,032,859</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2008 were as follows:

Annual Required Contribution	\$	14,198,000
Contributions made		14,198,000
Net OPEB Obligation, Beginning and end of the year	\$	-

Funding Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of June 30, 2008; going forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The funded status at the most recent, and original actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL)— Entry Age (2)	Unfunded AAL (UAAL) (2 – 1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2 – 1)/3)
10/26/2006	\$ -	\$ 126,613,000	\$ 126,613,000	-	\$84,351,442	150.1%

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The annual required contribution for the current year was determined as part of the October 26, 2006 actuarial evaluation using the projected unit method; it is being amortized over a period of 30 years. The actuarial assumptions include an 8 percent investment rate of return compounded annually. The funding method is level percentage of projected payroll. Payroll is assumed to increase at 3.5 percent per annum. This assumption is used to determine the level percentage of payroll amortization factor.

Medical costs are assumed to increase 10.5 percent from 2005 to 2006, decreasing 1 percent per year to an ultimate rate of 5.5 percent. While medical costs have increased by a rate well above 5.5 percent in recent years, prevailing practice is to assume that these increases will slow in the future. The long-term assumption is consistent with CMS's (Centers for Medicare & Medicaid Services), office of the actuary's assumption for per-capita increases in medical costs.

COMPONENT UNITS

The Board of Education (the Board) provides certain medical, dental and life insurance benefits for retired employees with at least 10 years of service, including supplemental coverage for retirees 65 years and older. The Board pays 90 percent of the medical, dental and life insurance premiums. Life insurance benefits range from \$20,000 at retirement to \$10,000 after 5 years of retirement. The Board'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. During fiscal year 2008, the total cost of these benefits amounted to \$12,404,827. Approximately 1,882 retirees were eligible and 1,730 were receiving these benefits.

The Board's OPEB cost is calculated based on the ARC, an amount that was actuarially determined in accordance with the parameters of GASB 45. At June 30, 2008 the Board's ARC, contributions made and net OPEB obligation were:

Net OPEB Obligation – beginning of the year	\$	-
Annual Required Contribution (ARC)		34,905,000
Contributions made		<u>(26,415,185)</u>
Net OPEB Obligation – end of the year	\$	<u>8,489,815</u>

The Harford Community College (the College) sponsors post-employment benefits, medical and prescription, which are funded on a pay-as-you-go basis. The College allows access to the plan if the retiree has at least 15 years of employment service and is receiving retirement benefits from the State Retirement and Pension system. Retirees pay 100 percent of the premium; prior to Medicare eligibility retirees benefit from an implicit subsidy. Dependents and surviving spouses of participants are allowed access to the plan but must also pay the full premium. As of June 30, 2008, there were 15 retirees under age 65 and 33 aged 65 or older. The 2008 fiscal year cost for the College was \$64,470.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – OTHER INFORMATION– CONTINUED

The College's OPEB cost is calculated based on the ARC of the employer, an amount that was actuarially determined in accordance with the parameters of GASB 45. At June 30, 2008, the College's annual required contribution; contributions made and net OPEB obligation were:

Net OPEB Obligation – beginning of the year	\$ -
Annual Required Contribution (ARC)	64,470
Contributions made	<u>(41,453)</u>
Net OPEB Obligation – end of the year	\$ <u>23,017</u>

The Harford County Library (the Library) provides a portion of medical and dental insurance benefits to eligible employees who retire from the Library. The Library pays 50 percent of the premiums for retirees—offering single or husband/wife coverage. If coverage is not selected at the time of retirement it is not available at a later date. As of June 30, 2008, there were 37 retirees and 17 spouses enrolled in the retiree medical plans. The 2008 fiscal year cost for the Library was \$108,254. The Library's contributions are financed on a pay-as-you-go basis through the County.

The Library's OPEB cost is calculated based on the ARC, an amount that was actuarially determined in accordance with the parameters of GASB 45. At June 30, 2006, the most recent actuarial valuation date, the Library's ARC; contributions made and net OPEB were:

Net OPEB Obligation – beginning of the year	\$ -
Annual Required Contribution (ARC)	1,077,005
Contributions made	<u>(108,254)</u>
Net OPEB Obligation – end of the year	\$ <u>968,751</u>

G. SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

The County passed three bills authorizing future debt, the bills are:

- Bill 08-35, effective August 25, 2008, authorizing the sale of bonds for a maximum amount of \$155,050,000, proceeds to be used for General County Capital Projects
- Bill 08-36, effective August 18, 2008, authorizing the sale of bonds for a maximum amount of \$23,055,000, proceeds to be used for Water & Sewer Capital Projects
- Bill 08-37, effective September 15, 2008, authorizing the sale of bonds for a maximum amount of \$11,440,000, proceeds to be used for lease purchases

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

**HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PENSION TRUST FUNDS**

Schedule 1

SHERIFF'S OFFICE PENSION SYSTEM

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Projected Unit Cost	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((2-1)/5)
7/1/2005	\$ 29,066,454	\$ 60,388,789 ¹	48.1%	\$ 31,322,335	\$ 17,077,674	183.4%
7/1/2006	24,009,239	37,394,897 ²	64.2%	13,385,658	4,828,725	277.2%
7/1/2007	26,445,775	40,988,678	64.5%	14,542,903	6,222,088	233.7%

¹ Represents increase in plan's cost of living adjustment from a maximum 1.5% to a maximum of 3% per year.

² Adjusted by the accrued transfer of assets to the state LEOPS as of July 1, 2006.

VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((2-1)/5)
9/30/2005	\$ 10,692,198	\$ 20,867,164	51.2%	\$ 10,174,966	N/A	N/A
9/30/2006	11,620,886	21,928,036	53.0%	10,307,150	N/A	N/A
9/30/2007	13,307,771	24,290,687	54.8%	10,982,916	N/A	N/A

N/A Not applicable because the volunteers are not compensated.

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

Schedule 2

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Projected Unit Credit	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll ((2-1)/5)
10/26/2006	\$ -	\$ 126,613,000	0.0%	\$ 126,613,000	\$ 84,351,442	150.1%

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

Schedule 3

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 14,198,000	100%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	10/26/2006
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level Percentage of Projected Payroll
Remaining amortization factor	16 (rounded)
Asset valuation method	Market Value
Actuarial assumptions:	
Discount Rate	8%
Projected salary increases	3.50%

Supplementary Information

Schedules and Combining Statements

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

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the County and is used to account for all financial resources except for those required to be accounted for in another fund.

Special Revenue Fund

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

Capital Projects Fund

General County Capital Projects Fund – This fund accounts for the financial resources used in the acquisition, renovation, and construction of major general county capital assets, including general government, education, library, public safety, public works, and parks and recreation projects.

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
TAXES				
911 Program Fee	\$ 1,700,000	\$ 1,700,000	\$ 1,763,506	\$ 63,506
Abatements - Prior years	(200)	(200)	-	200
Admissions and Amusement Tax	525,000	525,000	503,188	(21,812)
Corporate Property/Current Year	7,800,485	7,800,485	9,530,388	1,729,903
Corporate Property/Prior Years	(250,000)	(250,000)	161,693	411,693
Business Personal Property/Current Year	413,419	413,419	324,055	(89,364)
Business Personal Property/Prior Years	(50,000)	(50,000)	(4,503)	45,497
County Service Charges	250,000	250,000	785,680	535,680
Delinquent Tax Costs	65,000	65,000	99,564	34,564
Impact Fees	4,241,017	4,241,017	2,669,380	(1,571,637)
Income Taxes/Current Year	166,040,120	166,040,120	160,859,980	(5,180,140)
Income Taxes/Prior Years	4,257,439	4,257,439	3,477,281	(780,158)
Interest on Delinquent Taxes	775,000	775,000	961,458	186,458
Mobile Home Excise Tax	220,000	220,000	220,590	590
Payment in Lieu of Taxes	160,000	160,000	280,379	120,379
Penalty	675,000	675,000	886,938	211,938
Railroad and Public Utilities	13,034,181	13,034,181	11,924,611	(1,109,570)
Real Property - Full Year Levy	202,455,526	202,455,526	201,761,096	(694,430)
Real Property - Half Year Levy	926,000	926,000	1,058,964	132,964
	<u>403,237,987</u>	<u>403,237,987</u>	<u>397,264,248</u>	<u>(5,973,739)</u>
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,200,000)	(1,200,000)	(1,025,259)	174,741
Enterprise Zone Tax Credit	(1,500,000)	(1,500,000)	(1,258,358)	241,642
Homeowner's Tax Credit - County	(750,000)	(750,000)	(276,283)	473,717
Community Association Credit	(6,500)	(6,500)	(5,990)	510
Conservation Land Tax Credit	(1,500)	(1,500)	(1,500)	-
Discounts Allowed on Taxes	(1,350,000)	(1,350,000)	(1,314,804)	35,196
Historical Tax Credit	(4,500)	(4,500)	-	4,500
Homestead Tax Credit - County	(13,863,345)	(13,863,345)	(13,091,267)	772,078
Landfill Proximity Credit	(25,000)	(25,000)	(26,188)	(1,188)
Natural Disaster Tax Credit	(2,500)	(2,500)	(2,267)	233
Solar Energy Credit	-	-	(1,000)	(1,000)
Surviving Spouse - Fallen Hero Tax Credit	(8,000)	(8,000)	(8,404)	(404)
Surviving Spouse - Veterans Tax Credit	(2,600)	(2,600)	-	2,600
Uncollectible Property Taxes	(100,000)	(100,000)	(103,796)	(3,796)
	<u>(18,813,945)</u>	<u>(18,813,945)</u>	<u>(17,115,116)</u>	<u>1,698,829</u>
Total Taxes	384,424,042	384,424,042	380,149,132	(4,274,910)
REVENUES FROM OTHER AGENCIES				
Civil Defense Rebate	120,000	120,000	100,853	(19,147)
Electrical Deregulation Grant	860,767	860,767	832,651	(28,116)
Jury Compensation	145,000	145,000	156,600	11,600
Police Protection	1,950,000	1,950,000	1,964,934	14,934
Stormwater Management - Town	4,000	4,000	4,405	405
Total Revenues from Other Agencies	3,079,767	3,079,767	3,059,443	(20,324)
INVESTMENT INCOME	5,338,000	5,338,000	6,056,720	718,720

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	25,000	25,000	22,647	(2,353)
Admin Fee - COBRA Insurance	1,200	1,200	1,144	(56)
Auto Commute - County Employees	7,000	7,000	5,982	(1,018)
Bad Check Fee	2,500	2,500	2,150	(350)
Bel Air Police Dispatching	42,000	42,000	-	(42,000)
Board of Prisoners	2,600,000	2,600,000	2,453,328	(146,672)
Building Plan Review	300	300	240	(60)
Building Reinspection Fee	25,000	25,000	7,000	(18,000)
Child Custody	15,000	15,000	14,774	(226)
Commissions	100,000	100,000	136,647	36,647
Community Work Service	19,000	19,000	19,225	225
Concept Plans	8,000	8,000	12,312	4,312
Data Processing Services	3,000	3,000	-	(3,000)
Design Review	1,000	1,000	4,346	3,346
Detention Center Commissary	225,000	225,000	263,160	38,160
Election Fees	18,000	18,000	1,070	(16,930)
Electrical Reinspection Fees	12,000	12,000	4,825	(7,175)
Extension Preliminary Plan Approval	1,500	1,500	815	(685)
False Alarm Service Charges	45,000	45,000	11,175	(33,825)
Final Plats	45,000	45,000	28,570	(16,430)
Flying Point and Mariner Park Revenue	18,000	18,000	12,490	(5,510)
Food Service Licenses	100,000	100,000	109,598	9,598
Forest Conservation Plan Review	42,000	42,000	21,172	(20,828)
Forest Stand Delineation Review	25,000	25,000	8,636	(16,364)
Harford Cable Network	25,000	25,000	33,914	8,914
Hazardous Material Spill Cleanup	20,000	20,000	35,471	15,471
Household Waste - Private Vehicle Charge	425,880	425,880	405,944	(19,936)
Inmate Fees for Medical Services	12,000	12,000	6,093	(5,907)
IRB Administration	8,000	8,000	11,269	3,269
Miscellaneous Revenue - Planning & Zoning	5,000	5,000	4,362	(638)
Miscellaneous Revenue - Sheriff's Office	25,000	25,000	26,711	1,711
Onsite Inspection Fees	-	-	2,781	2,781
Percolation Tests	85,000	85,000	49,000	(36,000)
Photographs	150	150	176	26
Plotting Service - GIS	200	200	15	(185)
Plumbing Reinspection Fees	5,000	5,000	2,653	(2,347)
Police Reports	10,000	10,000	15,823	5,823
Postage	350	350	173	(177)
Public Swimming Pool & Spa Permit	20,000	20,000	18,500	(1,500)
Publications	1,600	1,600	804	(796)
Recycled Batteries	4,000	4,000	5,030	1,030
Recycled Scrap Metal	175,000	175,000	298,163	123,163
Recycling Revenue - Miscellaneous	225,000	225,000	297,144	72,144
Reproduction	32,000	32,000	21,696	(10,304)
Sanitation Construction Permit Fee	35,000	35,000	16,896	(18,104)
Sanitation Permits	16,000	16,000	8,130	(7,870)
Sale of Compost - Scarboro	16,603	16,603	28,171	11,568
Sale of Mulch - Scarboro	84,022	84,022	80,467	(3,555)
Sale of Plans and Specifications	1,700	1,700	8,619	6,919
Sale of Promotional Items	8,000	8,000	7,618	(382)

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		ESTIMATED REVENUES
CHARGES FOR CURRENT SERVICES (continued)				
Screen Dump - GIS	50	50	-	(50)
Sheriff's Fees	280,000	280,000	317,043	37,043
Sheriff's Licenses	11,500	11,500	12,315	815
Site Plans	35,000	35,000	21,557	(13,443)
Social Security Payments-Inmates	12,000	12,000	16,200	4,200
State Park Revenue - DNR	40,000	40,000	47,421	7,421
Stationary and Forms	200	200	36	(164)
Subdivision Plans	100,000	100,000	106,700	6,700
Subdivision Plat Review	20,000	20,000	12,645	(7,355)
Tax Lien Certification	310,000	310,000	211,775	(98,225)
Technical Review	65,000	65,000	60,314	(4,686)
Telephone Service	20,000	20,000	19,800	(200)
Tipping Fee Credit	(75,000)	(75,000)	(39,997)	35,003
Tipping Fee Balt Co Waste Exchange	-	-	485,082	485,082
Tire Disposal Fees	3,600	3,600	3,166	(434)
Topographic Maps - GIS	500	500	60	(440)
Weekend Prisoner Revenue	45,000	45,000	56,956	11,956
Well Sampling	55,000	55,000	31,370	(23,630)
Work Release Revenue	175,000	175,000	150,074	(24,926)
WTE - Credit	(415,000)	(415,000)	(406,294)	8,706
WTE - Permitted Materials	400,000	400,000	524,762	124,762
WTE - Recovered Materials	15,000	15,000	19,904	4,904
WTE - Steam Sales	5,500,000	5,500,000	5,705,565	205,565
WTE - Tipping Fees	5,426,400	5,426,400	5,850,706	424,306
WTE - Tire Disposal	400,000	400,000	420,812	20,812
Zoning Appeals	30,000	30,000	32,540	2,540
Solid Waste Tipping Fee	1,713,600	1,713,600	915,816	(797,784)
Total Charges for Current Services	18,788,855	18,788,855	19,103,257	314,402
MISCELLANEOUS				
Edgewood Community Center	12,000	12,000	13,561	1,561
Grant Unemployment	40,000	40,000	46,906	6,906
Interest on Miscellaneous Invoices	21,200	21,200	18,885	(2,315)
Miscellaneous Revenue	125,200	125,200	60,398	(64,802)
Over and Short	(350)	(350)	(282)	68
Parole and Probation	-	-	1,317	1,317
Postage	215,000	215,000	238,363	23,363
Recovery from Capital Projects	30,000	30,000	134,003	104,003
Reimbursement from Highways	2,500,004	2,500,004	2,500,004	-
Reimbursement from Water and Sewer Fund	1,769,788	1,769,788	1,769,788	-
Rental Income	125,000	125,000	313,266	188,266
Reproduction - Print	80,000	80,000	72,726	(7,274)
Sale of Usable Property	60,000	60,000	289,731	229,731
Stationary/Forms	15,000	15,000	6,400	(8,600)
Traffic Safety Recovery	881,330	881,330	881,330	-
Transportation Recovery	2,800,000	2,800,000	2,800,000	-
Trust & Agency - Risk Management	1,532,131	1,532,131	1,204,566	(327,565)
Total Miscellaneous	10,206,303	10,206,303	10,350,962	144,659

