



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2012



David R. Craig
County Executive



*"Preserving Harford's past;
Promoting Harford's Future"*

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2012



Prepared by:

*Department of the Treasury
Harford County, Maryland*

*Kathryn L. Hewitt, CPA
Harford County Treasurer*



HARFORD
COUNTY

WELCOMES YOU!

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Introductory Section

DAVID R. CRAIG
HARFORD COUNTY EXECUTIVE



KATHRYN L. HEWITT, CPA
TREASURER

MARY F. CHANCE
DIRECTOR OF ADMINISTRATION

RICK PERNAS, CPA
DEPUTY TREASURER

HARFORD COUNTY GOVERNMENT

October 31, 2012

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, 2012 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County annually issue a report of its financial position and activity, and that an independent firm of licensed Certified Public Accountants selected by the County Council audit this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

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

The County's financial statements have been audited by SB & Company, LLC, independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Harford County Government for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent Certified Public Accountants concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for Harford County Government for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent Certified Public Accountants' report is presented as the first component of the financial section of this report.

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

A1

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GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent Certified Public Accountants.

PROFILE OF THE GOVERNMENT

Harford County, Maryland was formed in 1773 and had a Commissioner form of government until 1972. Upon enactment of the Harford County Charter, a charter form of government became effective on December 7, 1972. A County Executive and a seven member County Council, one of whom is President of the Council, govern the County. The County Executive and President of the Council are elected at large. The other six members of the County Council are elected by in-district elections. All executive powers vested in Harford County by the Constitution 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 246,700. The County provides a full range of municipal services, including sheriff's office, volunteer fire and rescue, corrections, public works, planning and zoning, solid waste, 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 Public Schools, Harford County Public 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 Harford County Public Schools, 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 land preservation funds, and can be found on pages 20 through 21 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy: There continues to be a tremendous amount of uncertainty regarding the national economy in the immediate and long-term. The federal government has been a positive influence on Maryland and Harford County during the most recent recession. The Base Realignment and Closure (BRAC) process ended in September 2011. Harford County experienced a 2.8 percent increase in employment from June 2010 to June 2011 and wages jumped 8.8 percent from the second quarter of 2010 to the second quarter of 2011. The percent increase in average weekly wages was 5.8 percent greater than the US average for the same period. Harford County's economic outlook into fiscal year 2013 appears stable due to sound fiscal management policies and a history of financial conservatism.

The revenue outlook for fiscal year 2012 remained challenging while preparing the fiscal year 2013 budget. Cuts in State funding to the County, and increased mandates from the State and Federal governments to local jurisdictions played a major influence in the budget revenue estimates. The revenue outlook for fiscal year 2013 is guarded. The County has major concerns about the global economy, the housing market and an unclear picture of both Federal and State finances and their impact on local subdivisions. For a fourth consecutive year, the fiscal year 2013 budget had no pay raises or COLAs for County employees, however, during the year there was an appropriation for a small bonus paid to qualified employees. The County property tax rate did not increase over the fiscal year 2012 rates and for the second time in the County's history fell below the Constant Yield.

The County's largest revenue source remains real property taxes in spite of recent declines in the real estate market. The fiscal year 2012 taxable assessable base resulted in a decrease over the fiscal year 2011 assessable base of 4.6 percent. The assessable base growth rate is expected to decline to a negative 1.3 percent in fiscal year 2013. The reduction in property tax revenue as a result of the declining assessable base will be offset in large part by the reduction in the Homestead Tax Credit. General Fund property tax revenues net of credits are estimated to decrease by 0.5 percent from fiscal year 2012 to fiscal year 2013.

Income tax revenue, the second largest revenue source in the County, which is directly affected by population growth, employment levels and personal income, showed steady growth through fiscal year 2008. Starting in fiscal year 2009 income tax revenues declined. That trend reversed itself in fiscal year 2011 and 2012 with an 8.0 percent increase and 7.6 percent increase of income tax revenue over the prior year using the modified accrual basis of accounting. Modified accrual basis of accounting requires recorded revenue to be received within sixty days of year end. Income tax is budgeted at \$175.1 million for fiscal year 2013.

The County must also contend with reductions in revenues tied to the State and affected by Maryland's budget shortfalls. The most significant revenue reductions have been Highway User tax revenue. There has been a 94.1 percent reduction in Highway User revenue from fiscal year 2009 through fiscal year 2012 with no sign of a recovery to 2009 revenue levels going forward. A Special Session of the Maryland General Assembly in May, 2012 passed legislation shifting 50.0 percent of the teacher's pension costs to the local subdivisions for Fiscal Year 2013. The transfer of pension costs will be phased in over a four year period, with Harford County assuming 100.0 percent of the liability in fiscal year 2016. Harford County's share of teacher's pension liability for fiscal year 2013 is \$5,529,741.

Long-term financial planning: In spite of the current economic difficulties Harford County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. The County's fiscal strength has been attested to by two of three bond rating agencies with triple "A" ratings for its general obligation (GO) bonds. Moody's Investor Services contacted Harford County in August 2011 to inform the County that the triple "A" rating was assigned a negative outlook following the announcement on August 2nd that the U.S. government's Aaa rating was being assigned a negative outlook. Shortly thereafter, Moody's reaffirmed Harford County's triple "A" rating but continued the assignment of a negative outlook.

Completion of the Department of Defense Base Realignment and Closure (BRAC) 2005 implementation process was officially recognized on September 15, 2011. It brought \$1.3 billion dollars in construction and \$3.0 million square feet of laboratory, office and testing space to Aberdeen Proving Ground. APG is now recognized as an Army mega-base for research, development, testing and evaluation and ranks as the third largest workforce center in the State of Maryland. The positive influence of BRAC on Harford's economy may be mitigated in the future.

The fiscal year 2013 budget once again faces fiscal challenges requiring the balancing of financial needs with the available uncertain or shrinking financial resources. Education continues to be a major concern of the County and its residents. The State mandated contribution to teacher pensions will be phased in over a

four year period, with the County being responsible for 100.0 percent of the cost in fiscal year 2016. The fiscal year 2013 Maintenance of Effort level decreased as a result of lower enrollment. The required Maintenance of Effort level for fiscal year 2013 is \$213,339,616. Harford County provided an additional \$952,011 in funding to Harford County Public Schools over the required Maintenance of Effort.

In spite of the fiscal challenges the fiscal year 2012 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highway Fund operating budget to preserve its high credit ratings and provide for emergencies. Any excess unassigned fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, can be appropriated into the next fiscal year as one time funding for that fiscal year. In fiscal year 2013, appropriated fund balance in the general fund is \$24.4 million.

The County continues to invest 100.0 percent of cash held temporarily idle during the year using an equity-in-pooled-cash system, except for bond funds, Firemen's Length of Service Award Program, Agricultural Preservation, Sheriff's Pension, and the Other Post-Employment Benefits (OPEB) trust fund, which are invested separately. For fiscal year 2012, the weighted average yield on investments was 0.23 percent. The total amount of interest earned by the County on pooled investments was \$714,613.

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, 2011. This was the twenty-sixth 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-fourth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2011. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility for another award.

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

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

Respectfully submitted,



Kathryn L. Hewitt, CPA, CCM, CPFO
Treasurer

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, 2011

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.



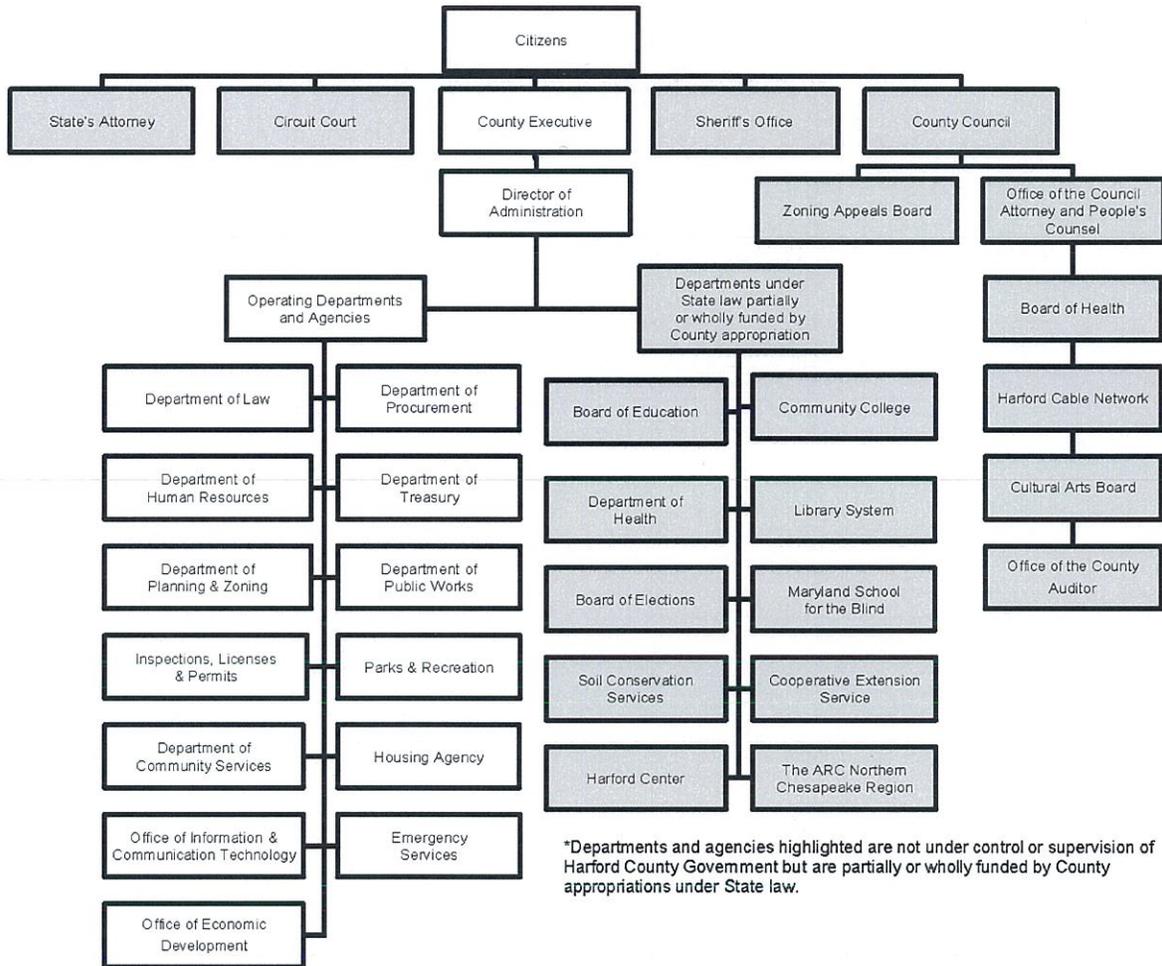
Linda C. Sandson

President

Jeffrey R. Emer

Executive Director

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



**HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2012**

CERTAIN ELECTED OFFICIALS

County Executive

David R. Craig

President of the County Council
County Council Members

William "Billy" Boniface
Dion F. Guthrie
Joseph M. Woods
James "Capt'n Jim" McMahan
Chad Shrodes
Richard C. Slutzky
Mary Ann Lisanti

CERTAIN APPOINTED OFFICIALS

Director of Administration
Treasurer
County Attorney
Director of Community Services
Director of Economic Development
Director of Human Resources
Director of Information and Communication Technology
Director of Inspections, Licenses and Permits
Director of Parks and Recreation
Director of Planning and Zoning
Director of Procurement
Director of Public Works

Mary F. Chance
Kathryn L. Hewitt
Robert S. McCord
Elizabeth Hendrix
James C. Richardson
Scott T. Gibson
W. Ted Pibil
Richard D. Lynch
Arden McClune
C. Peter Gutwald
Deborah L. Henderson
Robert B. Cooper

Independent Certified Public Accountants

SB & Company, LLC
Hunt Valley, Maryland

Bond Counsel

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

Financial Advisor

Public Advisory Consultants
Owings Mills, Maryland



Financial Section



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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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 June 30, 2012 and for the year then ended, 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 Community College, the Harford County Library and the Harford Center, Inc. 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. 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 provides a reasonable basis for our opinion.

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general, highways, and agriculture land preservation funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

SB & Company, LLC

Hunt Valley, Maryland
October 1, 2012

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, 2012. 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 \$732.8 million. The unrestricted portion of this is a negative \$99.1 million and is composed of an unrestricted deficit in the governmental activities of \$207.4 million and a balance of \$108.3 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 Harford County Public Schools.
- Total net assets of the County have increased by \$16.9 million over the prior fiscal year. This is the first increase in total net assets of the County since fiscal year 2007. In the governmental activities, total revenues exceeded total expenditures by \$13.3 million. In the business-type activities, total revenues decreased 8.1 percent while expenses increased 2.6 percent from the prior fiscal year, which resulted in a \$3.6 million increase in net assets, which is \$5.2 million less than the fiscal year 2011 increase.

Fund Level:

- The County's governmental funds reported combined fund balances of \$243.0 million, an increase of \$7.7 million from the prior year. The greatest net change in fund balance occurred in the Agricultural Land Preservation Fund, where total revenues exceeding expenditures contributed to the \$5.3 million increase in fund balance. Fund balance in the Capital Projects Fund increased \$3.3 million from the prior year due to the issuance of \$40.0 million in general obligation bonds.
- Approximately 83.5 percent of the total governmental fund balance, \$202.9 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.
- Available fund balance for the General Fund was \$95.3 million or 20.4 percent of total General Fund expenditures. Restricted fund balance of the General Fund was \$2.6 million or 2.6 percent of total fund balance, leaving \$0.9 million, 0.9 percent, of nonspendable fund balance in the General Fund.
- The business-type operating activities revenue decreased by \$0.5 million and operating expenditures increased by \$1.4 million, 3.7 percent, to increase the operating loss \$1.8 million or 17.7 percent from the prior fiscal year.

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; Harford County Public Schools, Harford Community College, Harford County Public 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 15 and 16 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing

decisions. The governmental fund Balance Sheet including the Reconciliation to the Statement of Net Asset 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 seven individual governmental funds, the General, Highways, Grant, Agricultural Land Preservation, Capital Project, Beechtree Tax Increment Financing and Parks & Recreation Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all seven governmental funds.

The County adopts an annual appropriated budget for its General Fund, Highways Fund, Parks & Recreation Fund, Agricultural Land Preservation Fund and Beechtree Tax Increment Financing Fund. A budgetary comparison statement has been provided for the General Fund, Highways Fund and Agricultural Land Preservation Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 17 to 21 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. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The County uses internal service funds to account for risk management. The basic proprietary fund financial statements can be found on pages 22 to 24 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 25 and 26 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 30 to 86 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, \$738.1 million, reflects its investment in capital assets net of depreciation (e.g. land, development rights, construction in progress, buildings, machinery, equipment, intangibles, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted net assets, at \$93.7 million, are resources subject to external restrictions on how they may be used. Accounting principles generally accepted in the United States of America direct that the difference between total net assets and the two categories of net assets just discussed be recorded as unrestricted net assets regardless of any negative balances that may result. Unrestricted net assets of the total primary government are a negative \$99.1 million; business-type activities have a balance of \$108.3 million unrestricted net assets while the unrestricted net assets for governmental activities are a negative \$207.4 million. The major reason for negative unrestricted 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 Harford County Public Schools and Harford Community College construction, which increases the government's liabilities without the addition of corresponding assets, causes an imbalance on the Statement of Net Asset. The County's net assets increased \$16.9 million during the current fiscal year.