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		ESTIMATED REVENUES
<u>LICENSES AND PERMITS</u>				
Auctioneers Licenses	7,000	7,000	4,900	(2,100)
Beer, Wine and Liquor Licenses	18,000	18,000	37,702	19,702
Building Inspection Services	160,000	160,000	111,339	(48,661)
Building Penalty	12,000	12,000	14,140	2,140
Building Permits	725,000	725,000	555,749	(169,251)
Cable TV	1,100,000	1,100,000	1,208,177	108,177
Close Out Sales Licenses	75	75	125	50
Dog Licenses	80,000	80,000	66,612	(13,388)
Electrical Board of Examiners	30,000	30,000	29,217	(783)
Electrical Inspections	400,000	400,000	269,758	(130,242)
Electrical Postcard Permits	5,000	5,000	1,635	(3,365)
Electrical Penalty	6,000	6,000	7,475	1,475
Forest Harvest Permit	1,400	1,400	4,675	3,275
Kennel Licenses	2,000	2,000	1,150	(850)
Marriage Licenses	13,000	13,000	13,465	465
Marriage Licenses/Spouse Abuse	35,000	35,000	37,465	2,465
Mobile Home Park Licenses	8,000	8,000	10,560	2,560
Pawnbrokers Licenses	1,000	1,000	900	(100)
Pet Shop/Grooming Licenses	1,200	1,200	1,200	-
Plumbing Licenses	50,000	50,000	59,354	9,354
Plumbing Penalty	500	500	2,600	2,100
Plumbing Permits	525,000	525,000	321,880	(203,120)
Plumbing Postcard Permits	40,000	40,000	35,675	(4,325)
Refuse Licenses	7,000	7,000	6,950	(50)
Solicitors Licenses	400	400	148	(252)
Taxi Cab Licenses	1,900	1,900	2,021	121
Towing Licenses	5,500	5,500	5,025	(475)
Traders Licenses	235,000	235,000	298,975	63,975
Total Licenses and Permits	3,469,975	3,469,975	3,108,872	(361,103)
<u>FINES AND FORFEITURES</u>				
Court Fines	30,000	30,000	5,214	(24,786)
Dog License Fines	6,000	6,000	6,851	851
Parking Fines	55,000	55,000	38,650	(16,350)
Parking Fines - County Lots	35,000	35,000	45,290	10,290
Total Fines and Forfeitures	126,000	126,000	96,005	(29,995)
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	25,657,817	33,691,083	19,421,072	(14,270,011)
Operating Transfers In				
Capital Projects	17,836,944	17,836,944	12,249,070	(5,587,874)
Pooled Interest	3,140,200	3,140,200	1,932,888	(1,207,312)
Total Operating Transfers In	20,977,144	20,977,144	14,181,958	(6,795,186)
Bond Premium	-	-	160,153	160,153
Total Other Financing Sources	46,634,961	54,668,227	33,763,183	(20,905,044)
Total General Fund Revenues and Other Financing Sources	\$ 472,067,903	\$ 480,101,169	\$ 455,687,574	\$ (24,413,595)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 185,030	\$ 188,094	\$ 163,291	\$ 24,803
County Council Office	1,282,016	1,348,742	1,207,354	141,388
Cultural Arts Board	105,515	110,399	96,478	13,921
Harford Cable Network	759,732	780,201	777,805	2,396
People's Counsel	72,408	72,408	48,632	23,776
Total County Council	2,404,701	2,499,844	2,293,560	206,284
GENERAL GOVERNMENT				
Office of the County Executive				
County Executive	1,257,953	1,284,088	1,165,048	119,040
Chief of Staff	241,771	256,288	228,527	27,761
Division of Agricultural	409,265	416,764	367,760	49,004
Office of Governmental and Community Relations				
Office of the Director	583,544	615,299	567,460	47,839
Director of Administration				
Administration	831,831	930,464	656,781	273,683
Budget & Management Research	679,170	717,496	642,860	74,636
Central Services	1,031,167	1,049,334	982,472	66,862
Computer Support	1,239,464	1,292,011	1,180,473	111,538
Facilities & Operations	5,366,693	5,389,490	5,036,255	353,235
Geographic Information Systems	493,282	520,082	488,744	31,338
Information System Administration	972,117	1,017,189	1,000,750	16,439
Management Information Systems	1,946,867	2,050,133	2,018,089	32,044
Risk Management	660,929	771,292	756,661	14,631
Department of Procurement				
Procurement Operations	997,375	1,061,995	893,736	168,259
Property Management	2,783,997	2,820,409	2,699,785	120,624
Department of the Treasury				
Bureau of Accounting	2,617,602	2,753,523	2,484,067	269,456
Bureau of Revenue Collections	910,796	951,504	837,408	114,096
Office of the Treasurer	615,906	639,107	624,595	14,512
Solid Waste Accounting	115,137	132,663	132,629	34
Department of Law	1,949,593	2,068,663	1,972,454	96,209
Department of Planning & Zoning				
Comprehensive Planning and Special Projects	1,092,941	1,165,840	1,078,465	87,375
Current Planning	1,826,877	1,939,877	1,908,690	31,187
Office of the Director	320,189	341,367	331,741	9,626
Department of Personnel				
Human Resources	997,636	1,084,492	973,664	110,828
Personnel Matters	1,249,900	1,219,300	948,008	271,292
Elections				
Election Expense	699,569	784,569	709,873	74,696
Supervisor of Elections	987,426	902,426	870,798	31,628
Economic Development				
Office of Economic Development	1,980,053	2,057,419	2,053,033	4,386
Benefits	4,476,266	6,126,837	3,339,185	2,787,652

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
<u>GENERAL GOVERNMENT, continued</u>				
Miscellaneous				
Appropriations to Towns	1,831,977	1,831,977	1,831,977	-
Contingency Reserve	100,000	100,000	-	100,000
Tourism & Marketing	223,101	217,490	216,222	1,268
Insurance	1,167,106	1,167,106	1,167,106	-
Maryland School for the Blind	75,002	75,002	51,894	23,108
Total General Government	42,732,502	45,751,496	40,217,210	5,534,286
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Board of Education	199,614,800	199,614,800	199,614,800	-
Harford Community College	15,778,743	15,778,743	15,778,743	-
Total Education-Primary thru Community College	215,393,543	215,393,543	215,393,543	-
<u>HARFORD CENTER</u>	532,143	532,143	532,143	-
<u>JUDICIAL</u>				
Circuit Court	1,350,218	1,426,118	1,358,786	67,332
Community Work Service	314,067	336,472	334,011	2,461
Family Court Services Division	547,662	571,942	558,198	13,744
Grand Jury	11,000	11,000	10,440	560
Jury Commissioner	186,898	196,810	188,616	8,194
Jury Services	182,300	182,300	174,566	7,734
Juvenile Master	236,128	245,646	172,509	73,137
Child Advocacy Center	161,967	173,332	167,948	5,384
State's Attorney	4,440,473	4,771,102	4,729,793	41,309
Total Judicial	7,430,713	7,914,722	7,694,867	219,855
<u>LIBRARIES</u>	15,705,461	15,705,461	15,705,461	-
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Director	971,367	1,039,590	804,708	234,882
Parks and Facilities	6,336,383	6,535,873	6,511,665	24,208
Recreational Services	2,406,770	2,530,394	2,510,876	19,518
Environmental Affairs	7,826	7,826	-	7,826
Conservation of Natural Resources				
Soil Conservation	336,374	353,117	335,354	17,763
Extension Service	249,620	249,620	187,270	62,350
Total Parks, Recreation and Natural Resources	10,308,340	10,716,420	10,349,873	366,547
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Commissary Account	217,833	234,833	232,666	2,167
Correctional Services	18,953,596	18,952,857	18,845,097	107,760
Court Services	4,352,836	4,645,744	4,610,271	35,473
Administration	6,104,308	7,096,730	7,052,130	44,600
Patrol	24,423,263	24,923,791	24,695,082	228,709
Investigation	6,169,371	6,974,448	6,859,369	115,079

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC SAFETY, continued</u>				
Department of Inspections, Licenses and Permits				
Animal Control	1,024,271	1,053,604	1,024,344	29,260
Building Services	1,160,315	1,177,047	1,165,615	11,432
Director of DILP	523,896	572,944	529,615	43,329
Electrical Services	527,976	617,791	599,980	17,811
Manufactured Homes/Abandoned Property	296,548	310,556	287,517	23,039
Plumbing Services	596,052	614,609	577,061	37,548
Emergency Operations				
911 Emergency Communications	5,316,874	5,339,325	5,129,899	209,426
Administration	1,293,122	1,868,791	1,808,735	60,056
Special Operations & Technical Services	3,410,283	3,208,642	2,915,813	292,829
Volunteer Fire Companies	8,383,375	8,383,375	8,011,728	371,647
HAZMAT Response Team	469,106	443,241	384,340	58,901
Total Public Safety	83,223,025	86,418,328	84,729,262	1,689,066
<u>PUBLIC WORKS</u>				
Department of Public Works				
Solid Waste Management	4,087,580	4,191,146	3,924,738	266,408
Closed Landfills - Post Closure Costs	142,150	133,650	132,883	767
Environmental Affairs	744,407	808,733	802,662	6,071
Recycling	2,408,620	2,460,244	2,403,986	56,258
Scarboro Remediation	66,500	81,630	81,608	22
Waste Energy	8,644,507	8,651,707	8,526,531	125,176
Water Resources Planning	1,183,129	1,241,552	1,121,777	119,775
Total Public Works	17,276,893	17,568,662	16,994,185	574,477
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director	623,474	661,806	653,612	8,194
Office of Drug Control	690,471	707,090	706,388	702
Emergency Assistance	209,017	214,366	205,107	9,259
Community Development	1,610,886	1,716,978	1,706,373	10,605
Office on Aging	1,217,793	1,278,808	886,603	392,205
Transportation	1,745,569	1,784,272	1,362,975	421,297
NMARC Activity	1,762,573	1,762,573	1,762,573	-
Housing Agency				
Housing Services	602,324	636,182	590,357	45,825
House Keys 4 Employees	100,000	200,000	145,000	55,000
Department of Health				
Addictions Services	560,934	560,934	560,934	-
Community Mental Health	125,824	125,824	125,824	-
Health Department	3,052,799	3,052,799	3,024,512	28,287
Total Social Services	12,301,664	12,701,632	11,730,258	971,374

continued

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>DEBT SERVICE</u>				
Debt Service - Principal	27,661,512	27,665,472	19,316,121	8,349,351
Debt Service - Interest	15,370,736	15,366,776	10,132,449	5,234,327
Debt Service - Administration Costs	750,950	750,950	382,924	368,026
Total Debt Service	43,783,198	43,783,198	29,831,494	13,951,704
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Capital Projects	18,026,891	18,166,891	17,266,889	900,002
Grants	2,948,829	2,948,829	2,948,829	-
Total Other Financing Uses	20,975,720	21,115,720	20,215,718	900,002
Total Expenditures and Other Financing Uses	\$ 472,067,903	\$ 480,101,169	\$ 455,687,574	\$ 24,413,595



ANNIE'S PLAYGROUND

This playground, including the Memory Garden shown above, was constructed in 2005 as a partnership between Harford County and a nonprofit foundation established to honor the memory of Annie McGann Cumpston, a 6-year old girl tragically killed by a drunk driver. Annie's Playground is located at Edgeley Grove Farm, a Harford County Park. Harford County constructed the site for the playground as part of a project with 2 soccer/lacrosse fields and 145 parking spaces. This construction costs approximately \$1 million. The foundation raised \$500,000 and volunteers constructed the playground over a three week period in September 2005.

Special Revenue Fund

HARFORD COUNTY, MARYLAND
Schedule Of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Non Major Parks and Recreation Special Revenue Fund
For The Year Ended June 30, 2008

Exhibit B-1

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive(Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 14,650	\$ 14,650	\$ 18,614	\$ 3,964
Charges for Current Services	700,000	700,000	757,185	57,185
Miscellaneous	-	-	1,485	1,485
Total Revenues	714,650	714,650	777,284	62,634
 EXPENDITURES				
Current:				
Parks, Recreation and Natural Resources	946,457	958,732	758,292	200,440
Total Expenditures	946,457	958,732	758,292	200,440
 Excess of Revenues Over Expenditures				
	(231,807)	(244,082)	18,992	263,074
 OTHER FINANCING SOURCES				
Appropriated Fund Balance	231,807	244,082	-	(244,082)
Total Other Financing Sources	231,807	244,082	-	(244,082)
Net Change in Fund Balances	\$ -	\$ -	18,992	\$ 18,992
 Less: Appropriated Fund Balance				
			-	
Fund Balance - Beginning			49,804	
Prior Year Encumbrances Cancelled			11,300	
Fund Balance - Ending			\$ 80,096	

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, 2008

Exhibit C-1

GENERAL COUNTY PROJECTS	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
Site Acquisition 2000	\$ 1,501,554	\$ 1,501,554	\$ -
* Special Area Management Plans	60,000	50,513	9,487
Watershed Restoration/Improvements	4,878,750	2,150,105	2,728,645
Watershed/Stream Assessment	864,250	509,591	354,659
Rolling Green Lake Improvements	125,000	125,000	-
Harford Cable Network Building	983,218	938,011	45,207
Edgewood Pal Center	2,750,000	1,749,999	1,000,001
Topographic Mapping	1,600,000	1,600,000	-
Voting Equipment	418,500	193,500	225,000
Washington Court Acquisition	5,883,376	2,459,470	3,423,906
Steam Gauge Stations	459,000	323,578	135,422
Edgewood Train Station	199,792	45,355	154,437
ADA Renovations	400,000	186,366	213,634
* E-Government	2,375,000	2,374,999	1
Emergency Needs 2002	3,607,430	-	3,607,430
* Highland Center	350,000	344,819	5,181
Hosanna School	456,517	419,261	37,256
* Site Acquisition 2002	1,699,047	1,699,047	-
Reforestation Proceeds	680,000	317,648	362,352
Property Acquisition	10,000,000	2,688,150	7,311,850
Citizen Care Center	800,000	800,000	-
Facilities Repair Program	7,167,560	5,415,005	1,752,555
Asbestos/Lead Abatement	550,000	84,080	465,920
Revenue & Billing Applications	692,885	646,139	46,746
Telecommunication Replacement	3,725,000	3,716,974	8,026
Energy Performance County Facilities	2,265,590	2,265,590	-
Fire Department Water Storage	275,000	50,000	225,000
Space Need Analysis	50,000	26,655	23,345
Treasury Computer Enhancements	175,000	109,731	65,269
Courthouse Window Replacement	472,500	-	472,500
Emergency Needs 2006	6,585,612	-	6,585,612
Watershed/Restoration/Improvements	1,153,000	482,100	670,900
Fuel Dispensing System	325,000	24,600	300,400
Hays Street Building	100,000	-	100,000
MTBE Upgrades	300,000	21,000	279,000
Multipurpose Storage	2,353,100	110,031	2,243,069
New Wing for 45 S. Main Street	300,000	29,412	270,588
Site Acquisition	18,757,761	12,199,393	6,558,368
Wireless Networking	100,000	20,148	79,852
Bynum Ridge Stream	355,000	100,363	254,637
Laurel Valley Stream	740,000	179,030	560,970
Plumtree Run at Tollgate	990,000	112,995	877,005
Stormwater Enhancement	575,000	6,144	568,856
Stream Valley Buffer	725,000	371,003	353,997
Gravity Sewer Extension	388,740	-	388,740
Havre de Grace HS Bleachers	200,000	200,000	-
New Administration Building	20,085,000	1,870,729	18,214,271
North Harford HS Concession Stand	100,000	-	100,000
Voting Equipment	100,000	-	100,000
Woodbridge Retrofit	410,000	12,803	397,197
Cal Ripken Senior Foundation	1,000,000	1,000,000	-
Grande View Farms Lake Repairs	300,000	265,480	34,520

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, 2008
(continued)

Exhibit C-1

GENERAL COUNTY PROJECTS	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
Expansion of Auditoriums	750,000	75,315	674,685
Harford County S. Res. Annex	2,249,200	594,961	1,654,239
Streetlights for Bel Air	15,000	-	15,000
Bel Air Acres Retrofit	250,000	-	250,000
Moose Lodge Stream Restoration	50,000	-	50,000
Sunnyview Stream Restoration	110,000	89,374	20,626
Computer Equipment Networks	6,511,784	5,815,069	696,715
Humane Society Renovation	1,630,000	142,219	1,487,781
Milestone Project	4,350,000	3,258,022	1,091,978
Maintenance/Repair of Dams	640,000	381,215	258,785
Bel Air Youth/Senior Center	4,989,161	4,438,967	550,194
Total General County Projects	132,953,327	64,591,513	68,361,814
EDUCATION			
Fire Alarm/Emergency Communications	650,000	548,326	101,674
Furniture	775,000	696,043	78,957
Joppatowne Elementary	11,525,502	9,803,502	1,722,000
Relocatable Classrooms	3,362,880	3,313,065	49,815
Deerfield Elementary	4,003,753	1,830,123	2,173,630
School Buses	5,842,197	5,774,227	67,970
Athletic Fields Repair/Renovations	162,000	136,243	25,757
Maintenance Replace Vehicles	2,310,758	2,000,758	310,000
New High School/Middle School	60,322,094	55,330,278	4,991,816
* Remedial Capacity Projects	5,891,000	5,891,000	-
Aberdeen HS Science & Math	993,992	875,906	118,086
Full Day Kindergarten Classrooms	3,225,880	3,225,880	-
Technology Refresh Program	11,573,690	9,862,639	1,711,051
N. Harford MS Water System	261,114	252,491	8,623
Aberdeen HS North Building	665,000	311,611	353,389
Backflow Prevention	350,000	256,209	93,791
Music Refresh Program	325,000	325,000	-
Security Cameras	725,000	500,000	225,000
Air Conditioning Program	8,870,150	6,556,163	2,313,987
Integrated Business	193,000	16,988	176,012
New Elementary Capacity	5,944,896	1,721,053	4,223,843
Paving - New Parking	300,000	-	300,000
Paving - Overlay and Maintenance	250,000	200,000	50,000
SWM, Erosion, Sediment Control	150,000	80,975	69,025
Textbook Refresh - Math	3,600,000	2,050,440	1,549,560
Vocational/Technical Equipment	300,000	199,999	100,001
ADA Improvements	250,000	134,626	115,374
HVAC Major Repairs	212,768	145,230	67,538
Aberdeen High School	6,284,945	2,994,606	3,290,339
Edgewood High School	7,284,749	4,942,443	2,342,306
* Floor Covering Replacement	100,000	100,000	-
Harford Technical High School	3,300,000	1,530,541	1,769,459
John Archer School	1,070,000	12,426	1,057,574
Joppatowne HS Gym	3,610,050	1,930,698	1,679,352
Playground Equipment	2,415,000	70,000	2,345,000
Relocatable Classrooms	376,000	376,000	-
Roofing Replacements	704,035	658,478	45,557
Youth's Benefit Elementary	1,700,600	413,336	1,287,264
Prospect Mill Elementary	1,968,158	1,513,267	454,891
Forest Hill Elem Water Purification	70,000	48,155	21,845
North Harford Middle School Repairs	50,000	10,700	39,300
Fallston Middle School	50,000	50,000	-
Homestead/Wakefield /Elementary	100,000	-	100,000
Relocatable Classrooms	406,892	89,062	317,830

HARFORD COUNTY, MARYLAND
General County Capital Projects Funds
Schedule of Appropriations, Expenditures and Encumbrances
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2008
(continued)

Exhibit C-1

EDUCATION (continued)	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
Roofing Replacements	1,634,850	415,627	1,219,223
Wm Paca/Old Post Elementary	100,000	-	100,000
Schucks Road Elementary	100,000	20,971	79,029
Fallston High WWTP Replacement	106,070	-	106,070
Replace Riverside Heat	11,352,099	8,699,358	2,652,741
Environment Compliance	1,147,619	822,269	325,350
Roofing Replacement '97	3,104,278	3,104,278	-
Edgewood Elem. Modernization	5,338,940	5,208,940	130,000
N. Harford High Modernization	32,273,132	28,958,018	3,315,114
Technology	4,721,467	3,957,113	764,354
Bel Air High Modernization	37,542,514	36,905,742	636,772
Church Creek Elementary Addition	3,420,172	3,320,172	100,000
High School Technology	1,150,000	1,150,000	-
Industrial Arts Tech Lab	725,000	425,000	300,000
Milestone Project	11,053,300	6,500,799	4,552,501
Total Education	276,295,544	226,266,774	50,028,770
FIRE/SAFETY			
Mental Health Unit Renovations	314,000	156,676	157,324
UHF Radio System	1,850,000	1,844,543	5,457
Fire, EMS & Law Enforcement CAD	2,450,000	1,805,450	644,550
Replacement Radios EOC	145,015	116,899	28,116
UHF Radio System	23,601,693	20,016,502	3,585,191
Facility Renovation	412,500	372,217	40,283
Work Release Unit Fac Program/Study	13,416,000	1,790,178	11,625,822
Bel Air - New Substation	100,000	-	100,000
Darlington Substation	500,000	500,000	-
Willoughby Beach Rd Substation	750,000	750,000	-
Camera Recording & Monitoring	279,500	259,001	20,499
Computer Equipment/Network	1,091,017	1,091,017	-
Aberdeen Substation Renovation	500,000	500,000	-
Touch Screen Control	528,000	528,000	-
Upgrade to Hazmat Building	8,660	8,660	-
Upgrade to Pole Barn for Hazmat	58,315	48,746	9,569
Susquehanna Hose Company	500,000	500,000	-
In-Car Video	280,873	-	280,873
Alternate Call Taking & Dispatch Site	400,000	165,689	234,311
Boiler Replacement	175,000	-	175,000
Detention Center Kitchen	187,120	110,965	76,155
Public Safety Infrastructure	500,000	434,990	65,010
Second Floor Emergency Ops Center	1,289,525	1,289,525	-
Bel Air (Forest Hill Station)	500,000	500,000	-
VFC Facility Repairs	1,500,000	1,467,139	32,861
Susquehanna Hose Co. #3 Exp	60,000	-	60,000
Susquehanna Hose Co. #5 Exp	60,000	-	60,000
911 State Fee Fund	3,400,000	3,203,351	196,649
Total Fire/Safety	54,857,218	37,459,548	17,397,670
COMMUNITY COLLEGE			
Havre de Grace Hall Renovations	1,300,205	1,300,205	-
Site, Stormwater & Parking Improvements	1,075,500	271,950	803,550
Green Campus	575,000	-	575,000
* Wellness Program	200,000	119,999	80,001
Aberdeen Hall Renovation	6,352,167	4,390,815	1,961,352
Hays-Heighe House Renovation	824,900	200,000	624,900

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, 2008
(continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
COMMUNITY COLLEGE (continued)			
New Program Development	54,900	35,947	18,953
Prospect Mill Property	327,000	-	327,000
* New Lighted Soccer Field	1,293,000	746,500	546,500
Susquehanna Center Renovations	755,600	82,380	673,220
Telecommunications System Replace	420,000	210,000	210,000
New Classroom Building '95	1,597,279	1,597,279	-
Computer Based Infrastructure	204,000	202,933	1,067
Joint High School/College Theatre	1,399,440	974,781	424,659
Milestone Project	4,411,622	4,148,122	263,500
	<hr/>	<hr/>	<hr/>
Total Community College	20,790,613	14,280,911	6,509,702
LIBRARY			
Jarrettsville Library	5,884,000	5,824,455	59,545
Norrisville Community Center Library	1,255,000	1,254,896	104
Bel Air Library Humidity	146,198	133,372	12,826
Facility Renovations	110,000	51,832	58,168
Highland Carpet and Painting	6,000	1,021	4,979
Churchville Branch	222,000	188,374	33,626
Fallston Library Roof	134,400	105,727	28,673
Whiteford Library Expansion	1,604,800	241,481	1,363,319
Aberdeen HVAC Replacement	250,000	-	250,000
Fallston Lighting	275,000	-	275,000
Havre de Grace Feasibility Study	52,000	-	52,000
* Edgewood Branch Library	4,387,300	4,377,664	9,636
Abingdon Library	8,750,000	8,747,762	2,238
Milestone Project	2,988,500	2,927,254	61,246
	<hr/>	<hr/>	<hr/>
Total Library	26,065,198	23,853,838	2,211,360
LANDFILL			
Environmental Studies	1,320,900	541,653	779,247
Air Pollution Control	13,150,000	10,782,504	2,367,496
Waste to Energy Repairs	1,300,000	1,059,342	240,658
HWDC Compost Facility Exp	153,000	115,119	37,881
HWDC Equipment Storage Bldg	110,000	528	109,472
Excavate/Repair Pad #1	50,000	19,294	30,706
Northeast Stockpile Area Sediment	50,000	16,992	33,008
Tollgate Landfill Gas System	684,679	-	684,679
Tollgate Yard Trim Recycling	450,000	82,234	367,766
HWDC Facilities Study	100,000	71,529	28,471
HWDC Compost Area Facility	90,000	-	90,000
HWDC Compost Barn Electric	25,000	-	25,000
HWDC Cover Material	400,000	185,545	214,455
HWDC Recycling Facility	60,000	-	60,000
* Bush Valley Landfill	5,779,100	4,479,101	1,299,999
Abingdon Landfill Closure	1,484,410	744,557	739,853
HWDC Future Expansion	10,201,127	2,243,548	7,957,579
* Perryman Landfill Closure	210,000	143,780	66,220
Madonna Landfill - Remedial Action	300,000	48,823	251,177
* Mullins Landfill Remedial Action	300,000	965	299,035
	<hr/>	<hr/>	<hr/>
Total Landfill	36,218,216	20,535,514	15,682,702

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, 2008
(continued)

Exhibit C-1

PARKS AND RECREATION	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
Oakington Farm	280,000	103,249	176,751
* Park Land Acquisition	5,465,000	4,366,860	1,098,140
Eden Mill Park Rehabilitation	480,000	249,132	230,868
Smith Property	4,325,000	3,151,973	1,173,027
* Swan Harbor Farm	1,150,000	918,961	231,039
Waterway Improvement I	380,000	63,814	316,186
Waterway Improvement II	752,500	424,011	328,489
Backstop Renovations	290,000	224,515	65,485
Fallston Maintenance Shop	1,550,000	1,501,139	48,861
Parking Lot Paving	1,390,000	1,247,152	142,848
Playground Equipment	2,200,000	1,668,952	531,048
Bulkhead Renovations	1,072,500	990,993	81,507
Bush River Boat Ramp	60,000	55,622	4,378
Bush River Dredging & DMP Site	3,030,000	1,012,458	2,017,542
Edgewood Park	60,000	46,500	13,500
Havre de Grace Y/Sr Center	9,143,000	8,100,879	1,042,121
Jarrettsville Development	1,320,000	1,269,101	50,899
Prospect Mill Park	1,080,000	143,136	936,864
Bynum Pond Stabilization	350,000	235,178	114,822
Churchville Complex Dev	1,105,000	241,837	863,163
* Enlarged Gym Activity Rooms	1,075,000	1,075,000	-
Facility Renovations	1,060,000	421,944	638,056
Friends Pond Rehabilitation	300,000	113,769	186,231
Heavenly Water Park	1,170,000	811,060	358,940
Park Improvements	450,000	162,267	287,733
Park Land Acquisition	9,545,000	8,736,105	808,895
Trails and Linear Parks	200,000	24,330	175,670
* Vale Road Park	80,000	12,488	67,512
Edgewood Recreation	2,850,000	2,640,791	209,209
Fox Meadows Improvement	475,000	410,361	64,639
Havre de Grace Yacht Basin Dredge	680,000	496,993	183,007
Leased Site Improvements	260,000	157,640	102,360
* Rockfield Park Improvements	60,000	50,432	9,568
Shucks Road Regional	2,475,000	61,760	2,413,240
Tennis/Multipurpose Courts	260,000	228,083	31,917
* Anita C. Leight Center	70,000	32,640	37,360
* Broad Creek Launching Ramp	70,000	-	70,000
Churchville Center Renovations	135,000	-	135,000
Edgewood Recreation	755,000	88,191	666,809
Fallston Youth/Sr Center	525,000	524,999	1
* Friends Park Pavilion	75,000	70,634	4,366
* Heavenly Waters Park	200,000	-	200,000
* Jarrettsville Complex	60,000	-	60,000
Liriodendron Improvements	245,000	222,416	22,584
Magnolia Complex Development	1,325,000	75,702	1,249,298
Robert Copenhaver Park	150,000	71,382	78,618
Swan Harbor Farm Improvements	590,000	53,481	536,519
Tennis/Multipurpose Courts	730,000	570,641	159,359
Tydings Island Renovation	795,000	55,434	739,566
Willoughby Beach Launching Ramp	100,000	81,000	19,000
Havre de Grace Field	1,510,000	55,950	1,454,050

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, 2008
(continued)

Exhibit C-1

PARKS AND RECREATION (continued)	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
Athletic Field Improvements	1,250,000	1,013,056	236,944
Benson Fields Development	100,000	94,150	5,850
Equestrian Center Improvements	100,000	41,135	58,865
* Havre de Grace Comm Ctr Field	75,000	-	75,000
Indoor Recreation Facility	200,000	-	200,000
Jarrettsville Recreation Center	400,000	2	399,998
Joppatowne Area Dredging	375,000	49,927	325,073
Norrisville Park	200,000	38,748	161,252
Swan Creek Channel Dredging	260,000	48,424	211,576
Tudor Hall Rehabilitation	400,000	-	400,000
Vale Road Elementary	200,000	-	200,000
Willoughby Beach Park Development	100,000	7,110	92,890
Bike Trails/Linear Park Development	3,530,000	2,176,234	1,353,766
* Park Land Acquisition	4,113,000	3,255,009	857,991
Facility Renovations	2,419,500	1,757,931	661,569
* Swan Harbor Farm Master Plan	1,482,000	405,033	1,076,967
ADA Compliance	230,000	179,998	50,002
Norrisville Community Building	1,160,000	1,079,971	80,029
Regional Sports Complex	3,746,000	2,844,210	901,790
* Churchville Complex Master Plan	441,000	211,651	229,349
Debris Derelick Boats	50,000	6,725	43,275
Park Improvements	830,825	763,001	67,824
Waterway Improvement I	1,375,000	385,456	989,544
Waterway Improvement II	1,550,000	1,234,692	315,308
* Leight Park Development	705,000	559,690	145,310
Total Parks and Recreation	89,050,325	59,473,108	29,577,217
 HIGHWAYS - ROADS			
Culvert Rehabilitation	2,393,773	2,274,267	119,506
Whiteford Shop	330,000	321,953	8,047
Cape Knoll Road Acceptance	150,000	108,273	41,727
Tollgate Road - Vale Road Corridor	625,000	184,678	440,322
Constant Woods Road Acceptance	50,350	44,964	5,386
Glen Elyn Culvert & Ponds Repair	392,500	107,135	285,365
* MD 152/Oakmont/Port Lane	556,660	336,103	220,557
Trimble Road Corridor Study	25,000	1,142	23,858
New Roads & Stormdrains 2002	1,350,000	425,666	924,334
Second Watergate North	1,256,000	120,677	1,135,323
Tollgate Road/W Ring Factory	2,105,000	1,174,453	930,547
Resurfacing Roadways	8,274,992	8,274,991	1
Facilities Repair Program	1,032,000	526,706	505,294
GPS Tracking System	200,000	111,383	88,617
Primrose Place	146,000	132,605	13,395
MacPhail Rd/Brierhill-Wheel Road	375,000	33,957	341,043
Prospect Mill Rd/Thomas Run Road	100,000	357	99,643
Robinhood Rd/US 40 to Tital Terrace	2,554,045	415,101	2,138,944
Hickory II Improvements	1,065,000	772,787	292,213
Culvert Rehabilitation	2,400,000	2,324,418	75,582
Intersection Improvements	1,650,000	690,993	959,007
Perryman Access-MD 715 Conn	1,535,000	76,694	1,458,306
Perryman Access-Mitchell Lane	650,000	492,178	157,822
* Thomas Run Road	50,000	-	50,000
Conversion of Tar and Chip	2,125,000	2,047,956	77,044
* Resurfacing Roadways 2005	4,250,000	4,249,999	1
Tar and Chip Reclamation	1,750,000	833,958	916,042

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, 2008
(continued)

Exhibit C-1

HIGHWAYS - ROADS (continued)	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
* Emergency Generators	75,000	75,000	-
Village of Scott's Fancy	750,000	698,219	51,781
Cedar Lane	1,260,000	403,754	856,246
Shucks Road Improvements	400,000	42,173	357,827
Vale Road	1,000,000	98,921	901,079
Resurfacing Roadways	4,500,000	4,500,000	-
Drainage Improvements	800,000	756,284	43,716
Edgewood Train Station	1,710,208	13	1,710,195
Fuel Dispensing System	200,000	24,600	175,400
MTBE Upgrade	200,000	24,600	175,400
New Roads & Storm Drains	800,000	439	799,561
Salt Dome	250,000	171,094	78,906
Stormdrain Rehabilitation	500,000	273,734	226,266
Traffic Signals	300,000	86,729	213,271
* Hornbeam Road Improvements	1,050,000	908,025	141,975
* Perryman Access-BRAC	1,000,000	-	1,000,000
Singer Road Improvements	100,000	626	99,374
Washington Court Access Road	2,541,000	-	2,541,000
Resurfacing Roadways	14,650,000	11,847,920	2,802,080
Equipment Sheds	180,000	852	179,148
Security Gates for Hwy Shops	175,000	17,952	157,048
* Abingdon Rd-Rt 24-Rt 7	1,830,000	1,750,029	79,971
Red Pump-Rt 24-Vale	3,995,500	3,519,568	475,932
Emmorton Business Park/Stormwater	117,000	105,240	11,760
Intersection Improvements '95	2,200,000	2,184,317	15,683
Traffic Calming	930,000	795,355	134,645
Traffic Signals '95	220,000	220,000	-
* Drainage Improvements	1,800,000	1,750,000	50,000
* Tollgate Road Corridor Study	50,000	22,979	27,021
Guardrails	1,250,000	1,247,790	2,210
Sidewalks	1,375,000	671,290	703,710
Moores Mill Road	2,965,000	686,636	2,278,364
Perryman Access Study	375,000	275,000	100,000
Computer Equipment/Networks	1,286,018	1,042,228	243,790
Traffic Signals '98	1,040,000	518,479	521,521
Carrs Mill Road/Rte 152 - Grafton	1,195,000	1,165,202	29,798
County Acceptance of Private Roads	610,000	70,773	539,227
Wheel Road/Laurel Bush - Fairway	800,000	541,909	258,091
Abingdon Hwy/W&S Main Shop	3,300,000	3,295,916	4,084
Milestone Project	325,000	265,719	59,281
New Roads & Storm Drains	1,790,000	728,249	1,061,751
Athens Court	65,825	37,787	28,038
Total Roads	97,351,871	66,908,795	30,443,076