The net assets of governmental activities increased, \$13.3 million, during fiscal year 2012. This is the first time the net assets of governmental activities have increased since fiscal year 2007. Program expenses of the governmental activities decreased \$28.7 million from fiscal year 2011 while general revenues increased \$32.3 million and program revenues decreased \$11.2 million over fiscal year 2011. Governmental activities program expense for 2012 decreases in education \$1.1 million, health/social services \$1.4 million, public works \$1.5 million, libraries \$4.4 million, parks and recreation \$6.4 million and public safety \$18.0 million were off set with increases in general government \$5.1 million and county council \$0.4 million to account for the overall net decrease in expenses.

The net assets of business-type activities of the County increased \$3.6 million during fiscal year 2012. This increase is \$5.2 million less than the increase received in fiscal year 2011. Capital contributions revenue, primarily from developers, decreased \$3.2 million or 16.5 percent from fiscal year 2011. The decrease in charges for services, recordation taxes, investment income and transfers from other funds totaled \$1.1 million from fiscal year 2011 to 2012. Expenses for the business-type activities increased \$1.1 million or 2.6 percent from the prior fiscal year.

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	
	2012	2011	2012	2011	2012	2011
Current & Other Assets	\$ 308,726,906	\$ 303,445,898	\$ 155,754,359	\$ 161,236,133	\$ 464,481,265	\$ 464,682,031
Capital Assets	648,365,566	638,009,174	409,206,030	390,619,344	1,057,571,596	1,028,628,518
Total Assets	<u>957,092,472</u>	<u>941,455,072</u>	<u>564,960,389</u>	<u>551,855,477</u>	<u>1,522,052,861</u>	<u>1,493,310,549</u>
Long-term Liabilities	602,711,042	593,296,113	134,642,444	128,836,240	737,353,486	722,132,353
Other Liabilities	33,831,758	40,901,396	18,106,576	14,366,315	51,938,334	55,267,711
Total Liabilities	<u>636,542,800</u>	<u>634,197,509</u>	<u>152,749,020</u>	<u>143,202,555</u>	<u>789,291,820</u>	<u>777,400,064</u>
Net Assets:						
Investment in Capital						
Assets net related debt	434,233,561	422,414,425	303,842,266	290,793,475	738,075,827	713,207,900
Restricted	93,748,598	91,867,107	-	-	93,748,598	91,867,107
Unrestricted	<u>(207,432,487)</u>	<u>(207,023,969)</u>	<u>108,369,103</u>	<u>117,859,447</u>	<u>(99,063,384)</u>	<u>(89,164,522)</u>
Total Net Assets	<u>\$ 320,549,672</u>	<u>\$ 307,257,563</u>	<u>\$ 412,211,369</u>	<u>\$ 408,652,922</u>	<u>\$ 732,761,041</u>	<u>\$ 715,910,485</u>

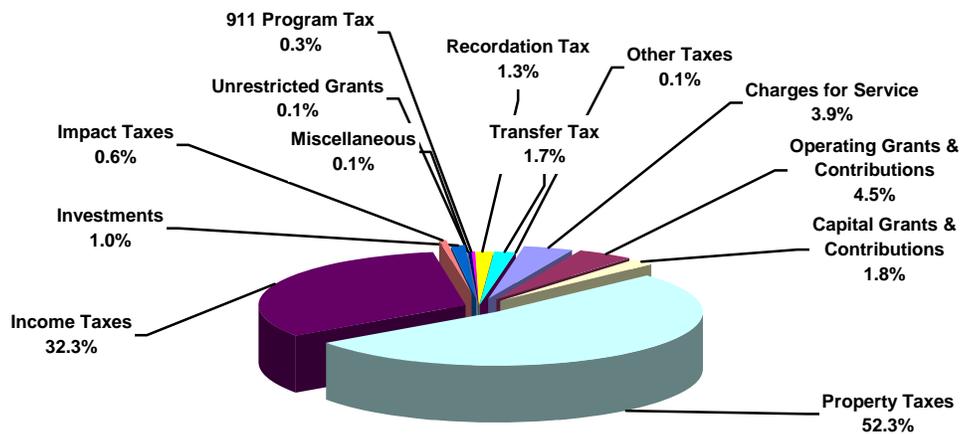
Harford County Government-Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for Services	\$ 22,303,863	\$ 19,434,766	\$ 25,658,671	\$ 26,142,956	\$ 47,962,534	\$ 45,577,722
Operating Grants & Contributions	25,216,324	28,476,585	704,699	512,576	25,921,023	28,989,161
Capital Grants & Contributions	10,270,108	21,112,129	16,181,330	19,384,615	26,451,438	40,496,744
General revenues:						
Property taxes	295,910,417	290,004,412	-	-	295,910,417	290,004,412
Income taxes	182,590,526	158,374,084	-	-	182,590,526	158,374,084
Impact fees	3,123,373	2,137,200	-	-	3,123,373	2,137,200
911 Program taxes	1,586,002	1,629,407	-	-	1,586,002	1,629,407
Recordation taxes	7,573,926	8,255,845	1,514,835	1,651,107	9,088,761	9,906,952
Transfer taxes	9,786,317	11,241,949	-	-	9,786,317	11,241,949
Other taxes	722,273	716,326	-	-	722,273	716,326
Investment earnings	5,607,895	2,113,223	2,452,379	2,582,713	8,060,274	4,695,936
Unrestricted Grants & Contributions	189,543	185,216	-	-	189,543	185,216
Miscellaneous	810,088	1,248,675	-	-	810,088	1,248,675
Transfers (net)	-	(347,722)	-	347,722	-	-
Total Revenues	565,690,655	544,582,095	46,511,914	50,621,689	612,202,569	595,203,784
Program Expenses:						
Agricultural Land Preservation	3,432,517	3,319,578	-	-	3,432,517	3,319,578
County Council	2,597,248	2,198,979	-	-	2,597,248	2,198,979
Education	256,361,884	257,424,328	-	-	256,361,884	257,424,328
General Government	43,655,212	38,564,852	-	-	43,655,212	38,564,852
Harford Center	553,036	553,036	-	-	553,036	553,036
Judicial	9,666,237	10,159,127	-	-	9,666,237	10,159,127
Libraries	17,359,356	21,721,995	-	-	17,359,356	21,721,995
Parks and Recreation	14,416,981	20,811,081	-	-	14,416,981	20,811,081
Public Safety	95,202,878	113,230,332	-	-	95,202,878	113,230,332
Public Works	61,916,296	63,368,723	-	-	61,916,296	63,368,723
Health/Social Services	28,365,201	29,806,456	-	-	28,365,201	29,806,456
Unallocated Debt Interest and Other	18,871,700	19,962,786	-	-	18,871,700	19,962,786
Water and Sewer	-	-	42,953,467	41,859,508	42,953,467	41,859,508
Total Expenses	552,398,546	581,121,273	42,953,467	41,859,508	595,352,013	622,980,781
Change in Net Assets	13,292,109	(36,539,178)	3,558,447	8,762,181	16,850,556	(27,776,997)
Net Assets-Beginning	307,257,563	343,796,741	408,652,922	399,890,741	715,910,485	743,687,482
Net Assets-Ending	<u>\$ 320,549,672</u>	<u>\$ 307,257,563</u>	<u>\$ 412,211,369</u>	<u>\$ 408,652,922</u>	<u>\$ 732,761,041</u>	<u>\$ 715,910,485</u>