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, 2008
(continued)

Exhibit C-1

HIGHWAYS - BRIDGES	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
Bridge Rehabilitation	1,670,000	1,667,824	2,176
Greene Road Bridge #79	565,000	499,078	65,922
Ryan Road Bridge #61	1,330,000	1,189,148	140,852
Harford Creamery Rd Bridge	680,000	338	679,662
N. Avenue/Henderson Rd Bridge	465,000	5,233	459,767
* Pleasantville Rd Bridge	245,000	-	245,000
St. Clair Road Bridge	1,095,000	228,844	866,156
Thomas Run Road Bridge	1,350,000	1,242,498	107,502
Watervale Road Bridge	390,000	154,418	235,582
Bridge Inspection Program	445,000	243,703	201,297
Bridge Rehabilitation	1,700,000	1,524,205	175,795
Jerusalem Mill Ped Crossing Bridge	360,000	336,616	23,384
Ruffs Mill Road Bridge #190	1,420,000	136,839	1,283,161
Road and Bridge Scour	600,000	91,786	508,214
Macton Road Bridge	135,000	-	135,000
Snake Lane Bridge	155,000	104,214	50,786
Telegraph Road Bridge	300,000	300,000	-
Carrs Mill Road Bridge	150,000	-	150,000
Macton Road Bridge #144	70,000	1,841	68,159
Southampton Road Bridge #47	5,590,000	1,518,530	4,071,470
Bridge Inspection Program	1,520,000	1,519,999	1
Bridge Scour Repairs	1,675,000	1,315,243	359,757
Bridge Painting	1,300,000	684,115	615,885
* Bridge Rehab '97	235,000	178,001	56,999
Structural Evaluation	545,000	253,208	291,792
Moores Mill Road Bridge #48	3,040,000	2,912,799	127,201
* Vinegar Hill Road Bridge	764,201	73,801	690,400
Total Bridges	<u>27,794,201</u>	<u>16,182,281</u>	<u>11,611,920</u>
Total Highways	<u>125,146,072</u>	<u>83,091,076</u>	<u>42,054,996</u>
Total All Projects	761,376,513	529,552,282	231,824,231
*Less Closed Projects	<u>(49,671,308)</u>	<u>(40,630,722)</u>	<u>(9,040,586)</u>
Total Capital Projects Fund	<u>\$ 711,705,205</u>	<u>\$ 488,921,560</u>	<u>\$ 222,783,645</u>



EDGEWOOD RECREATION COMMUNITY CENTER

The most recent project for this Community Center is an 8,000 square foot gym to provide indoor recreation opportunities for all ages. This Center includes County run after school and summer programs for children, the Parks and Recreation Southern District Office and a Head Start program operated by a nonprofit. Total expenditures for the gymnasium were in excess of \$2.6 million.

Enterprise Fund

The Water and Sewer Capital Projects Fund was established to account for the acquisition, renovation and construction of capital assets used in the production, distribution and maintenance of the water and sewer systems of the County. This fund represents the construction in process recorded in the Water & Sewer Fund.

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects Appropriations and Expenditures
For The Year Ended June 30, 2008

Exhibit D-1

COUNTY SEWER PROJECTS	<u>TOTAL</u> <u>APPROPRIATIONS</u>	<u>TOTAL</u> <u>EXPENDITURES</u>	<u>UNEXPENDED</u> <u>APPROPRIATIONS</u>
* Surge Facility Modification	\$ 370,000	\$ 325,067	\$ 44,933
Joppa Area Sewer	100,000	100,000	-
Church Creek Pump Station	10,074,766	601,780	9,472,986
* Church Creek Pump Station	25,234	25,234	-
* Chlorine/Dechlorination System	187,885	160,495	27,390
* Energy Performance Study	80,000	56,047	23,953
Harford Estates PS Abandonment	5,032,100	621,201	4,410,899
* Harford Square PS Abandonment	455,000	401,879	53,121
Lower Bynum Run	5,808,456	464,217	5,344,239
* Lower Bynum Run	31,544	31,544	-
Oaklyn Manor/Mandeville Road	1,878,648	1,564,754	313,894
* Oaklyn Manor/Mandeville Road	21,852	21,852	-
Plumtree Collector Parallel Ph II	100,000	55,964	44,036
Foster Branch PS & Force Main	5,000,000	4,115,091	884,909
Riverside PS FM Replacement	1,881,847	1,120,710	761,137
* Riverside PS FM Replacement	18,153	18,153	-
Plumtree Replacement Sewer	247,600	217,654	29,946
* Plumtree Replacement Sewer	2,400	2,400	-
* APG Edgewood Area Privatization	45,000	45,000	-
* Infiltraton/Inflow	80,000	80,000	-
* Inform Asset Management Study	50,000	50,000	-
Joppatowne Pump Station #47	4,048,750	147,154	3,901,596
* Joppatowne Pump Station #47	1,250	1,250	-
* Primary Clarifier Restoration	550,000	525,258	24,742
Sewer Petition 2005	200,000	360	199,640
* Pump Station Improvements 2006	100,000	99,296	704
Foxboro System Upgrade	200,000	120,076	79,924
Methane Sphere	90,000	90,000	-
Oaklyn Manor Phase 2	2,950,000	2,400	2,947,600
Utility Protection	500,000	359,872	140,128
Stans Road & Dugan Drive	630,000	412,893	217,107
Pump Station Improvements	125,000	61,520	63,480
ENR Refinement at SOD Run	6,250,000	29,201	6,220,799
Infiltration/Inflow	250,000	177,619	72,381
Sod Run Generator	150,000	-	150,000
Bush Creek Pump St 4	860,000	81,166	778,834
Capacity Man Operation & Maint Cmom	150,000	48,025	101,975
Constant Friendship	200,000	96	199,904
Frogtown Relief Sewer	75,000	-	75,000
Haverhill Pump Station	300,000	84,056	215,944
Riviera Drive Pump Station	200,000	95,707	104,293
Utility Protection	250,000	13,093	236,907
Winters Run Pump Station	210,000	29,339	180,661
* Infiltration/Inflow	672,410	668,869	3,541
Bynum Run Parallels	11,414,000	10,454,508	959,492
* Bynum Run Parallels	6,000	6,000	-
* JWWTP Automatic Feasibility Study	1,080,017	1,073,160	6,857
Floyd Utility Repair	304,256	279,372	24,884
* Abingdon Maintenance Shop	2,676,268	2,666,889	9,379

continued

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects Appropriations and Expenditures
For The Year Ended June 30, 2008
(continued)

Exhibit D-1

COUNTY SEWER PROJECTS-(continued)	<u>TOTAL APPROPRIATIONS</u>	<u>TOTAL EXPENDITURES</u>	<u>UNEXPENDED APPROPRIATIONS</u>
* Abingdon Maintenance Shop	23,732	23,732	-
Computer Equipment/Network	972,278	547,307	424,971
* Computer Equipment/Network Milestone Project	60,695 500,000	60,695 223,755	- 276,245
Total Sewer Projects	<u>67,490,141</u>	<u>28,461,711</u>	<u>39,028,430</u>
 COUNTY WATER PROJECTS			
Baltimore City Connection Charge	1,250,000	3,752	1,246,248
Water Zone Improvements	100,000	81,706	18,294
Aberdeen Interconnection	205,000	186,913	18,087
* Abingdon WTP	350,000	350,000	-
Revenue & Billing Applications	75,000	75,000	-
HDG WTP Solids Management	9,800,000	663,869	9,136,131
* Tank Painting 2004	200,000	200,000	-
Water Petitions	56,836	-	56,836
Abingdon WTP Generator	600,000	-	600,000
* APG Edgewood Area Privatization	45,000	45,000	-
Backflow Prevention Upgrades	200,000	6,133	193,867
Inform Asset Management Study	400,000	118,213	281,787
Water Service Replacement 2005	2,500,000	2,177,919	322,081
Water System Control Modernization	200,000	126,592	73,408
Water System Security Upgrades	550,000	128	549,872
* Water Zone Improvements 2005	100,000	100,000	-
* Willoughby Beach/Edgewood Road	430,000	251,247	178,753
* Tank Painting 2005	100,000	100,000	-
Water Service Replacement 2006	2,000,000	23,325	1,976,675
Water Zone Improvement	100,000	35,560	64,440
Abingdon WTP Expansion	81,385,000	3,094,481	78,290,519
* Abingdon WTP Expansion	150,000	150,000	-
Chlorine Replacement	620,000	121,214	498,786
Construction Unanticipated	200,000	9,120	190,880
Water Zone Improvements	350,000	63	349,937
Tank Painting	200,000	194,688	5,312
First Zone Water Modernization	400,000	-	400,000
Washington Court Water	601,276	-	601,276
* Site Acquisition - Water	1,500,000	1,500,000	-
Tank Painting	300,000	299,997	3
Abindgon Road Water	500,000	88,886	411,114
County Facilities	50,000	-	50,000
Glenn Heights Water	2,200,000	-	2,200,000
Route 24 Water Transport	160,000	63,386	96,614
* Water Zone Improvements '99	150,000	142,600	7,400
Total Water Projects	<u>108,028,112</u>	<u>10,209,791</u>	<u>97,818,321</u>
Total Water and Sewer Projects	175,518,253	38,671,501	136,846,751
* Less Closed and Capitalized Projects	<u>(9,562,440)</u>	<u>(9,181,667)</u>	<u>(380,773)</u>
Total Open Water and Sewer Projects	<u>\$ 165,955,813</u>	<u>\$ 29,489,834</u>	<u>\$ 136,465,978</u>



*HARFORD COUNTY PUBLIC LIBRARY
JARRETTSVILLE, MD*

Jarrettsville Library is a 10,000 square foot facility that opened to the public in 2006. Harford County budgeted \$5.8 million for this project, of which we have spent \$5,787,395 to date.

FIDUCIARY FUNDS

Pension Trust Funds

Sheriff's Office Pension System – This fund accounts for the pension system of certain law enforcement and correctional employees.

Firemen's Pension Trust - This fund accounts for the pension system for the volunteer fire personnel serving the various independent volunteer fire companies in the County.

Private Purpose Trust Funds

Revolving Loan Fund - This fund was established in February 1998. This account, joined with funding from several local lending institutions, provides loans to credit-worthy businesses unable to obtain financing through traditional sources due to limited equity, collateral or marginal cash flow and serves as an alternative incentive offered by the County to attract, expand or retain a small business by extending below market rates and favorable terms.

BVL Cooperating Parties Group - This fund was established in September 1996 to account for revenues collected from entities independent of the County, which the EPA has named as potentially responsible for the Bush Valley superfund site. These funds are 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 - This 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 collected from local attorneys provide the source of revenues.

Jeffrey Chenoweth Scholarship Trust Fund - This fund accounts for principal amounts received and related interest income. The interest can be used to award scholarships to qualified individuals selected by the board.

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 Assets
Pension Trust Funds
June 30, 2008

Exhibit E-1

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 1,018,772	\$ 196,978	\$ 1,215,750
Investments, at Fair Value			
Cash Equivalents	225,556	102,404	327,960
Fixed Income Fund	11,192,398	5,545,735	16,738,133
Equities & Equivalents	15,493,754	6,019,845	21,513,599
Total Investments	26,911,708	11,667,984	38,579,692
Total Assets	27,930,480	11,864,962	39,795,442
LIABILITIES			
Accounts Payable	17,714	14,051	31,765
Total Liabilities	17,714	14,051	31,765
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
(Schedules of funding progress and employer contributions are presented in the "Required Supplementary Information", (Schedule 1)			
	\$ 27,912,766	\$ 11,850,911	\$ 39,763,677

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2008

Exhibit E-2

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ADDITIONS			
Contributions			
Employee Contributions	\$ 438,524	\$ -	\$ 438,524
Employer Contributions	2,388,571	-	2,388,571
Plan Sponsor Contributions	-	1,387,771	1,387,771
Total Contributions	<u>2,827,095</u>	<u>1,387,771</u>	<u>4,214,866</u>
Investment Earnings			
Net Depreciation in Fair Value of Investments	(2,315,580)	(1,069,996)	(3,385,576)
Interest and Dividends	1,115,835	599,349	1,715,184
Total Investment Earnings	<u>(1,199,745)</u>	<u>(470,647)</u>	<u>(1,670,392)</u>
Less Investment Expense	<u>(177,510)</u>	<u>(97,126)</u>	<u>(274,636)</u>
Net Investment Income	<u>(1,377,255)</u>	<u>(567,773)</u>	<u>(1,945,028)</u>
Total Additions	<u>1,449,840</u>	<u>819,998</u>	<u>2,269,838</u>
DEDUCTIONS			
Administrative Expenses	50,197	10,528	60,725
Benefits	1,753,646	1,019,244	2,772,890
Total Deductions	<u>1,803,843</u>	<u>1,029,772</u>	<u>2,833,615</u>
Change in Net Assets	(354,003)	(209,774)	(563,777)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Net Assets--Beginning of the Year	<u>28,266,769</u>	<u>12,060,685</u>	<u>40,327,454</u>
Net Assets--End of the Year	<u>\$ 27,912,766</u>	<u>\$ 11,850,911</u>	<u>\$ 39,763,677</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2008

Exhibit E-3

	Revolving Loan	BVL Cooperating Parties Group
ASSETS		
Equity in Pooled Cash and Investments	\$ 50,859	\$ 1,141,288
Accounts Receivable	23,495	-
Investments	-	1,181,456
Total Assets	74,354	2,322,744
LIABILITIES		
Accounts Payable	-	37,074
Deferred Revenue	-	1,181,456
Total Liabilities	-	1,218,530
NET ASSETS:		
Held in Trust	\$ 74,354	\$ 1,104,214

continued

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2008
(continued)

Exhibit E-3

Bar Library	Jeffrey Chenowith Scholarship	Total
\$ 452,731	\$ 24,738	\$ 1,669,616
6,584	-	30,079
-	-	1,181,456
459,315	24,738	2,881,151
1,782	-	38,856
-	-	1,181,456
1,782	-	1,220,312
\$ 457,533	\$ 24,738	\$ 1,660,839

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2008

Exhibit E-4

	Revolving Loan		BVL Cooperating Parties Group
ADDITIONS:			
Contributions and Donations	\$ -	\$	104,007
Interest and Dividends	1,174		55,329
Total Additions	1,174		159,336
DEDUCTIONS:			
Contractual Services	-		104,007
Miscellaneous	5,944		-
Scholarships	-		-
Total Deductions	5,944		104,007
Change in Net Assets	(4,770)		55,329
NET ASSETS:			
Net Assets-Beginning of Year	79,124		1,048,885
Net Assets-End of Year	\$ 74,354	\$	1,104,214

continued

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2008
(continued)

Exhibit E-4

Bar Library	Jeffrey Chenowith Scholarship	Total
\$ 139,347	\$ -	\$ 243,354
20,002	1,212	77,717
159,349	1,212	321,071
91,517	-	195,524
-	-	5,944
-	2,000	2,000
91,517	2,000	203,468
67,832	(788)	117,603
389,701	25,526	1,543,236
\$ 457,533	\$ 24,738	\$ 1,660,839