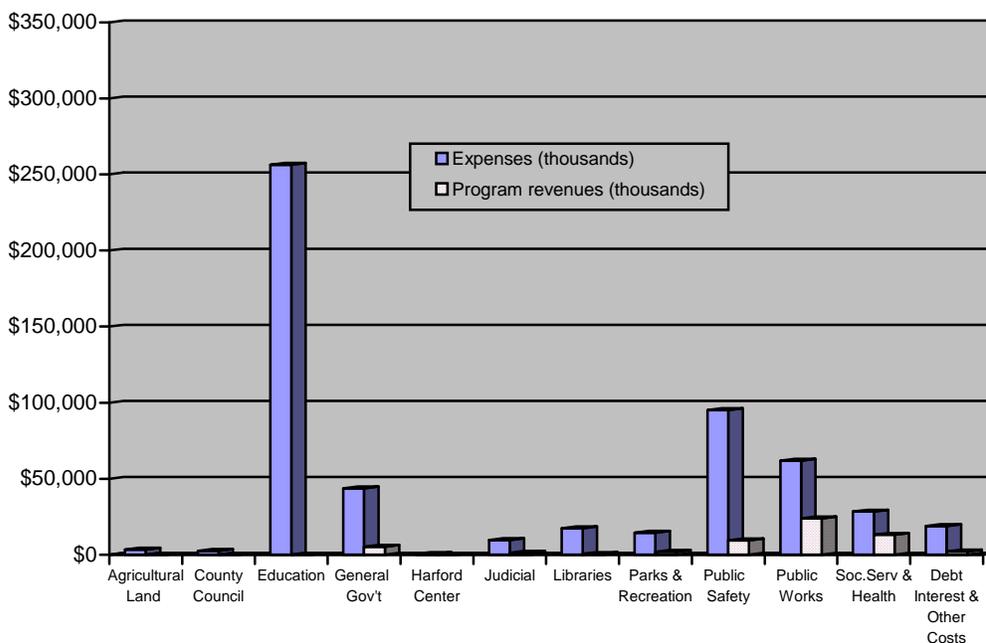
Governmental activities: The net assets of governmental activities increased \$13.3 million during fiscal year 2012. Key elements are as follows:

- The County recorded \$182.6 million in income tax revenue from the State of Maryland for fiscal year 2012. This is a \$24.2 million, 15.3 percent, increase from fiscal year 2011 using full accrual accounting.
- Increase in investment earnings, \$3.5 million or 165.4 percent, over the prior fiscal year attributed to realized and unrealized gains on US Treasury Strips purchased for settlements in the Agricultural Land Preservation Fund.
- Public Safety program expenses decreased \$18.0 million or 15.9 percent from fiscal year 2011 primarily due to the completion of the Detention Center Expansion and CMARC communication upgrade capital projects.

Revenues by Source-Governmental Activities



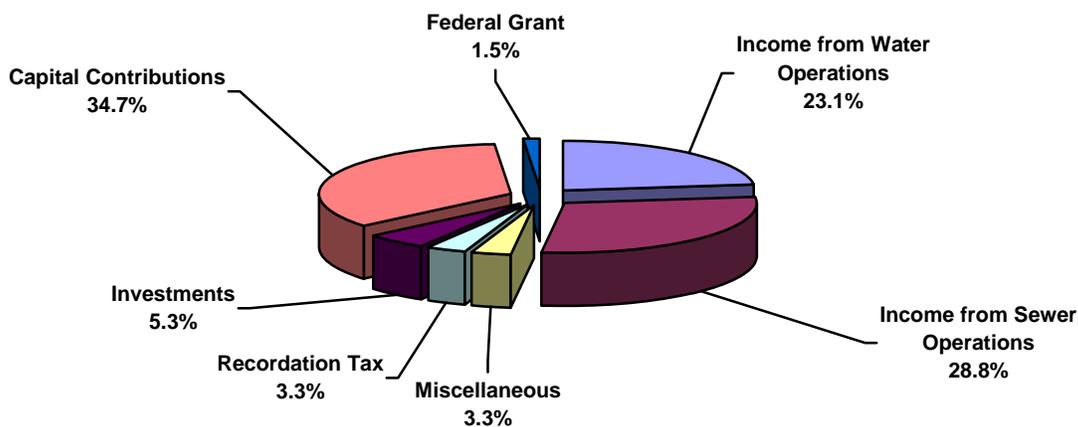
Expenses and Program Revenues-Governmental Activities



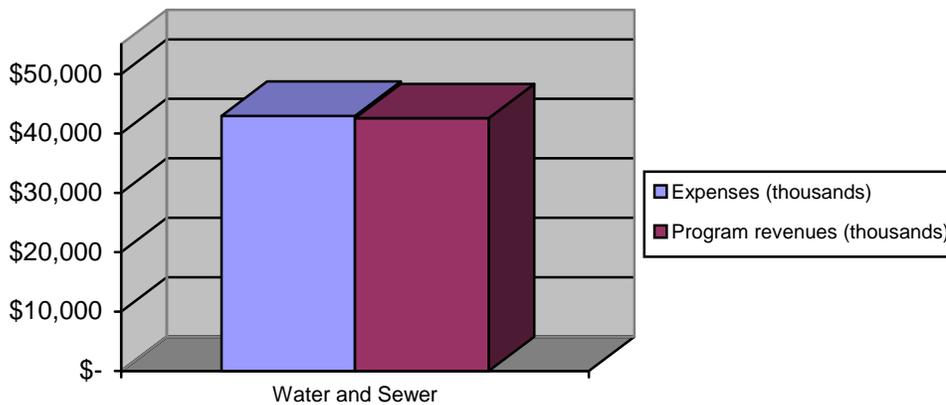
Business-type activities: Business-type activities recorded an increase in net assets of \$3.6 million during fiscal year 2012. Key elements are as follows:

- Capital contributions totaled \$16.2 million. The total capital contributions of 27.4 percent was attributed to completed developer projects, 31.5 percent was from the State of Maryland for the Enhanced Nutrient Removal projects at County wastewater treatment plants and 41.1 percent was attributed to County water and sewer hook-up charges as outlined in current Department of Public Works Rules and Regulations.
- Federal grant revenue, 1.5 percent of total business-type activity revenue, was comprised of Build America Bond interest credit revenue and reimbursement from the Federal Emergency Management Agency for natural disasters occurring during the fiscal year.
- Total expenses slightly exceeded program revenues, including capital contributions, by \$0.4 million.

Revenues by Source-Business-type Activities



Expenses and Program Revenues-Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$243.0 million, an increase of \$7.7 million in comparison with the prior year. Approximately 83.5 percent of this total amount, or \$202.9 million, constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$40.1 million, is *nonspendable and restricted* to indicate that it is not available for new spending because it has been dedicated: 1) to unexpended bonded capital projects, \$18.8 million; 2) for dedicated revenues, \$16.2 million; 3) for special taxing district, \$2.1 million, 4) for inventories, \$2.0 million; 5) for a loan receivable of \$0.5 million, 6) for waste-to-energy insurance, \$0.4 million or 7) a deposit with a vendor, \$0.1 million. The nonspendable and restricted fund balance, at 16.5 percent of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$95.3 million, while total fund balance reached \$98.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 20.4 percent of total General Fund expenditures, while total fund balance represents 21.1 percent of that same amount.

The County's General Fund total fund balance has increased by \$1.9 million during the current fiscal year. The increase is primarily due to an increase in income tax revenues of \$12.7 million over fiscal year 2011, combined with a \$9.5 million decrease in the County's homestead tax credit. Build America Bond interest credit of \$2.1 million contributed to the overall increase in revenues from other agencies of \$2.4 million from fiscal year 2011. General fund expenditures increased \$26.1 million from the prior fiscal year primarily to debt service obligations.

The Highways Fund has a total fund balance of \$22.0 million, representing a decrease of \$0.3 million from the prior fiscal year. The Highways Fund has 90.0 percent, \$19.8 million, of its total fund balance assigned to the purpose of the fund. Of this amount, 13.6 percent is designated for fiscal stabilization purposes and 6.6 percent is designated for other post-employment benefits. The Highway's Fund balance of \$2.2 million classified as nonspendable represents inventory and a prepaid deposit with a vendor.

The Grant Fund has a total fund balance of \$6.8 million. The \$1.8 million decrease in fund balance over the prior fiscal year is due primarily to a decrease in grant revenues.

The Agricultural Land Preservation Fund has a total fund balance of \$53.8 million, an increase of \$5.3 million over the prior year. Of the total fund balance, \$51.2 million or 95.2 percent is committed for future payments of principal on development rights. The County purchased 119 development rights during fiscal year 2012. The Agricultural Land Preservation Fund has \$2.6 million, of its total fund balance assigned to the purpose of the fund.