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2008

Exhibit E-5

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>PASS-THROUGH GRANTS</u>				
<u>ASSETS</u>				
Equity in Pooled Cash	\$ 164,352	\$ 111,687	\$ 164,352	\$ 111,687
Accounts Receivable	6,333	14,103	6,333	14,103
Total Assets	<u>\$ 170,685</u>	<u>\$ 125,790</u>	<u>\$ 170,685</u>	<u>\$ 125,790</u>
<u>LIABILITIES</u>				
Due to Beneficiary	<u>\$ 170,685</u>	<u>\$ 125,790</u>	<u>\$ 170,685</u>	<u>\$ 125,790</u>
Total Liabilities	<u>\$ 170,685</u>	<u>\$ 125,790</u>	<u>\$ 170,685</u>	<u>\$ 125,790</u>
 <u>HEALTH CARE CONSORTIUM</u>				
<u>ASSETS</u>				
Investments	\$ 14,593,618	\$ 6,651,395	\$ 12,718,892	\$ 8,526,121
Total Assets	<u>\$ 14,593,618</u>	<u>\$ 6,651,395</u>	<u>\$ 12,718,892</u>	<u>\$ 8,526,121</u>
<u>LIABILITIES</u>				
Due to Beneficiary	<u>\$ 14,593,618</u>	<u>\$ 6,651,395</u>	<u>\$ 12,718,892</u>	<u>\$ 8,526,121</u>
Total Liabilities	<u>\$ 14,593,618</u>	<u>\$ 6,651,395</u>	<u>\$ 12,718,892</u>	<u>\$ 8,526,121</u>
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Equity in Pooled Cash	\$ 164,352	\$ 111,687	\$ 164,352	\$ 111,687
Accounts Receivable	6,333	14,103	6,333	14,103
Investments	14,593,618	6,651,395	12,718,892	8,526,121
Total Assets	<u>\$ 14,764,303</u>	<u>\$ 6,777,185</u>	<u>\$ 12,889,577</u>	<u>\$ 8,651,911</u>
<u>LIABILITIES</u>				
Due to Beneficiary	<u>\$ 14,764,303</u>	<u>\$ 6,777,185</u>	<u>\$ 12,889,577</u>	<u>\$ 8,651,911</u>
Total Liabilities	<u>\$ 14,764,303</u>	<u>\$ 6,777,185</u>	<u>\$ 12,889,577</u>	<u>\$ 8,651,911</u>

Statistical Section



Statistical Section

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic & Demographic Information

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

Operating Information

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

Source:

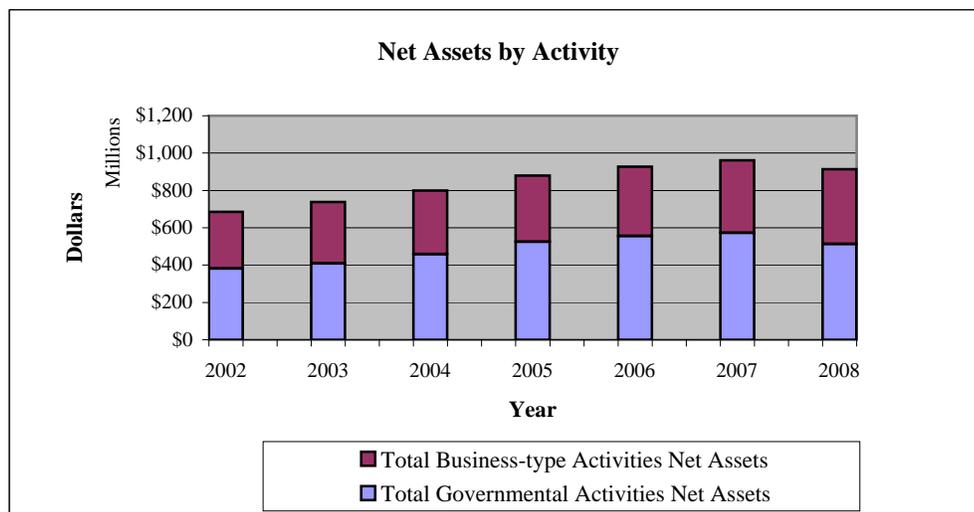
Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in fiscal year 2002, therefore tables presenting government-wide information includes only information from 2002 to the present.

Harford County, Maryland

Net Assets by Component (accrual basis of accounting)

Table 1
Last Seven Fiscal Years

	Fiscal Year		
	2002	2003	2004
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 284,105,573	\$ 333,435,548	\$ 357,931,623
Restricted	48,338,534	53,287,166	58,792,889
Unrestricted	50,029,353	22,536,723	41,887,313
Total Governmental Activities Net Assets	\$ 382,473,460	\$ 409,259,437	\$ 458,611,825
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	\$ 205,161,939	\$ 213,138,995	\$ 219,478,767
Unrestricted	97,819,863	115,982,093	121,799,547
Total Business-type Activities Net Assets	\$ 302,981,802	\$ 329,121,088	\$ 341,278,314
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$ 489,267,512	\$ 546,574,543	\$ 577,410,390
Restricted	48,338,534	53,287,166	58,792,889
Unrestricted	147,849,216	138,518,816	163,686,860
Total Primary Government Net Assets	\$ 685,455,262	\$ 738,380,525	\$ 799,890,139



Fiscal Year			
2005	2006	2007	2008
\$ 373,728,341	\$ 395,170,359	\$ 412,786,546	\$ 464,659,388
60,274,990	63,909,160	76,961,572	76,207,751
91,040,906	96,748,018	83,544,901	(27,463,371)
<u>\$ 525,044,237</u>	<u>\$ 555,827,537</u>	<u>\$ 573,293,019</u>	<u>\$ 513,403,768</u>
\$ 229,285,930	\$ 241,947,408	\$ 256,147,742	\$ 264,079,863
125,501,320	130,235,522	131,468,032	135,343,466
<u>\$ 354,787,250</u>	<u>\$ 372,182,930</u>	<u>\$ 387,615,774</u>	<u>\$ 399,423,329</u>
\$ 603,014,271	\$ 637,117,767	\$ 668,934,288	\$ 728,739,251
60,274,990	63,909,160	76,961,572	76,207,751
216,542,226	226,983,540	215,012,933	107,880,095
<u>\$ 879,831,487</u>	<u>\$ 928,010,467</u>	<u>\$ 960,908,793</u>	<u>\$ 912,827,097</u>

Harford County, Maryland

Changes in Net Assets (accrual basis of accounting)

Table 2
Last Seven Fiscal Years

Expenses (by function)	Fiscal Year		
	2002	2003	2004
<i>Government Activities</i>			
Agricultural Preservation	\$ 781,438	\$ 2,538,687	\$ 2,735,313
County Council	1,450,144	1,531,400	1,487,864
Education-Primary thru Com. College	166,198,521	176,217,742	181,753,439
General Government	23,064,861	20,203,633	23,123,024
Harford Center	347,606	367,731	367,731
Judicial	6,749,715	6,865,700	7,021,007
Libraries	9,058,242	13,458,114	10,783,353
Parks and Recreation	6,877,916	7,888,822	11,276,417
Public Safety	45,581,982	50,505,871	52,792,113
Public Works	35,391,778	39,726,014	42,579,379
Social Services & Health	17,149,173	19,183,085	20,164,881
Unallocated Debt Interest & Other Costs	8,555,498	8,688,555	7,619,473
Total Government Activities, as Restated	321,206,874	347,175,354	361,703,994
<i>Business-type Activities</i>			
Water and Sewer	31,523,242	32,220,977	33,605,134
Total Business-type Activities	31,523,242	32,220,977	33,605,134
Total Primary Government Expenses	\$ 352,730,116	\$ 379,396,331	\$ 395,309,128
Program Revenues			
<i>Government Activities</i>			
Charges for Services			
General Government	\$ 1,605,297	\$ 1,713,930	\$ 1,846,227
Public Safety	7,190,058	5,677,052	6,700,000
Public Works	8,357,508	12,493,132	13,123,511
Other Activities	1,054,504	1,130,547	1,161,341
Operating Grants and Contributions	28,212,214	28,233,897	28,017,918
Capital Grants and Contributions	12,948,888	17,444,925	10,601,993
Total Governmental Activities Program Revenue	59,368,469	66,693,483	61,450,990
<i>Business-type Activities</i>			
Charges for Services	19,122,209	19,541,794	20,327,113
Capital Grants and Contributions	20,668,188	21,366,306	19,416,140
Total Business-type Activities Program Revenue	39,790,397	40,908,100	39,743,253
Total Primary Government Program Revenues	\$ 99,158,866	\$ 107,601,583	\$ 101,194,243
Net (Expense) Revenue			
<i>Government Activities, as Restated</i>	\$ (261,838,405)	\$ (280,481,871)	\$ (300,253,004)
<i>Business-type Activities</i>	8,267,155	8,687,123	6,138,119
Total Primary Government Net Expense, as Restated	\$ (253,571,250)	\$ (271,794,748)	\$ (294,114,885)
General Revenues and Other Changes in Net Assets			
<i>Government Activities</i>			
Taxes			
Property Taxes	\$ 150,826,264	\$ 156,065,011	\$ 169,062,889
Income Taxes	117,760,864	119,276,969	148,636,932
Other Taxes	22,239,992	24,587,212	30,167,280
Investment Earnings	6,724,177	6,560,410	1,244,606
Grants and Contributions	-	860,767	645,575
Miscellaneous	1,082,504	1,072,462	1,422,066
Total Governmental Activities	298,633,801	308,422,831	351,179,348
<i>Business-type Activities</i>			
Other Taxes	1,840,995	2,142,874	2,724,595
Investment Earnings	4,941,379	4,274,289	3,294,512
Litigation Settlement	-	11,035,000	-
Total Business-type Activities	6,782,374	17,452,163	6,019,107
Total Primary Government	\$ 305,416,175	\$ 325,874,994	\$ 357,198,455
Change in Net Assets			
<i>Government Activities, as Restated</i>	\$ 36,795,396	\$ 27,940,960	\$ 50,926,344
<i>Business-type Activities</i>	15,049,529	26,139,286	12,157,226
Total Primary Government, as Restated	\$ 51,844,925	\$ 54,080,246	\$ 63,083,570

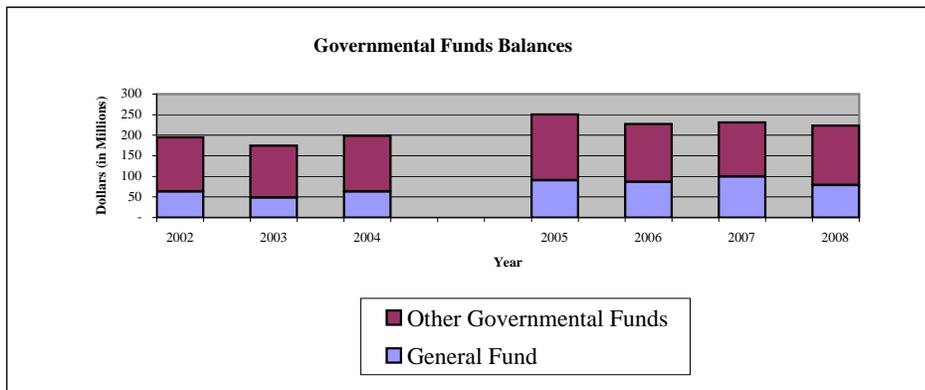
Fiscal Year				
	2005	2006	2007	2008
\$	2,458,011	\$ 3,063,167	\$ 1,967,017	\$ 3,127,195
	1,546,589	1,771,152	1,859,440	2,379,819
	197,639,393	237,071,869	241,576,927	297,182,465
	23,164,674	22,934,310	36,207,586	43,776,142
	382,143	432,143	482,143	532,142
	7,639,916	8,342,616	9,052,442	10,398,970
	13,838,222	17,313,195	12,894,760	16,406,652
	9,950,468	11,255,578	19,323,689	18,980,453
	57,134,910	64,446,233	74,225,224	95,946,852
	43,118,390	66,827,829	56,214,545	73,819,429
	20,683,885	22,780,840	25,119,209	26,492,857
	7,852,493	8,498,206	8,202,236	9,995,430
	<u>385,409,094</u>	<u>464,737,138</u>	<u>487,125,218</u>	<u>599,038,406</u>
	<u>34,271,051</u>	<u>35,899,779</u>	<u>36,525,841</u>	<u>40,077,024</u>
	<u>34,271,051</u>	<u>35,899,779</u>	<u>36,525,841</u>	<u>40,077,024</u>
\$	<u>419,680,145</u>	<u>500,636,917</u>	<u>523,651,059</u>	<u>639,115,430</u>
\$	1,861,049	\$ 1,984,467	\$ 2,087,329	\$ 2,109,440
	9,119,711	6,441,809	6,647,023	6,227,490
	13,706,892	14,678,365	14,754,084	16,734,280
	1,257,179	1,302,711	1,300,942	1,340,804
	27,829,602	32,667,246	33,674,068	34,867,362
	<u>19,323,654</u>	<u>23,626,095</u>	<u>17,680,246</u>	<u>17,557,762</u>
	<u>73,098,087</u>	<u>80,700,693</u>	<u>76,143,692</u>	<u>78,837,138</u>
	20,841,982	22,236,063	22,757,806	24,179,578
	<u>19,016,100</u>	<u>20,539,437</u>	<u>18,600,053</u>	<u>17,661,512</u>
	<u>39,858,082</u>	<u>42,775,500</u>	<u>41,357,859</u>	<u>41,841,090</u>
\$	<u>112,956,169</u>	<u>123,476,193</u>	<u>117,501,551</u>	<u>120,678,228</u>
\$	(312,311,007)	\$ (384,036,445)	\$ (410,981,526)	\$ (520,201,268)
	5,587,031	6,875,721	4,832,018	1,764,066
\$	<u>(306,723,976)</u>	<u>(377,160,724)</u>	<u>(406,149,508)</u>	<u>(518,437,202)</u>
\$	180,609,309	\$ 195,158,988	\$ 218,160,400	\$ 243,355,073
	150,378,591	158,656,846	160,292,947	167,483,930
	38,728,179	48,152,486	41,225,896	31,524,076
	7,754,509	9,566,164	14,410,465	15,068,189
	860,767	860,767	909,303	832,651
	<u>1,733,509</u>	<u>4,738,703</u>	<u>3,491,848</u>	<u>2,048,098</u>
	<u>380,064,864</u>	<u>417,133,954</u>	<u>438,490,859</u>	<u>460,312,017</u>
	3,403,703	3,943,394	3,213,661	2,501,024
	4,518,202	6,576,565	7,387,165	7,542,465
	-	-	-	-
	<u>7,921,905</u>	<u>10,519,959</u>	<u>10,600,826</u>	<u>10,043,489</u>
\$	<u>387,986,769</u>	<u>427,653,913</u>	<u>449,091,685</u>	<u>470,355,506</u>
\$	67,753,857	\$ 33,097,509	\$ 27,509,333	\$ (59,889,251)
	13,508,936	17,395,680	15,432,844	11,807,555
\$	<u>81,262,793</u>	<u>50,493,189</u>	<u>42,942,177</u>	<u>(48,081,696)</u>

Harford County, Maryland

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

**Table 3
Last Seven Fiscal Years**

	Fiscal Year		
	2002	2003	2004
General Fund			
Reserved	\$ 10,528,878	\$ 8,198,332	\$ 4,630,184
Unreserved			
Designated for Future Use	20,691,039	7,423,136	10,085,313
Designated for Credit Rating Purposes	15,962,949	15,787,560	16,949,171
Designated for Other Purposes	8,755,185	11,074,163	9,781,534
Undesignated Major Funds	7,363,314	5,921,926	22,003,739
Total General Fund	63,301,365	48,405,117	63,449,941
All Other Governmental Funds			
Reserved	\$ 15,889,234	\$ 21,776,211	\$ 25,154,495
Unreserved, reported in:			
Special Revenue Funds	44,128,229	49,038,817	47,820,543
Capital Project Funds	71,590,209	55,906,477	62,254,853
Total All Other Governmental Funds	131,607,672	126,721,505	135,229,891
Total All Governmental Funds	\$ 194,909,037	\$ 175,126,622	\$ 198,679,832



				Fiscal Year			
2005		2006		2007		2008	
\$	4,189,344	\$	2,964,901	\$	8,539,455	\$	9,610,690
	24,157,124		19,899,899		25,657,817		24,929,371
	19,879,813		21,477,312		23,603,395		24,366,267
	10,359,862		11,185,859		18,999,472		12,727,315
	31,738,528		30,801,310		22,918,854		7,275,141
	<u>90,324,671</u>		<u>86,329,281</u>		<u>99,718,993</u>		<u>78,908,784</u>
\$	26,687,436	\$	18,861,192	\$	30,306,608	\$	27,740,661
	51,966,401		58,015,268		61,436,049		62,599,094
	81,755,014		63,992,661		39,690,723		54,045,835
	<u>160,408,851</u>		<u>140,869,121</u>		<u>131,433,380</u>		<u>144,385,590</u>
\$	<u><u>250,733,522</u></u>	\$	<u><u>227,198,402</u></u>	\$	<u><u>231,152,373</u></u>	\$	<u><u>223,294,374</u></u>

Harford County, Maryland

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

Table 4
Last Seven Fiscal Years

	Fiscal Year		
	2002	2003	2004
REVENUES			
Taxes	\$ 292,082,670	\$ 300,449,556	\$ 336,284,877
Revenues from Other Agencies	32,061,157	33,935,764	32,157,865
Investment Income	6,238,809	6,343,303	1,131,601
Charges for Current Services	14,794,163	17,050,091	18,364,374
Miscellaneous	1,082,504	1,210,245	1,601,605
Licenses and Permits	3,165,955	3,189,445	3,405,141
Fines and Forfeitures	76,253	203,133	293,387
Total Revenues	<u>349,501,511</u>	<u>362,381,537</u>	<u>393,238,850</u>
EXPENDITURES			
Agricultural Preservation	2,003,110	7,240,243	5,411,510
County Council	1,419,861	1,571,340	1,483,520
General Government	21,491,344	20,941,923	23,037,144
Education-Primary thru Com College	148,954,027	157,549,466	159,838,878
Harford Center	347,606	367,731	367,731
Judicial	6,256,191	6,448,245	6,540,613
Libraries	8,765,813	9,731,241	10,361,806
Parks, Recreation and Natural Resources	6,038,609	6,474,097	6,964,965
Public Safety	44,861,108	48,332,669	50,229,709
Public Works	28,646,164	54,705,653	32,390,927
Social Services	16,172,807	18,023,183	20,525,377
Capital Outlay	44,246,753	51,547,714	50,991,391
Debt Service			
Principal	10,010,573	15,454,794	18,444,292
Interest	7,959,173	10,105,153	9,461,803
Forgiveness of Long-term debt	-	-	-
Administrative Cost	166,491	989,515	255,893
Total Expenditures	<u>347,339,630</u>	<u>409,482,967</u>	<u>396,305,559</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,161,881</u>	<u>(47,101,430)</u>	<u>(3,066,709)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	30,420,950	37,397,005	27,214,887
Transfers (Out)	(30,420,950)	(37,397,005)	(27,214,887)
Payment to Escrow Agent for Refunding	-	-	(13,154,444)
Premium on Issuance of Bonds	-	-	-
Issuance of Notes & Leases	3,500,000	43,338	-
Issuance of Installment Purchase Agreements	590,612	4,777,778	2,638,004
Issuances from Bonds	28,625,819	22,570,750	37,024,444
Total Other Financing Sources and Uses	<u>32,716,431</u>	<u>27,391,866</u>	<u>26,508,004</u>
Net Change in Fund Balances	<u>\$ 34,878,312</u>	<u>\$ (19,709,564)</u>	<u>\$ 23,441,295</u>

Fiscal Year			
2005	2006	2007	2008
\$ 364,815,190	\$ 397,052,086	\$ 422,717,106	\$ 438,882,450
34,682,711	38,652,065	42,139,431	47,211,851
7,554,516	9,233,932	13,985,693	14,564,031
22,175,765	20,657,426	20,936,913	21,348,472
2,209,668	2,328,712	4,348,707	3,547,649
3,391,013	3,429,632	3,412,684	3,108,872
378,053	320,294	439,781	520,451
<u>435,206,916</u>	<u>471,674,147</u>	<u>507,980,315</u>	<u>529,183,776</u>
4,503,005	3,390,559	6,740,532	23,120,378
1,560,253	1,753,619	1,894,779	2,499,875
22,637,479	24,667,799	28,921,206	36,931,065
166,326,151	189,193,543	204,193,543	215,393,543
382,143	432,143	482,143	532,143
7,225,955	7,829,181	8,530,681	9,658,821
11,646,499	13,105,781	14,361,956	15,705,461
7,815,100	8,379,757	9,616,126	11,356,395
56,318,711	63,317,434	69,010,378	88,947,220
34,574,637	37,785,746	41,461,050	48,226,571
20,177,851	22,063,636	24,183,444	26,433,379
73,025,553	92,586,151	86,959,198	139,888,861
17,266,837	21,686,606	18,050,332	20,403,260
10,030,592	10,596,280	10,296,906	12,689,676
850,000	-	-	-
302,312	159,045	470,370	567,990
<u>434,643,078</u>	<u>496,947,280</u>	<u>525,172,644</u>	<u>652,354,638</u>
<u>563,838</u>	<u>(25,273,133)</u>	<u>(17,192,329)</u>	<u>(123,170,862)</u>
31,312,152	53,649,718	47,973,433	48,620,080
(31,312,152)	(53,649,718)	(47,973,433)	(48,620,080)
-	-	-	-
2,908,731	-	-	5,901,161
11,635,000	-	18,231,849	700,000
929,032	1,554,491	2,669,752	12,537,691
35,905,000	-	-	95,900,000
<u>51,377,763</u>	<u>1,554,491</u>	<u>20,901,601</u>	<u>115,038,852</u>
\$ <u>51,941,601</u>	\$ <u>(23,718,642)</u>	\$ <u>3,709,272</u>	\$ <u>(8,132,010)</u>

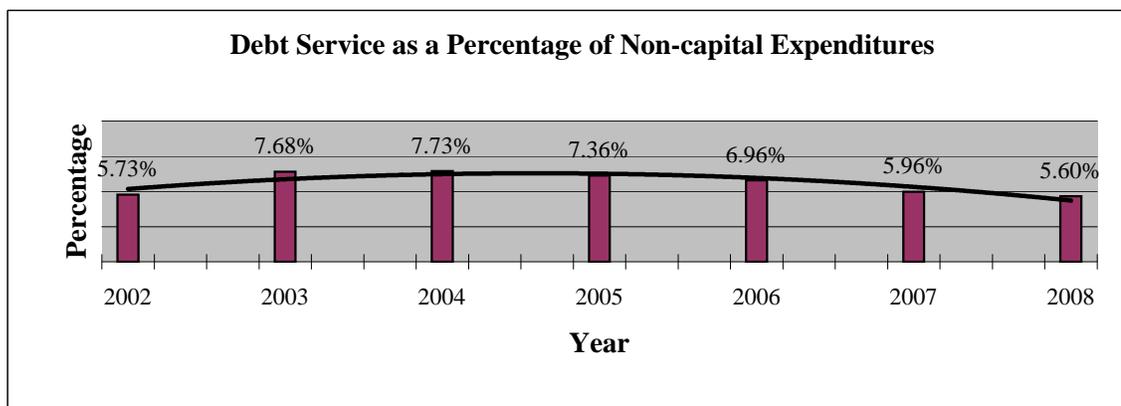
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures

Table 5
Last Seven Fiscal Years

	Fiscal Year		
	2002	2003	2004
Total Expenditures	\$ 347,339,630	\$ 409,482,967	\$ 396,305,559
(1) Less Capital Asset Expenditures	31,066,768	63,600,954	31,779,050
Non-capital Expenditures	\$ 316,272,862	\$ 345,882,013	\$ 364,526,509
Debt Service Expenditures			
Principal	\$ 10,010,573	\$ 15,454,794	\$ 18,444,292
Interest	7,959,173	10,105,153	9,461,803
Forgiveness of Long-term debt	-	-	-
Administrative Cost	166,491	989,515	255,893
Total Debt Service Expenditures	\$ 18,136,237	\$ 26,549,462	\$ 28,161,988
 Total Debt Service as a Percentage of Non-capital Expenditures	 <u>5.73%</u>	 <u>7.68%</u>	 <u>7.73%</u>

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



Fiscal Year			
2005	2006	2007	2008
\$ 434,643,078	\$ 496,947,280	\$ 525,172,644	\$ 652,354,638
<u>47,847,785</u>	<u>30,601,719</u>	<u>41,900,223</u>	<u>51,462,491</u>
\$ <u><u>386,795,293</u></u>	\$ <u><u>466,345,561</u></u>	\$ <u><u>483,272,421</u></u>	\$ <u><u>600,892,147</u></u>
\$ 17,266,837	\$ 21,686,606	\$ 18,050,332	\$ 20,403,260
10,030,592	10,596,280	10,296,906	12,689,676
850,000	-	-	-
<u>302,312</u>	<u>159,045</u>	<u>470,370</u>	<u>567,990</u>
\$ <u><u>28,449,741</u></u>	\$ <u><u>32,441,931</u></u>	\$ <u><u>28,817,608</u></u>	\$ <u><u>33,660,926</u></u>
<u>7.36%</u>	<u>6.96%</u>	<u>5.96%</u>	<u>5.60%</u>

Harford County, Maryland

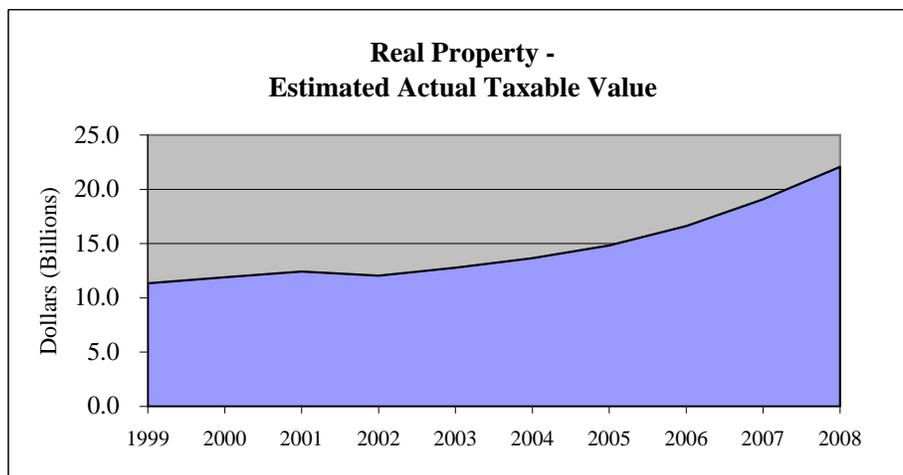
Assessed Value and Actual Value of Taxable Property (1) (Per \$100 of Assessed Value)

Table 6
Last Ten Fiscal Years

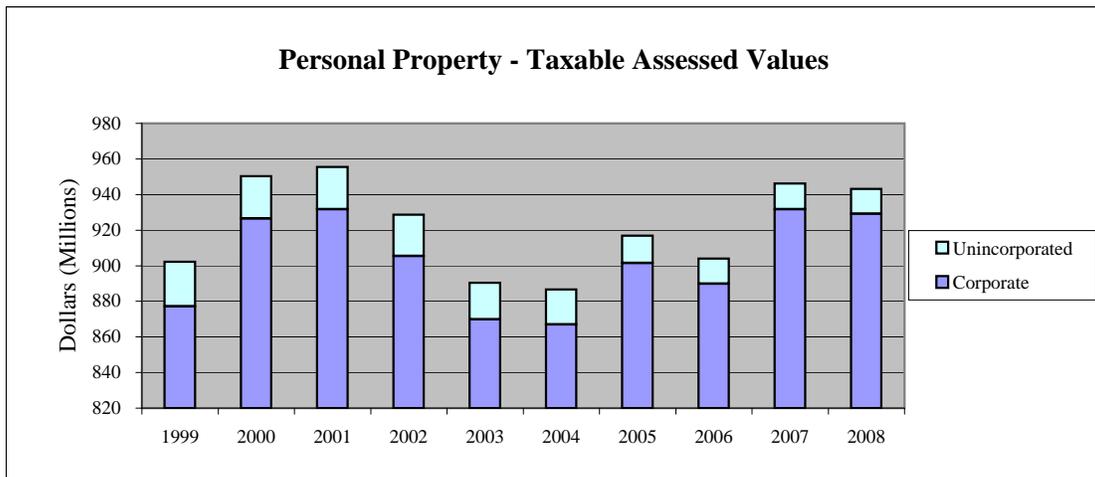
Fiscal Year Ending June 30	Real Property			
	Assessed Value	Exempt Property	Taxable Assessed Value	Estimated Actual Taxable Value
1999	\$ 4,809,252,316	\$ 683,423,470	\$ 4,125,828,846	\$ 11,339,707,320
2000	5,035,193,031	690,462,210	4,344,730,821	11,897,520,368
2001	5,250,575,256	693,785,690	4,556,789,566	12,432,652,450
2002 (2)	13,859,919,484	1,800,100,819	12,059,818,665	12,059,818,665
2003	14,614,884,399	1,830,939,786	12,783,944,613	12,783,944,613
2004	15,527,295,683	1,871,639,589	13,655,656,094	13,655,656,094
2005	16,726,025,577	1,896,309,164	14,829,716,413	14,829,716,413
2006	18,548,656,553	1,940,013,808	16,608,642,745	16,608,642,745
2007	21,102,242,472	2,014,779,364	19,087,463,108	19,087,463,108
2008	24,150,504,718	2,085,913,339	22,064,591,379	22,064,591,379

- (1) Based on information provided by the Maryland Department of Assessments and Taxation.
 (2) As of Fiscal Year 2002, real property taxes are assessed at the property's estimated actual value. Previously real property taxes were assessed at 40% of the property's estimated actual value.

Note: 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; 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 2007 and prior and 9% for Fiscal Year 2008. Personal Property tax rates are 2.5 times the real property tax rate.



% Taxable Assessed To Estimated Actual Taxable Value	Real Property Direct Tax Rate	Personal Property		Personal Property Direct Tax Rate
		Corporate Taxable Assessed Value	Unincorporated Taxable Assessed Value	
36.38%	2.730	\$ 877,184,270	\$ 25,130,560	2.730
36.52%	2.730	926,577,370	23,823,430	2.730
36.65%	2.730	931,706,090	23,715,050	2.730
100.00%	1.092	905,527,810	23,169,200	2.730
100.00%	1.092	869,827,630	20,554,730	2.730
100.00%	1.092	866,976,420	19,634,220	2.730
100.00%	1.092	901,577,340	15,330,820	2.730
100.00%	1.082	889,899,840	14,181,420	2.705
100.00%	1.082	931,753,570	14,438,670	2.705
100.00%	1.082	929,164,770	14,066,570	2.705



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)
1999	2.340	0.390	2.730	1.100	1.280	1.550
2000	2.340	0.390	2.730	1.100	1.280	1.550
2001	2.340	0.390	2.730	1.100	1.280	1.550
2002	0.936	0.156	1.092	0.440	0.512	0.620
2003	0.936	0.156	1.092	0.440	0.512	0.620
2004	0.936	0.156	1.092	0.500	0.550	0.720
2005	0.936	0.156	1.092	0.500	0.550	0.720
2006	0.926	0.156	1.082	0.500	0.550	0.700
2007	0.926	0.156	1.082	0.500	0.735	0.680
2008	0.926	0.156	1.082	0.500	0.715	0.650

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)
1999	2.340	0.390	2.730	1.100	1.280	1.550
2000	2.340	0.390	2.730	1.100	1.280	1.550
2001	2.340	0.390	2.730	1.100	1.280	1.550
2002	2.340	0.390	2.730	1.100	1.280	1.550
2003	2.340	0.390	2.730	1.100	1.280	1.550
2004	2.340	0.390	2.730	1.160	1.400	1.705
2005	2.340	0.390	2.730	1.160	1.400	1.705
2006	2.315	0.390	2.705	1.160	1.400	1.705
2007	2.315	0.390	2.705	1.160	1.700	1.705
2008	2.315	0.390	2.705	1.160	1.700	1.705

- (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 municipalities 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 (1)

Table 8
Current Fiscal Year and Ten Years Ago

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

Fiscal Year		1998		
Taxpayer	Type of Business	Assessed Valuation	County Taxes (2)	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 246,092,330	\$ 6,671,134	5.11%
MCI Telecommunications Corporation	Public Utility	198,518,960	5,415,845	4.12%
Bell Atlantic - Maryland	Public Utility	91,333,440	2,406,664	1.90%
Susquehanna Power Company	Public Utility	64,030,080	1,746,940	1.33%
GPS Maryland Inc	Office/Industrial Ctr	39,506,640	1,081,347	0.82%
Columbia Gas Transmission	Public Utility	15,446,750	421,669	0.32%
Mid-Atlantic Realty Trust	Shopping Center	16,975,600	386,033	0.35%
Maryland State Retirement & Pension System	Shopping Center	11,220,040	295,168	0.23%
May Department Stores	Office/Industrial Ctr	11,115,390	294,681	0.23%
Supervalu Operations Inc	Office/Industrial Ctr	11,014,740	294,513	0.23%
		<u>705,253,970</u>	<u>19,013,994</u>	<u>14.64%</u>
Total Assessed Valuation		\$ <u>4,813,436,537</u> (2)		

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

(2) Prior to Fiscal Year 2002, real property values were assessed at 40% of the property's estimated actual value.