The Capital Project Fund has a total fund balance of \$59.2 million; a \$3.3 million increase over the prior fiscal year. \$40.0 million of general obligation bonds were issued during fiscal year 2012 to help offset the cost of County capital projects. Of the total fund balance, \$25.6 million is restricted for Harford

County Public Schools and other bonded capital projects, \$32.0 million is assigned to liquidate contracts and purchase orders of the prior period and \$1.7 million is assigned to future general projects.

The Beechtree Tax Increment Financing Fund has a restricted fund balance of \$2.1 million at year end. Expenditures exceed revenues for the year by \$0.8 million.

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 \$108.6 million and unrestricted net assets of the Internal Service Fund totaled \$6.9 million. Net assets of the Water and Sewer Fund have increased by \$3.7 million over 2011. Factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County’s business-type activities. The Internal Service Fund net assets have decreased by \$1.3 million.

General Fund Budgetary Highlights

The final budget of the General Fund for fiscal year 2012 was increased by \$19.7 million over the original budget. Appropriated fund balance was increased \$6.5 million to account for estimated expenses attributable to other post-employment benefits and post-employment health plan benefits for County employees, \$5.2 million to account for a one-time bonus payment to all eligible Harford county employees, including public library and public school employees, \$0.4 million in funding for the County’s EMTs and \$0.3 million for natural disasters. Issuance of bonds appropriation was increased \$7.3 million to account for the 2012 bond refunding. Ending variances from the original and final fiscal year 2012 budget include a \$17.6 million positive variance in income tax revenue, a positive variance of \$5.0 million in corporate property tax revenue and a \$2.3 million decrease in projected revenue from waste-to-energy plant’s tipping fees. A conservative spending policy led to the 2.0 percent decrease in actual General Fund expenditures compared to the final budget.

Capital Asset and Debt Administration

Capital assets The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$1.1 billion (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 2.8 percent.

The County’s Capital Assets

(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 242,329,051	\$ 236,130,041	\$ 1,991,400	\$ 1,976,218	\$ 244,320,451	\$ 238,106,259
Development Rights	117,834,362	109,316,236	-	-	117,834,362	109,316,236
Construction in Process	22,605,294	70,795,719	45,615,727	86,920,591	68,221,021	157,716,310
Buildings	116,460,950	82,032,338	146,853,739	86,643,331	263,314,689	168,675,669
Improvements	26,014,550	23,492,647	210,721,085	210,754,383	236,735,635	234,247,030
Equipment	5,117,234	6,440,554	2,853,962	3,101,116	7,971,196	9,541,670
Vehicles	11,450,261	17,826,012	1,069,546	1,223,705	12,519,807	19,049,717
Intangibles	237,698	-	100,571	-	338,269	-
Infrastructure	106,316,166	91,975,627	-	-	106,316,166	91,975,627
Total	\$ 648,365,566	\$ 638,009,174	\$ 409,206,030	\$ 390,619,344	\$ 1,057,571,596	\$ 1,028,628,518

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

- The Harford County Sheriff's Department opened its new Southern Precinct in April 2012. The 42,000 square foot building includes offices, four holding cells, space for equipment storage and a library. The total expenditures for this project were \$9.9 million.
- The Bel Air Fire Substation at Patterson Mill is currently under construction. The new station will provide increased safety measures in a growing area of Harford County. During fiscal year 2012, \$1.6 million was spent for total expenditures to date of \$2.8 million.
- The County appropriated \$3.2 million to purchase land for the construction of a new Solid Waste Transfer Station. \$2.9 million has been spent on this project to date.
- The North Avenue/Henderson Road Bridge opened in May 2012. The bridge connects MD 924 to US Route 1 through the Irwin's Choice Development. During fiscal year 2012, \$1.8 million was spent of the \$2.6 million appropriated for this project.

Additional information on Harford County's capital assets can be found in Note 4C, pages 51 and 52 of this report.

Education Capital Expenditures:

Harford County Public Schools and Community College projects made up 48.8 percent of the fiscal year 2012 Capital Budget. Some of the major expenditures were:

- The Red Pump Elementary School has a total projected cost of \$30.3 million. The project provides a new elementary school to relieve overcrowding in the schools to the north and east of Bel Air. The facility opened to new students and staff in August 2011. During fiscal year 2012, \$3.1 million was spent for total expenditures to date of \$27.0 million.
- Havre de Grace High School is undergoing a comprehensive HVAC systemic replacement project, which is updating and replacing all components of the school's current heating and air conditioning system. Expenditures to date for this project total \$3.9 million of the \$5.3 million appropriated.
- The Youth's Benefit Elementary School Primary Building Air Conditioning Project has a total projected cost of \$4.8 million. The project will provide a minimum cost air conditioning system to the building which currently does not have one. During fiscal year 2012, \$1.3 million was spent on this project.
- Harford Community College's Susquehanna Center is undergoing an expansion and renovation to serve the physical education, athletics and health programs of the Community College. The improvements will include an arena/gym, expanded classrooms, additional space for faculty and staff and a renovated pool. During fiscal year 2012, \$10.5 million was spent for total expenditures to date of \$11.8 million.

Long-term debt At the end of the current fiscal year, the County had Bonds, Notes and Capital Leases debt outstanding of \$663.6 million. Of this amount, \$131.6 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 \$62.1 million in installment contracts to purchase easements for agricultural land preservation, payable from special revenue funds supported through one-half of one percent of the transfer tax levy, and \$14.0 million associated with the incremental property tax revenues related to a special taxing district.

The County's Outstanding Debt

Bonds, Notes and Capital Leases

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Ag Land						
Preservation	\$ 62,058,577	\$ 56,179,578	\$ -	\$ -	\$ 62,058,577	\$ 56,179,578
Bonds Payable	462,132,841	447,558,610	131,235,775	125,140,703	593,368,616	572,699,313
Capital Leases	2,941,940	8,590,078	380,989	631,140	3,322,929	9,221,218
Notes Payable	4,871,422	7,987,123	-	-	4,871,422	7,987,123
	<u>\$ 532,004,780</u>	<u>\$ 520,315,389</u>	<u>\$ 131,616,764</u>	<u>\$ 125,771,843</u>	<u>\$ 663,621,544</u>	<u>\$ 646,087,232</u>

Bonds, Notes and Capital Leases debt of the County has increased by \$17.5 million, 2.7 percent, during the current fiscal year. For the governmental activities, debt increased \$11.7 million primarily due to a general obligation bond sale of \$40.0 million, a refunding bond of \$6.9 million and a premium of \$2.3 million off set by principal payments and reductions of \$27.4 million and \$7.3 million debt refunded. In business-type activities, debt increased \$5.8 million primarily due to Bonds principal payments and reductions of \$9.6 million and \$2.0 million debt refunded were offset by a bond sale of \$15.0 million, a refunding of \$1.8 and a premium of \$0.8 million.

During fiscal year 2012, the County's bond ratings remained unchanged. Fitch has assigned the County a "AAA" rating and Moody's Investor Service assigned a "Aaa", the highest ratings for both agencies. Standard and Poors Corp. has rated the County "AA+."

State statutes limit the amount of general obligation debt a government entity may issue; up to 15.0 percent of its net assessed valuation of personal and corporate property plus 6.0 percent of the net assessed valuation of real property. The current debt limitation for the County is \$1.7 billion, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note 4F on page 57 of this report.