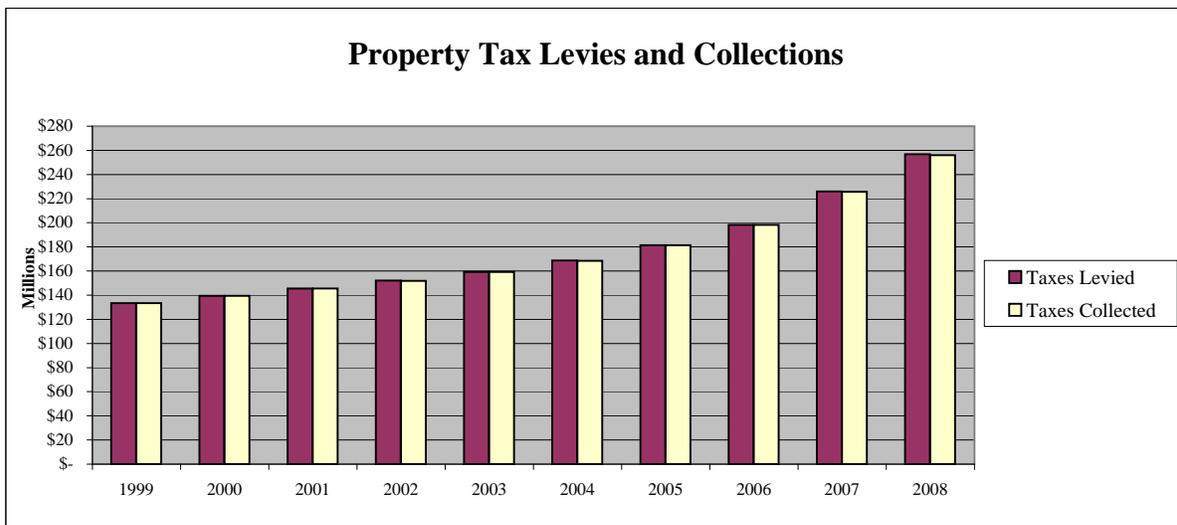
Harford County, Maryland

Property Tax Levies and Collections

Table 9
Last Ten Fiscal Years

Year Ending June 30	Total Taxes Levied	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
		Amount	Percent		Amount	Percent	
1999	\$ 133,418,960	\$ 132,527,395	99.332%	\$ 856,737	\$ 133,384,132	99.974%	\$ 34,828
2000	139,453,851	139,632,575	100.128%	(265,271) (1)	139,367,304	99.938%	86,547
2001	145,621,962	145,248,099	99.743%	259,976	145,508,075	99.922%	113,887
2002	152,097,954	151,301,348	99.476%	648,634	151,949,982	99.903%	147,972
2003	159,287,040	156,728,264	98.394%	2,397,371	159,125,635	99.899%	161,405
2004	168,742,654	167,999,826	99.560%	591,125	168,590,951	99.910%	151,703
2005	181,509,397	181,184,501	99.821%	136,577	181,321,078	99.896%	188,319
2006	198,384,248	197,681,023	99.646%	533,061	198,214,084	99.914%	170,164
2007	225,955,717	225,203,456	99.667%	551,623	225,755,079	99.911%	200,638
2008	256,925,595	255,936,685	99.615%	N/A	255,936,685	99.615%	988,910

(1) In December, 2001, the Maryland Department of Assessment and Taxation retroactively reduced the corporate personal tax assessment for Saks Fifth Avenue; as a result Saks received a refund of \$308,757 for fiscal year 2000 taxes.



Harford County, Maryland

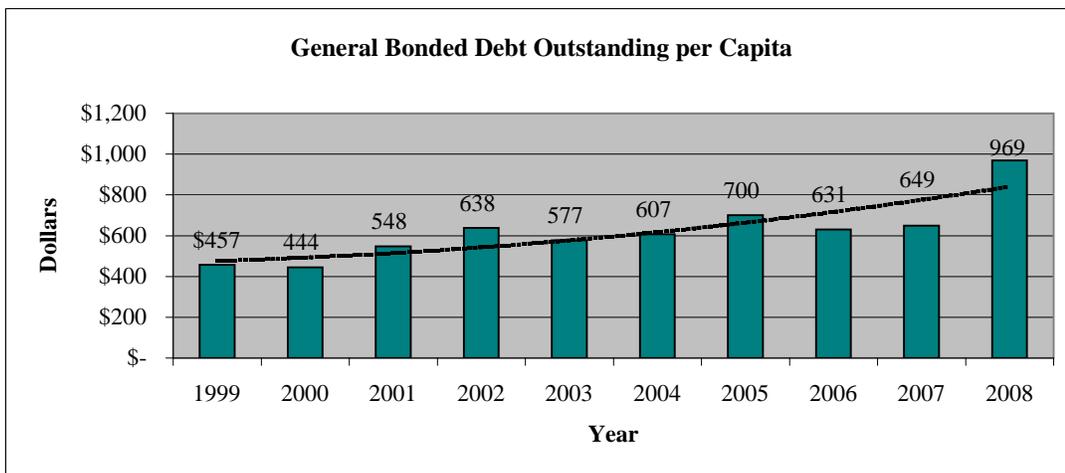
Ratios of General Bonded Debt Outstanding (1)

Table 10
Last Ten Fiscal Years

Year Ending June 30	Governmental General Obligation Debt (2)	Business-type General Obligation Bonds	Less Amounts to be Paid with Other Resources (3)	Total Net Primary Government	Percentage of Actual Assessed Value of Property (4)	Per Capita (4)
1999	\$ 128,672,633	\$ 113,601,782	\$ 143,395,994	\$ 98,878,421	1.97%	\$ 457
2000	128,505,461	117,281,174	148,305,572	97,481,063	1.84%	444
2001	153,550,982	110,523,116	142,088,998	121,985,100	2.21%	548
2002	176,591,527	102,048,855	133,687,479	144,952,903	1.12%	638
2003	169,869,912	91,685,037	127,713,945	133,841,004	0.98%	577
2004	180,976,494	85,059,837	123,297,887	142,738,444	0.98%	607
2005	204,436,901	82,783,768	121,158,041	166,062,628	1.05%	700
2006	191,290,866	68,994,713	107,627,411	152,658,168	0.87%	631
2007	198,511,893	60,545,635	100,736,470	158,321,058	0.79%	649 (5)
2008	290,253,582	74,409,065	126,944,354	237,718,293	1.03%	969 (5)

- (1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included here because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments, surcharges and recordation taxes. See Table 11 for specific information on business-type bonded debt.
- (2) The Washington Court Note Payable and the 2007 Lease Purchase are backed by the full faith and credit and unlimited taxing authority of the County, however, all other Capital Leases and Notes Payable are not backed by the full faith and credit and unlimited taxing authority of the County and are not included in the Governmental General Obligation Debt.
- (3) Agriculture Land Preservation debt and Water & Sewer debt are subtracted from the bonded debt because Agriculture Land Preservation debt is paid from dedicated revenues in the Agricultural Preservation Special Revenue fund and Water and Sewer debt is paid from the Water & Sewer Enterprise fund.
- (4) Information from Tables 6 and 15.
- (5) Personal income and population information were estimated for fiscal years 2007 and 2008 because data was unavailable.

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



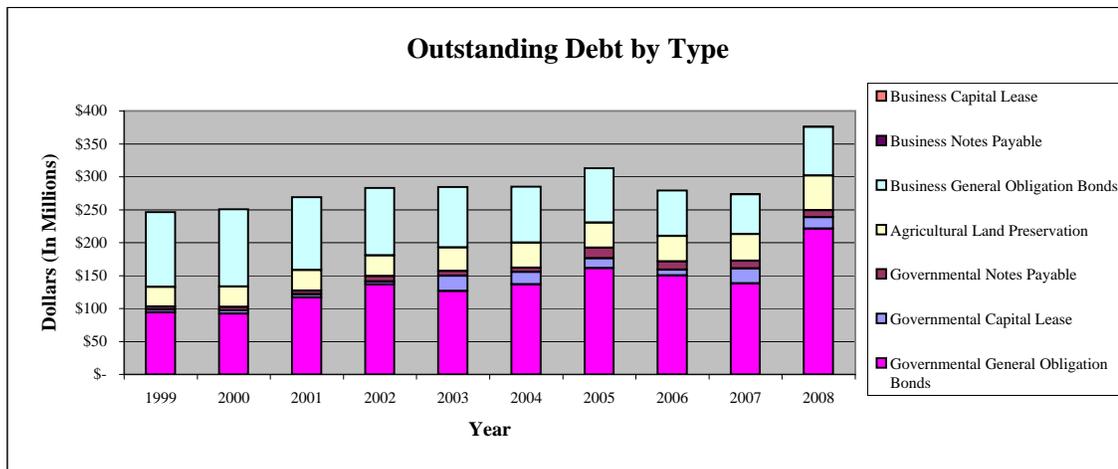
Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

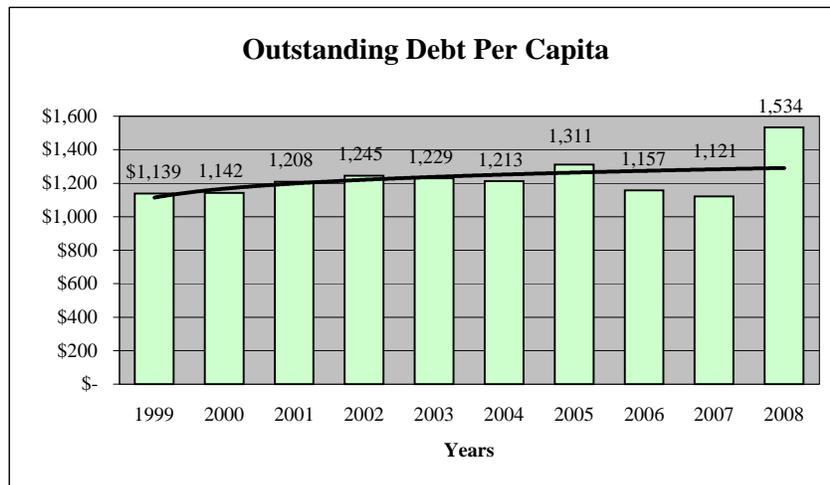
Table 11
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities				
	General Obligation Bonds	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities
1999	\$ 94,255,951	\$ 4,214,602	\$ 4,622,470	\$ 29,794,212	\$ 132,887,235
2000	92,345,089	4,845,257	5,135,974	31,024,398	133,350,718
2001	116,843,487	4,932,947	5,141,613	31,565,882	158,483,929
2002	136,887,632	4,322,441	8,065,271	31,638,624	180,913,968
2003	126,797,975	22,981,128	7,268,029	35,803,908	192,851,040
2004	136,566,067	18,896,526	6,397,725	38,012,702	199,873,020
2005	161,388,248	14,885,073	15,814,155	38,179,497	230,266,973
2006	150,076,668	8,955,750	12,511,500	38,632,698	210,176,616
2007	138,106,697	22,584,599	11,870,000	40,508,347	213,069,643
2008	221,313,649	17,406,894	10,590,000	52,535,289	301,845,832

- (1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.
- (2) Information from Table 15.
- (3) Personal Income and population information were estimated for fiscal years 2007 and 2008 because data was unavailable.



Business-type Activities						
General Obligation Bonds	Notes Payable	Capital Lease Obligation	Total Business-type Activities	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
\$ 113,601,782	\$ -	\$ -	\$ 113,601,782	\$ 246,489,017	3.89%	\$ 1,139
117,281,174	-	-	117,281,174	250,631,892	3.65%	1,142
110,523,116	-	-	110,523,116	269,007,045	3.69%	1,208
102,048,855	-	-	102,048,855	282,962,823	3.70%	1,245
91,685,037	225,000	-	91,910,037	284,761,077	3.52%	1,229
85,059,837	225,348	-	85,285,185	285,158,205	3.30%	1,213
82,783,768	194,776	-	82,978,544	313,245,517	3.40%	1,311
68,994,713	171,238	-	69,165,951	279,342,567	2.87%	1,157
60,228,123	138,950	317,512	60,684,585	273,754,228	2.65% (3)	1,121 (3)
74,150,409	105,683	258,656	74,514,748	376,360,580	3.43% (3)	1,534 (3)



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>
1999	\$ 857,790,883	\$ 94,255,951	\$ 763,534,932	10.99%
2000	897,839,075	88,075,089	809,763,986	9.81%
2001	930,899,459	112,818,487	818,080,972	12.12%
2002	970,899,721	133,122,632	837,777,089	13.71%
2003	1,010,450,418	123,302,975	887,147,443	12.20%
2004	1,064,629,337	136,566,067	928,063,270	12.83%
2005	1,027,319,209	192,087,477	835,231,732	18.70%
2006	1,132,130,755	171,543,918	960,586,837	15.15%
2007	1,287,176,622	172,561,296	1,114,615,326	13.41%
2008	1,465,360,184	249,310,543	1,216,049,641	17.01%

Legal Debt Margin Calculation for Fiscal Year 2008

(1) Net Assessed Value-Real Property	\$ 22,064,591,379	
(2) Debt Limit=6% of Net Assessed Value		\$ 1,323,875,483
(1) Assessed Value--Personal Property	<u>943,231,340</u>	
(2) Debt Limit=15% of Net Assessed Value		<u>141,484,701</u>
Total Debt Limit		1,465,360,184
(3) Amount of Debt Applicable to Debt Limit	376,360,580	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(52,535,289)	
(3) Debt Payable from Enterprise Revenues	<u>(74,514,748)</u>	
Total debt applicable to Debt Limitation		<u>249,310,543</u>
Legal debt margin		<u>\$ 1,216,049,641</u>

- (1) Table 6
- (2) Pursuant to Article 25A section 5 (P) of the Annotated Code of Maryland
- (3) Table 11

Harford County, Maryland

Direct and Overlapping Governmental Activities Debt

Table 13
Current Fiscal Year

<u>Jurisdiction</u>	<u>Total Debt Outstanding (1)</u>	<u>Taxable Assessed Valuation (2)</u>	<u>% of Assessed Valuation to Countywide Total (3)</u>	<u>Estimated Share Of Total Direct & Overlapping Debt (4)</u>
Direct				
Harford County	\$ 249,310,543	\$ 19,615,844,632	85.26%	\$ 246,538,435
Overlapping				
Aberdeen	6,353,535	1,111,359,035	4.83%	13,966,463
Bel Air	1,463,177	1,101,901,663	4.79%	13,850,799
Havre de Grace	32,033,471	1,178,717,389	5.12%	14,805,029
<i>Total Overlapping Debt</i>	<u>39,850,183</u>	<u>3,391,978,087</u>	<u>14.74%</u>	<u>42,622,291</u>
Total	<u>\$ 289,160,726</u>	<u>\$ 23,007,822,719</u>	<u>100.00%</u>	<u>\$ 289,160,726</u>

(1) Debt repaid with property tax revenues.

(2) Total assessed value data provided by State Department of Assessments and Taxation. Municipality assessed value data provided by the municipalities.

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

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

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

Harford County, Maryland

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

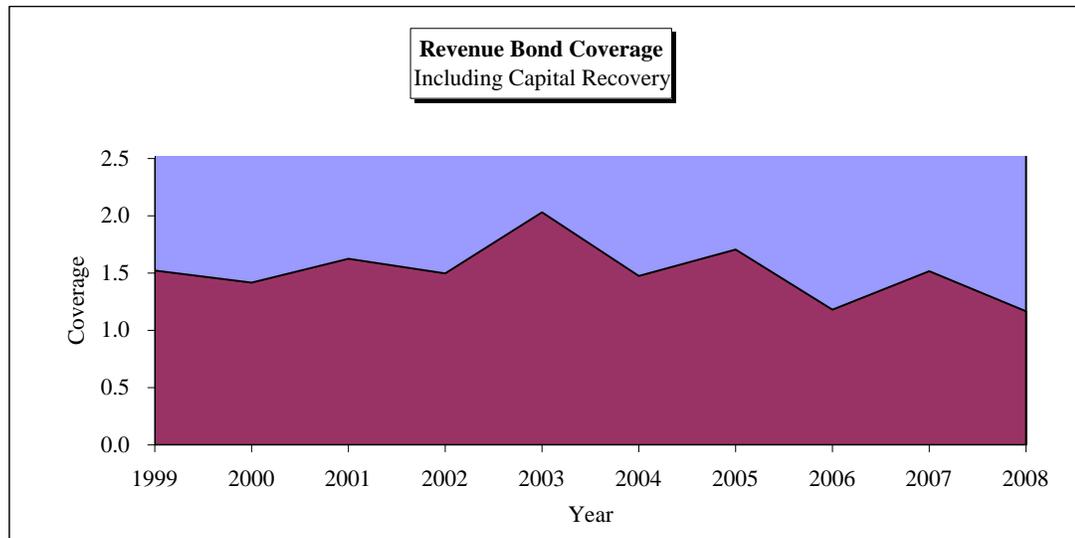
**Table 14
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Gross Revenue (2)	Area Connection Charges (3)	Benefit Assessment (3)	User Assessments and Surcharges (3)	Total Gross Revenues
1999	\$ 23,096,140	\$ 1,747,350	\$ 902,901	\$ 8,460,820	\$ 34,207,211
2000	23,727,452	1,572,650	912,838	8,196,843	34,409,783
2001	25,357,736	1,866,000	869,041	9,600,725	37,693,502
2002	25,904,583	1,904,600	875,569	9,493,009	38,177,761
2003	36,993,957 (6)	1,575,650	981,397	9,262,560	48,813,564
2004	26,346,220	1,530,350	1,581,711 (7)	9,331,722	38,790,003
2005	28,763,887	1,629,350	980,754	10,246,968	41,620,959
2006	32,756,022	1,106,200	878,150	7,792,887	42,533,259
2007	33,358,632	861,100	632,759	6,968,474	41,820,965
2008	34,223,067	1,127,600	658,689	8,567,130	44,576,486

- (1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.
- (2) Includes Total Operating Revenue, Interest Income, and Recordation Tax revenues.
- (3) Includes capital recovery charges and assessments not shown as revenues prior to fiscal year 2001. Beginning Fiscal Year 2001, capital recovery charges are recorded as capital contributions on the Statement of Revenues, Expenses, and Changes in Fund Net Assets, in accordance with GASB 33.
- (4) Includes Total Operating Expenses exclusive of Depreciation plus Other Income (Expense).
- (5) Includes principal and interest on Water and Sewer bonds only from Note 4, F. Non-current Liabilities.
- (6) Gross Revenues for 2003 include a litigation settlement of \$11,035,000.
- (7) Includes an early benefit assessment payoff of \$573,784 by the Town of Bel Air.