Economic Factors and Next Year's Budgets and Rates

- The County Real Property Tax Rate for fiscal year 2013 remains unchanged at \$1.042 per \$100 of the assessed valuation. This is the second consecutive year that the County real property tax rate falls below the constant yield rate. Net property tax receipts recorded in the General Fund for fiscal year 2013 are expected to decline 0.5 percent over those projected for fiscal year 2012. The decline is primarily due to a decrease in reassessment value of one-third of County property owners in the greater Route 40 corridor. Over the past three years, 66.0 percent of County residents have experienced a decline in their residential property values from the Maryland Department of Assessments and Taxation.
- The County Council has set the fiscal year 2013 County income tax rate at 3.06 percent which is unchanged from the prior fiscal year. Fiscal year 2012 saw a rebound in income tax revenue for the County; 15.3 percent increase of income tax revenue over fiscal year 2011 using full accrual accounting. The increase in income tax revenue is largely due, in part, to an improving economy and lower unemployment in Maryland. Income tax is budgeted at \$175.1 million for fiscal year 2013.

- The County levies and collects a transfer tax at a rate of 1.0 percent of the actual consideration paid for conveyance of title to real property. This tax is imposed upon all transfers of real property within the County. Transfer tax collected is split 50.0 percent to fund school construction debt and 50.0 percent to purchase agricultural land for preservation. For fiscal year 2013, the County anticipates receiving \$9.6 million in transfer tax, which is comparable to actual amounts received for fiscal year 2012.
- For fiscal year 2013, Harford County Public Schools is being funded at almost \$1.0 million above the required Maintenance of Effort for fiscal year 2012. While the County's Maintenance of Effort has actually decreased due to continued reductions in student enrollment, special State legislation has shifted 50.0 percent of the teachers' pension costs from the State to the County. The transfer of these pension costs will be phased in over a four-year period. Harford County Public Schools fiscal year 2013 capital budget contains twenty-three planned projects totaling \$16.1 million. Of the total General Fund debt service budget, 62.9 percent is allocated for school debt.
- The County's support of Harford Community College fiscal year 2013 budget remains at the same funding level as fiscal year 2012, \$15.0 million. The County has appropriated \$3.8 million for two of Harford Community College's fiscal year 2013 capital projects, which will be financed by issuing general obligation bonds.

These and other economic factors were considered when preparing the fiscal year 2013 General Fund budget, which estimates total revenues at \$502.1 million; a decrease of \$9.1 million or 1.8 percent over fiscal year 2012 final budgeted amounts. Mindful of the economic struggles the County has faced for the past several years as a result of national economic uncertainties, cuts in revenue funding streams and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2013 will continue to be tightened and trimmed where possible. The County also anticipates issuing bonds during fiscal year 2013.

There are no new taxes to fund the fiscal year 2013 budget. The income tax rate of 3.06 percent is unchanged. The real property tax rate is also unchanged at \$1.042 per \$100 of assessed value. The Homestead Tax Credit rate is 5.0 percent for Harford County for fiscal year 2013 and remains unchanged from fiscal year 2012.

The Water and Sewer Fund rates will increase by 3.2 percent for fiscal year 2013. The Water and Sewer rates affect both residential and industrial consumers by adjusting rates to the change in the Consumer Price Index each fiscal year. The net change in the fiscal year 2013 approved budget from the 2012 fiscal year original approved budget for the Water and Sewer Fund is \$4.0 million, 9.6 percent. The net change of \$4.6 million is attributed to additional Paygo funds to support approved capital budget items.

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 29 of this report.

Basic Financial Statements



DO NOT FEED
WILDLIFE

HARFORD COUNTY, MARYLAND
Statement of Net Assets
June 30, 2012

Exhibit 1

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total Primary Government	Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library
ASSETS							
Equity in Pooled Cash and Investments	\$ 175,468,351	\$ 84,091,970	\$ 259,560,321	\$ -	\$ -	\$ -	\$ -
Cash and Investments	40,644	650	41,294	31,135,534	1,265,107	31,410,660	4,652,749
Taxes and Accounts Receivable (Net)	5,543,816	7,025,611	12,569,427	3,130,459	4,391	927,362	65,927
Federal and State Receivable	46,143,909	4,971,482	51,115,391	-	-	3,583,079	5,474
Internal Balances	242,686	(242,686)	-	-	-	-	-
Due From Primary Government	-	-	-	5,248,138	-	78,126	15,659
Inventories	2,025,093	1,407,072	3,432,165	844,510	-	502,777	-
Loans Receivable	3,619,250	-	3,619,250	-	-	-	-
Other Assets	539,162	-	539,162	-	-	1,083,705	18,887
Deposit with Trustee	4,984,933	-	4,984,933	7,305,026	-	666,972	2,562,859
Benefit Assessments	675,170	38,686,173	39,361,343	-	-	-	-
Restricted Assets--Cash & Investments	67,132,335	19,062,493	86,194,828	-	-	6,199,915	-
Unamortized Bond Costs	2,311,557	751,594	3,063,151	-	-	-	-
Capital Assets:							
Land, Land Improvements, Development Rights, CIP	382,768,707	47,607,127	430,375,834	129,628,807	-	25,968,582	-
Other Capital Assets, Net of Depreciation	265,596,859	361,598,903	627,195,762	449,258,294	519,180	57,011,609	5,274,540
Total Assets	<u>957,092,472</u>	<u>564,960,389</u>	<u>1,522,052,861</u>	<u>626,550,768</u>	<u>1,788,678</u>	<u>127,432,787</u>	<u>12,596,095</u>
LIABILITIES							
Accounts Payable	8,327,831	5,743,833	14,071,664	6,305,337	60,513	3,574,659	118,860
Due to Component Units	5,341,923	-	5,341,923	-	-	-	-
Retainages Payable	834,920	5,180,536	6,015,456	-	-	1,814,065	-
Payable to State of Maryland	362,476	591,443	953,919	-	-	-	-
Accrued Expenses	12,190,206	2,458,332	14,648,538	1,588,625	55,568	946,767	527,566
Unearned Revenue	4,017,326	190,602	4,207,928	515,569	-	2,827,640	-
Performance Deposits	671,342	86,397	757,739	-	-	-	-
Escrow Accounts	1,691,315	3,837,339	5,528,654	-	-	-	-
Other Liabilities	394,419	18,094	412,513	-	-	441,482	34,058
Noncurrent Liabilities:							
Due within one year	47,326,890	10,778,359	58,105,249	4,846,031	-	73,868	105,996
Due in more than one year	555,384,152	123,864,085	679,248,237	160,677,268	-	1,215,739	7,303,477
Total Liabilities	<u>636,542,800</u>	<u>152,749,020</u>	<u>789,291,820</u>	<u>173,932,830</u>	<u>116,081</u>	<u>10,894,220</u>	<u>8,089,957</u>
NET ASSETS							
Investment in Capital Assets, Net of Related Debt	434,233,561	303,842,266	738,075,827	568,870,454	519,180	82,980,191	5,107,628
Restricted for:							
Highways Projects	22,307,851	-	22,307,851	-	-	-	-
Agricultural Land Preservation	53,798,470	-	53,798,470	-	-	-	-
Public Schools	8,358,301	-	8,358,301	-	-	-	-
Grant Programs	6,825,412	-	6,825,412	-	-	-	-
Other Purposes	2,458,564	-	2,458,564	11,834,170	29,980	7,001,803	51,564
Unrestricted	<u>(207,432,487)</u>	<u>108,369,103</u>	<u>(99,063,384)</u>	<u>(128,086,686)</u>	<u>1,123,437</u>	<u>26,556,573</u>	<u>(653,054)</u>
Total Net Assets	<u>\$ 320,549,672</u>	<u>\$ 412,211,369</u>	<u>\$ 732,761,041</u>	<u>\$ 452,617,938</u>	<u>\$ 1,672,597</u>	<u>\$ 116,538,567</u>	<u>\$ 4,506,138</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, 2012

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units			
					Governmental Activities	Business-Type Activities		Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library
Primary Government:											
Government Activities											
Agricultural Preservation	\$ 3,432,517	\$ -	\$ 33,214	\$ -	\$ (3,399,303)	\$ -	\$ (3,399,303)	\$ -	\$ -	\$ -	\$ -
County Council	2,597,248	-	84,553	-	(2,512,695)	-	(2,512,695)	-	-	-	-
Education-Primary thru Com. College	256,361,884	-	-	-	(256,361,884)	-	(256,361,884)	-	-	-	-
General Government	43,655,212	2,662,846	2,123,290	544,309	(38,324,767)	-	(38,324,767)	-	-	-	-
Harford Center	553,036	-	-	-	(553,036)	-	(553,036)	-	-	-	-
Judicial	9,666,237	-	1,300,208	-	(8,366,029)	-	(8,366,029)	-	-	-	-
Libraries	17,359,356	-	-	542,928	(16,816,428)	-	(16,816,428)	-	-	-	-
Parks and Recreation	14,416,981	949,697	256,525	639,823	(12,570,936)	-	(12,570,936)	-	-	-	-
Public Safety	95,202,878	3,978,388	5,490,799	16,807	(85,716,884)	-	(85,716,884)	-	-	-	-
Public Works	61,916,296	14,151,371	1,313,086	8,465,173	(37,986,666)	-	(37,986,666)	-	-	-	-
Social Services & Health	28,365,201	561,561	12,497,029	61,068	(15,245,543)	-	(15,245,543)	-	-	-	-
Unallocated Debt Interest / Other Costs	18,871,700	-	2,117,620	-	(16,754,080)	-	(16,754,080)	-	-	-	-
Total Government Activities	552,398,546	22,303,863	25,216,324	10,270,108	(494,608,251)	-	(494,608,251)	-	-	-	-
Business-type Activities											
Water and Sewer	42,953,467	25,658,671	704,699	16,181,330	-	(408,767)	(408,767)	-	-	-	-
Total Business-type Activities	42,953,467	25,658,671	704,699	16,181,330	-	(408,767)	(408,767)	-	-	-	-
Total Primary Government	\$ 595,352,013	\$ 47,962,534	\$ 25,921,023	\$ 26,451,438	(494,608,251)	(408,767)	(495,017,018)	-	-	-	-
Component Units:											
Harford County Public Schools	\$ 543,855,177	\$ 9,420,543	\$ 128,526,812	\$ 28,383,194	-	-	(377,524,628)	-	-	-	-
Harford Center, Inc.	2,104,540	23,389	943,167	-	-	-	-	(1,137,984)	-	-	-
Harford Community College	57,657,809	17,855,455	22,221,892	17,642,831	-	-	-	-	62,369	-	-
Harford County Public Library	19,820,101	808,882	2,764,718	-	-	-	-	-	-	-	(16,246,501)
Total Component Units	\$ 623,437,627	\$ 28,108,269	\$ 154,456,589	\$ 46,026,025	-	-	(377,524,628)	(1,137,984)	62,369	-	(16,246,501)
General Revenues:											
Taxes:											
Property Taxes					295,910,417	-	295,910,417	-	-	-	-
Income Taxes					182,590,526	-	182,590,526	-	-	-	-
Impact Taxes					3,123,373	-	3,123,373	-	-	-	-
911 Program Taxes					1,586,002	-	1,586,002	-	-	-	-
Recordation Taxes					7,573,926	1,514,835	9,088,761	-	-	-	-
Transfer Taxes					9,786,317	-	9,786,317	-	-	-	-
Other Taxes					722,273	-	722,273	-	-	-	-
Investment Earnings					5,607,895	2,452,379	8,060,274	32,894	15,806	(145,531)	5,534
Grants and Contributions not Restricted to Specific Purposes					189,543	-	189,543	362,583,143	553,036	15,694,942	15,692,144
Miscellaneous					810,088	-	810,088	7,507,665	-	-	-
Total General Revenues					507,900,360	3,967,214	511,867,574	370,123,702	568,842	15,549,411	15,697,678
Change in Net Assets					13,292,109	3,558,447	16,850,556	(7,400,926)	(569,142)	15,611,780	(548,823)
Net Assets--Beginning					307,257,563	408,652,922	715,910,485	460,018,864	2,241,739	100,926,787	5,054,961
Net Assets--Ending					\$ 320,549,672	\$ 412,211,369	\$ 732,761,041	\$ 452,617,938	\$ 1,672,597	\$ 116,538,567	\$ 4,506,138

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

HARFORD COUNTY, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2012

Exhibit 3

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Beechtree TIF	Non Major Parks & Recreation	Total Governmental Funds
ASSETS								
Equity in Pooled Cash and Investment	\$ 83,863,465	\$ 20,829,261	\$ 5,374,483	\$ 2,754,095	\$ 49,961,728	\$ -	\$ 411,992	\$ 163,195,024
Cash and Investments	40,594	50	-	-	-	-	-	40,644
Taxes and Accounts Receivable (Net	4,777,174	616,742	148,270	-	356	-	1,174	5,543,716
Federal and State Receivable	39,302,277	403,327	4,308,071	-	2,130,234	-	-	46,143,909
Inventories	-	2,025,093	-	-	-	-	-	2,025,093
Loans Receivable	471,561	-	3,147,689	-	-	-	-	3,619,250
Other Assets	407,880	131,282	-	-	-	-	-	539,162
Deposit with Trustee	-	-	-	-	2,895,501	2,089,432	-	4,984,933
Benefit Assessment	-	-	-	-	675,170	-	-	675,170
Investments-Restricted	1,543,453	35,606	-	51,212,976	14,340,300	-	-	67,132,335
Total Assets	\$ 130,406,404	\$ 24,041,361	\$ 12,978,513	\$ 53,967,071	\$ 70,003,289	\$ 2,089,432	\$ 413,166	\$ 293,899,236
LIABILITIES								
Accounts Payable	\$ 4,113,586	\$ 535,991	\$ 1,041,502	\$ 167,515	\$ 2,411,659	\$ -	\$ 21,336	\$ 8,291,589
Due to Component Units	-	-	-	-	5,341,923	-	-	5,341,923
Retainages Payable	-	-	-	-	834,920	-	-	834,920
Payable to State of Maryland	361,515	-	-	-	-	-	961	362,476
Accrued Expenditures	2,072,629	283,402	115,829	1,085	-	-	14,792	2,487,737
Unearned Revenue	1,713,802	-	1,716,846	-	586,678	-	-	4,017,326
Deferred Revenue	22,540,301	316,864	3,278,924	-	675,170	-	-	26,811,259
Performance Deposits	257,739	413,603	-	-	-	-	-	671,342
Escrow Accounts	243,506	500,353	-	-	940,511	-	6,945	1,691,315
Other Liabilities	394,258	161	-	-	-	-	-	394,419
Total Liabilities	\$ 31,697,336	\$ 2,050,374	\$ 6,153,101	\$ 168,600	\$ 10,790,861	\$ -	\$ 44,034	\$ 50,904,306
FUND BALANCES								
Nonspendable	879,441	2,156,375	-	-	-	-	-	3,035,816
Restricted	2,553,465	35,606	6,825,412	-	25,594,102	2,089,432	-	37,098,017
Committed	-	-	-	51,212,976	-	-	-	51,212,976
Assigned	77,333,983	19,799,006	-	2,585,495	33,618,326	-	369,132	133,705,942
Unassigned	17,942,179	-	-	-	-	-	-	17,942,179
Total Fund Balances	\$ 98,709,068	\$ 21,990,987	\$ 6,825,412	\$ 53,798,471	\$ 59,212,428	\$ 2,089,432	\$ 369,132	\$ 242,994,930
Total Liabilities and Fund Balances	\$ 130,406,404	\$ 24,041,361	\$ 12,978,513	\$ 53,967,071	\$ 70,003,289	\$ 2,089,432	\$ 413,166	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements.	242,686
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	648,365,566
Unamortized bond costs are not financial resources and therefore are not reported in the funds.	2,311,557
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.	26,811,259
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in the statement of net assets.	6,929,486
Long-term liabilities, including bonds payable, compensated absences, notes payable, capital leases, landfill closure and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds.	(607,105,812)
Net Assets of Governmental Activities	\$ 320,549,672