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

	Direct Operating Expense (4)	Net Revenue Available for Debt Service	Debt Service Requirements (5)			Coverage
			Principal	Interest	Total	
\$	15,033,004	\$ 19,174,207	\$ 7,793,704	\$ 4,812,864	\$ 12,606,568	1.52
	15,952,371	18,457,412	8,059,317	4,963,362	13,022,679	1.42
	16,582,240	21,111,262	7,991,767	5,007,996	12,999,763	1.62
	17,986,478	20,191,283	8,687,729	4,801,418	13,489,147	1.50
	18,847,251	29,966,313	10,517,527	4,250,167	14,767,694	2.03
	19,716,104	19,073,899	9,478,117	3,451,319	12,929,436	1.48
	20,389,551	21,231,408	9,091,960	3,354,360	12,446,320	1.71
	22,127,995	20,405,264	14,094,946	3,192,596	17,287,542	1.18
	24,349,871	17,471,094	8,918,773	2,593,948	11,512,721	1.52
	28,506,328	16,070,158	10,924,897	2,843,674	13,768,571	1.17



Harford County, Maryland

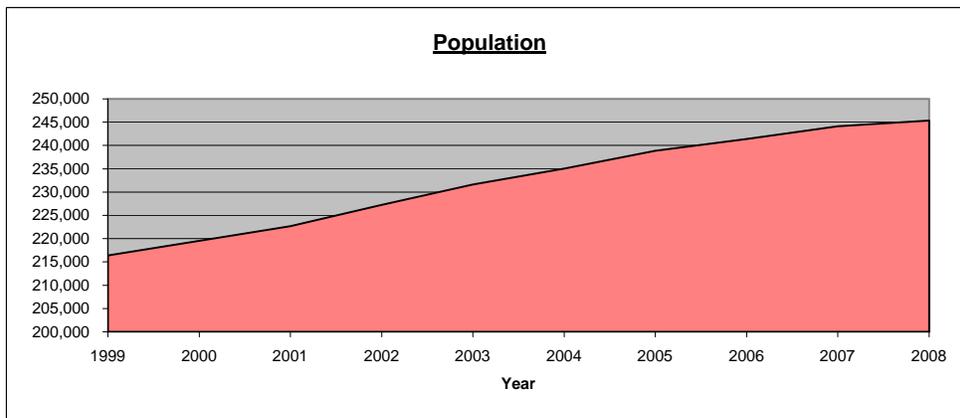
Demographic Statistics

Table 15
Last Ten Fiscal Years

Fiscal Year Ending June 30	Population (1)	Per Capita Income (2)	Personal Income (2) (000's)	Unemployment Rate (3)	School Enrollment (4)	Median Age (5)	Education of Bachelor Degree or Higher (5)
1999	216,408	\$ 29,297	\$ 6,340,172	3.1%	38,968	35.8	26.7%
2000	219,516	31,316	6,874,449	3.9%	39,348	36.2	27.3%
2001	222,664	32,737	7,289,414	4.3%	39,562	36.6	27.9%
2002	227,286	33,692	7,657,674	4.3%	39,995	37.0	28.5%
2003	231,659	34,887	8,081,911	4.7%	40,264	37.2	27.5%
2004	235,067	36,664	8,618,412	4.0%	40,204	36.8	27.6%
2005	238,850	38,595	9,218,447	4.1%	40,313	37.2	27.7%
2006	241,402	40,609	9,728,548	3.7%	40,212	37.5	27.6%
2007	244,130	Not Available	Not Available	3.8%	39,582	37.7	27.7%
2008	245,340	Not Available	Not Available	4.1%	39,175	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2007 provided population estimates for FY2000 thru FY2006. Harford County Department of Planning and Zoning, June 2008 provided population estimates for FY2007 and FY2008.
- (2) U.S. Bureau of Economic Analysis Table CAO4, April, 2008.
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, June 2008.
- (4) Harford County Public School System.
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning & Zoning.



Harford County, Maryland

Principal Employers

Table 16
Current Fiscal Year and Ten Years Ago

Fiscal Year	2008		
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	12,500	1	17.05%
Harford County Public Schools	5,306	2	7.24%
Upper Chesapeake Health	2,464	3	3.36%
Harford County Government	1,588	4	2.17%
Rite Aid Mid-Atlantic Customer Support Center	1,270	5	1.73%
SAIC	797	6	1.09%
Jacobs Technology	656	7	0.89%
Home Depot	605	8	0.83%
Wal-Mart	597	9	0.81%
Saks Fifth Avenue	495	10	0.68%
Total	26,278		35.85%
Total County Employment (2) (3)	73,298		100%
Fiscal Year	1998		
	Number of Employees (4)	Rank	Percentage of Total County Employment
Aberdeen Proving Ground	12,143	1	19.32%
Harford County Public Schools	4,561	2	7.26%
Upper Chesapeake Health System	1,833	3	2.92%
Harford County Government	1,222	4	1.94%
Frito Lay	450	5	0.72%
Old Line Plastics, Inc.	330	6	0.52%
The GAP-Atlantic Dist. Ctr.	330	7	0.52%
Saks Fifth Avenue	300	8	0.48%
Total	21,169		33.68%
Total County Employment (2)	62,865		100%

Source:

- (1) Economic development agencies statewide and Maryland Department of Business and Economic Development, October, 2007.
- (2) U.S. Census Bureau, Center for Economic Studies, May 7, 2008.
- (3) Calendar Year 2007.
- (4) Harford County Budget in Brief-1998; only the eight top employers were listed.

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Seven Fiscal Years

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Agricultural Preservation							
Acres of Farm Land in Preservation Program	18,015	20,441	22,246	23,390	24,078	25,007	32,623
General Government							
Office Buildings	12	12	12	12	12	13	13
Garage	1	1	1	1	1	1	1
Vehicles	39	37	37	40	39	40	40
Education-Primary thru Community College (1)							
Administration Building	1	1	1	1	1	1	1
Alternative Education Center	-	-	-	1	1	1	1
Community College	1	1	1	1	1	1	1
Elementary Schools	32	32	32	32	32	32	32
High Schools	8	8	8	8	8	8	9
Middle Schools	8	8	8	8	8	8	9
Public Charter School	-	-	-	-	-	1	1
Special Education	1	1	1	1	1	1	1
Vocational/technical High School	1	1	1	1	1	1	1
Harford Center--Rehabilitation Center for Disabled	1	1	1	1	1	1	1
Judicial							
Courthouse	1	1	1	1	1	1	1
Vehicles	1	1	2	2	3	2	2
Libraries	9	9	10	10	11	11	11
Parks and Recreation							
Number of Parks	98	98	98	79	80	83	88
Acres of Land	3,633	3,861	3,850	4,001	4,068	4,150	4,588
Vehicles	67	79	83	91	93	100	100
Public Safety							
Detention Center	1	1	1	1	1	1	1
Number of Stations	2	3	3	3	3	3	3
Number of Patrol Vehicles	174	169	171	171	178	194	197
Number of Other Vehicles	98	110	118	139	137	145	145
Firing Range	-	-	1	1	1	1	1
Mobile Communications Center	1	1	1	1	1	1	1
Emergency Operations Vehicles	16	15	16	12	12	10	10
Hazmat Vehicles	2	3	4	6	8	12	12
DILP Vehicles	21	24	23	24	27	30	30
Animal Control Vehicles	6	10	12	15	15	16	16

continued

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Public Works							
Highways							
County Maintained Roads-Paved Miles	943	953	962	974	988	992	994
County Maintained Roads-Unpaved Miles	55	52	52	50	50	49	48
Office Buildings	4	4	4	4	4	6	6
Equipment Sheds	-	3	3	3	4	4	4
Truck Bay	1	1	1	1	1	1	1
Salt Dome	1	1	1	1	1	2	2
Vehicles	288	312	312	314	314	313	332
Water & Sewer							
Miles of Water Mains and Laterals (2)	669	696	737	749	603	657	661
Water Treatment Plants	3	3	3	3	3	3	3
Booster Stations	13	13	13	12	12	12	12
Water Tanks	13	13	13	13	13	13	13
Miles of Wastewater Mains and Laterals (2)	793	869	898	914	670	746	754
Wastewater Treatment Plants	3	3	3	3	3	3	3
Wastewater Pumping Stations	51	51	54	52	52	52	53
Waste Disposal							
Waste to Energy Facility	1	1	1	1	1	1	1
Vehicles	10	10	10	17	17	21	19
Landfills							
Buildings	3	3	3	3	3	3	3
Vehicles	70	70	69	73	81	81	88
Social Services & Health							
Senior/Activity Centers	4	4	4	4	4	4	4
Buses	28	26	29	28	31	34	34
Office Buildings	4	5	5	5	5	5	5
Transportation Facility	-	1	1	1	1	1	1
Other Vehicles	9	9	9	6	5	7	11

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

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

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Agricultural Preservation</u>										
Number of Settlements	10	10	11	14	30	26	10	10	12	20
<u>County Council</u>										
Number of bills introduced	51	59	56	48	66	61	49	40	51	70
Number of bills passed	48	57	52	42	59	55	43	32	40	74
<u>General Government</u>										
<u>Land Use</u>										
Total Acres	337,065	337,065	337,065	337,065	335,282	335,282	335,282	335,282	335,282	335,282
Percent Residential	10.23%	10.23%	10.23%	10.23%	15.00%	15.00%	15.00%	15.00%	17.50%	17.50%
Percent Agriculture	34.50%	34.50%	34.50%	34.50%	39.40%	39.40%	39.40%	39.40%	36.70%	36.70%
Percent Commercial	1.11%	1.11%	1.11%	1.11%	1.90%	1.90%	1.90%	1.90%	2.10%	2.10%
<u>Inspections & Permits</u>										
Permits issued	6,346	16,203	16,403	17,131	16,806	18,260	19,332	17,922	20,523	16,582
Com. Construction Permits	56	59	48	37	48	60	84	127	92	85
Res. Construction Permits	1,696	1,761	1,767	1,999	1,698	1,733	2,043	1,483	920	666
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed- Calendar Yr	n/a	n/a	n/a	1,597	1,816	1,856	1,948	2,324	2,368	2,331
<u>District Court</u>										
Number of cases filed-Calendar Yr	n/a	n/a	n/a	5,821	6,465	6,447	8,002	7,661	8,754	7,646
<u>Education</u>										
<u>Board of Education</u>										
Administrators	235	236	236	391	243	227	234	247	253	270
Support	1,709	1,709	1,709	1,526	1,520	1,650	1,684	1,835	1,853	1,919
Teachers/Counselors/Mentors	2,627	2,658	2,658	2,599	2,686	2,824	2,846	2,949	3,076	3,117
Number of Students	38,968	39,348	39,562	39,995	40,264	40,204	40,313	40,212	39,582	39,175
<u>Community College</u>										
Number of credit students	4,319	4,312	4,474	4,815	5,003	4,920	4,958	5,059	5,172	5,437
Faculty	78	79	75	73	65	60	68	72	65	62
Administrators	17	19	20	20	23	22	23	25	30	31
Staff	155	151	148	150	155	156	158	166	172	176
Visiting professors	n/a	n/a	n/a	n/a	24	34	31	33	35	38
<u>Libraries</u>										
Number of registered borrowers	135,018	147,730	160,486	173,764	186,469	199,240	211,585	225,802	240,112	185,728
Circulation (000)	2,373	2,347	2,469	2,776	2,867	2,809	3,228	3,567	3,990	4,466
Materials Collection (000)	797	789	828	835	848	1,008	1,021	1,016	1,050	1,051
Library personnel	168	170	180	198	206	225	214	245	247	252
<u>Parks and Recreation</u>										
Volunteer recreation councils	19	19	19	19	19	20	20	20	20	20
Number of P&R Volunteers	18,639	19,089	18,411	19,947	21,008	22,352	23,279	22,942	23,078	23,747
Recreation Registrations-Calendar Yr	n/a	n/a	n/a	65,942	68,175	72,554	73,258	78,943	75,605	n/a

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	1,251	1,354	1,380	1,252	1,320	707	1,520	1,520	1,520	1,520
Fire & EMS responses	23,174	23,838	27,804	27,892	29,282	21,439	23,613	23,423	24,239	28,227
Police responses	26,909	24,328	92,955	103,228	144,411	152,096	159,160	150,656	161,532	160,494
911 calls	63,489	66,335	72,955	83,185	93,308	97,295	98,870	100,270	101,431	102,732
Hazardous material incidents	n/a	n/a	294	212	279	216	255	239	246	304
EOC activations/exercises	n/a	n/a	10	9	9	14	12	12	19	16
Community policing programs	658	361	738	749	749	676	156	308	340	376
Neighborhood watch programs	46	93	80	86	119	120	56	53	62	53
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials	88,092	97,630	120,297	137,179	135,406	140,618	164,654	180,959	176,865	176,654
Tons of solid waste processed	126,989	121,001	126,775	155,259	152,409	152,708	149,130	168,188	166,029	160,517
<u>Highways</u>										
Number of snow routes	68	67	67	67	67	70	71	72	73	75
<u>Social Services/Health</u>										
<u>Transportation</u>										
Average Daily Ridership	750	750	750	790	825	n/a	n/a	n/a	n/a	n/a
Annual Ridership	n/a	n/a	n/a	n/a	n/a	217,821	225,180	242,208	281,991	281,991
Vehicle Miles Traveled	n/a	n/a	n/a	n/a	n/a	709,445	740,250	709,074	737,252	737,252
<u>Water & Sewer Operations</u>										
Daily av. water consump. in gal.(000)	9,600	9,500	10,600	10,600	11,800	11,000	10,900	11,176	11,870	10,500
Daily av. effluent treatmnt in gal. (000)	10,400	11,400	11,600	12,400	12,300	12,500	15,000	12,110	14,000	12,300
Number of new accounts added	1,251	1,204	1,294	1,410	1,363	1,041	964	811	421	477

Harford County, Maryland

Full-time Equivalent Government Employees by Function

Table 19
Last Seven Fiscal Years

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
County Council	19	19	19	19	19	19	20
General Government							
County Executive	4	4	4	4	4	7	7
Administration	85	86	87	87	92	93	100
Procurement	10	10	10	10	10	17	20
Treasury	49	49	49	49	51	51	51
Law	14	14	15	15	16	16	16
Planning & Zoning	41	41	40	39	39	40	40
Human Resources	10	10	9	9	9	10	10
Govt & Community Relations	7	6	6	4	4	5	5
Economic Development	10	10	10	10	11	14	13
	<u>230</u>	<u>230</u>	<u>230</u>	<u>227</u>	<u>236</u>	<u>253</u>	<u>262</u>
Judicial							
Judicial	29	28	23	25	26	26	28
State's Attorney	43	43	43	47	50	52	53
	<u>72</u>	<u>71</u>	<u>66</u>	<u>72</u>	<u>76</u>	<u>78</u>	<u>81</u>
Parks and Recreation	<u>72</u>	<u>73</u>	<u>73</u>	<u>74</u>	<u>77</u>	<u>83</u>	<u>96</u>
Public Safety							
Sheriff's Office	421	425	425	436	459	498	498
Emergency Services	69	73	75	81	87	91	92
Inspections, Licenses & Permits	38	39	39	40	42	45	45
	<u>528</u>	<u>537</u>	<u>539</u>	<u>557</u>	<u>588</u>	<u>634</u>	<u>635</u>
Public Works							
Public Works-Administration	21	20	20	21	24	26	30
Public Works- Solid Waste	28	28	28	29	30	32	33
Public Works- Highways	222	219	211	215	213	209	217
Public Works- Water & Sewer	162	164	165	168	169	168	169
	<u>433</u>	<u>431</u>	<u>424</u>	<u>433</u>	<u>436</u>	<u>435</u>	<u>449</u>
Social Services & Health							
Community Services	24	28	29	32	34	36	37
Housing Agency	6	5	7	6	5	7	8
	<u>30</u>	<u>33</u>	<u>36</u>	<u>38</u>	<u>39</u>	<u>43</u>	<u>45</u>
Grand Totals	<u>1,384</u>	<u>1,394</u>	<u>1,387</u>	<u>1,420</u>	<u>1,471</u>	<u>1,545</u>	<u>1,588</u>