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, 2012

Exhibit 4

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Beechtree TIF	Non Major Parks & Recreation	Governmental Funds
REVENUES								
Taxes	\$ 443,342,055	\$ 35,833,239	\$ -	\$ 4,893,158	\$ 12,467,085	\$ -	\$ -	\$ 496,535,537
Revenues from Other Agencies	4,046,649	1,146,198	19,675,585	33,214	4,848,022	-	-	29,749,668
Investment Income	319,712	47,255	64	5,117,900	92,998	2,899	843	5,581,671
Charges for Current Services	15,066,117	964,651	1,223,390	-	-	-	882,684	18,136,842
Miscellaneous	772,512	48,561	859,510	-	796,596	-	1,736	2,478,915
Licenses and Permits	3,602,640	-	-	-	-	-	-	3,602,640
Fines and Forfeitures	117,432	10,800	212,608	-	-	-	-	340,840
Total Revenues	<u>467,267,117</u>	<u>38,050,704</u>	<u>21,971,157</u>	<u>10,044,272</u>	<u>18,204,701</u>	<u>2,899</u>	<u>885,263</u>	<u>556,426,113</u>
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	7,417,674	-	-	-	7,417,674
County Council	2,409,220	-	86,766	-	-	-	-	2,495,986
General Government	36,898,013	-	2,712,257	-	-	-	-	39,610,270
Education-Primary thru Comm. College	230,933,767	2,000,000	-	-	-	-	-	232,933,767
Harford Center	553,036	-	-	-	-	-	-	553,036
Judicial	8,011,435	-	1,584,930	-	-	-	-	9,596,365
Libraries	15,692,144	-	-	-	-	-	-	15,692,144
Parks, Recreation and Natural Resources	9,671,768	-	400,125	-	-	-	781,283	10,853,176
Public Safety	85,324,194	1,039,752	5,414,661	-	-	-	-	91,778,607
Public Works	14,499,516	23,946,473	2,750	-	-	-	-	38,448,739
Social Services	11,265,227	-	16,072,195	-	-	-	-	27,337,422
Capital Outlay	-	-	-	-	61,703,327	-	-	61,703,327
Debt Service:								
Principal	32,829,569	1,163,767	-	1,116,128	-	-	-	35,109,464
Interest	19,540,057	66,807	-	3,081,180	-	810,833	-	23,498,877
Administrative Costs	531,766	11,003	-	81,490	-	18,538	-	642,797
Total Expenditures	<u>468,159,712</u>	<u>28,227,802</u>	<u>26,273,684</u>	<u>11,696,472</u>	<u>61,703,327</u>	<u>829,371</u>	<u>781,283</u>	<u>597,671,651</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(892,595)</u>	<u>9,822,902</u>	<u>(4,302,527)</u>	<u>(1,652,200)</u>	<u>(43,498,626)</u>	<u>(826,472)</u>	<u>103,980</u>	<u>(41,245,538)</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	13,508,522	41,046	2,940,097	-	19,933,918	-	-	36,423,583
Transfers (Out)	(12,629,015)	(10,245,000)	(396,900)	-	(13,152,668)	-	-	(36,423,583)
Issuance of Bonds	6,931,393	-	-	-	40,000,000	-	-	46,931,393
Premium on Issuance of Bonds	2,304,290	43,636	-	-	-	-	-	2,347,926
Issuance of Installment Purchase Agreements	-	-	-	6,995,127	-	-	-	6,995,127
Payment to Escrow Agent for Refunding	(7,313,825)	-	-	-	-	-	-	(7,313,825)
Total Other Financing Sources (Uses)	<u>2,801,365</u>	<u>(10,160,318)</u>	<u>2,543,197</u>	<u>6,995,127</u>	<u>46,781,250</u>	<u>-</u>	<u>-</u>	<u>48,960,621</u>
Net Change in Fund Balances	1,908,770	(337,416)	(1,759,330)	5,342,927	3,282,624	(826,472)	103,980	7,715,083
Fund Balances--Beginning	96,800,298	22,417,884	8,584,742	48,455,544	55,929,804	2,915,904	265,152	235,369,328
Increase in Inventory	-	(89,481)	-	-	-	-	-	(89,481)
Fund Balances--Ending	<u>\$ 98,709,068</u>	<u>\$ 21,990,987</u>	<u>\$ 6,825,412</u>	<u>\$ 53,798,471</u>	<u>\$ 59,212,428</u>	<u>\$ 2,089,432</u>	<u>\$ 369,132</u>	<u>\$ 242,994,930</u>

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

HARFORD COUNTY, MARYLAND
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Exhibit 5

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

Net change in fund balances--total governmental funds	\$	7,715,083
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.		7,848,144
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		9,464,745
The issuance of long-term debt (i.e. bonds, leases, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction has any effect of net 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.		(11,751,650)
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.		1,185,369
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.		148,401
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>(1,317,983)</u>
Change in net assets of governmental activities	\$	<u><u>13,292,109</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, 2012

Exhibit 6

	General				Highways			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 420,292,411	\$ 420,292,411	\$ 443,342,055	\$ 23,049,644	\$ 34,814,354	\$ 34,814,354	\$ 35,833,239	\$ 1,018,885
Revenues from Other Agencies	2,557,591	2,557,591	4,046,649	1,489,058	434,000	434,000	1,146,198	712,198
Investment Income	622,178	622,178	319,712	(302,466)	80,147	80,147	47,255	(32,892)
Charges for Current Services	16,207,527	16,207,527	15,066,117	(1,141,410)	3,315,427	3,315,427	4,000,107	684,680
Miscellaneous	7,895,034	7,895,034	7,873,591	(21,443)	5,305,832	5,305,832	5,327,730	21,898
Licenses and Permits	2,999,200	2,999,200	3,602,640	603,440	-	-	-	-
Fines and Forfeitures	93,500	93,500	117,432	23,932	10,000	10,000	10,800	800
Total Revenues	450,667,441	450,667,441	474,368,196	23,700,755	43,959,760	43,959,760	46,365,329	2,405,569
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	-	-	-	-	-
County Council	2,537,353	2,699,757	2,506,624	193,133	-	-	-	-
General Government	42,839,394	45,614,886	40,913,262	4,701,624	-	-	-	-
Education-Primary thru Comm. College	229,253,239	232,933,767	232,933,767	-	-	2,000,000	2,000,000	-
Harford Center	553,036	553,036	553,036	-	-	-	-	-
Judicial	8,260,268	8,790,370	8,221,528	568,842	-	-	-	-
Libraries	15,512,147	15,692,147	15,692,144	3	-	-	-	-
Parks, Recreation and Natural Resources	10,021,145	10,535,023	10,103,393	431,630	-	-	-	-
Public Safety	90,047,226	93,882,146	90,909,669	2,972,477	-	1,039,752	1,039,752	-
Public Works	14,931,748	15,244,122	14,663,955	580,167	37,641,627	36,566,578	33,099,847	3,466,731
Social Services	11,665,021	12,029,961	11,348,799	681,162	-	-	-	-
	425,620,577	437,975,215	427,846,177	10,129,038	37,641,627	39,606,330	36,139,599	3,466,731
Debt Service	53,185,318	53,185,318	52,901,392	283,926	1,189,886	1,242,076	1,241,577	499
Total Expenditures	478,805,895	491,160,533	480,747,569	10,412,964	38,831,513	40,848,406	37,381,176	3,467,230
(Deficiency)/Excess of Revenues Over Expenditures	(28,138,454)	(40,493,092)	(6,379,373)	34,113,719	5,128,247	3,111,354	8,984,153	5,872,799
OTHER FINANCING SOURCES (USES)								
Appropriated Fund Balance	25,965,570	38,320,208	3,578,008	(34,742,200)	5,026,753	7,043,646	1,176,165	(5,867,481)
Transfers In	14,851,899	14,851,899	13,508,522	(1,343,377)	90,000	90,000	41,046	(48,954)
Transfers (Out)	(12,679,015)	(12,679,015)	(12,629,015)	50,000	(10,245,000)	(10,245,000)	(10,245,000)	-
Issuance of Bonds	-	7,313,825	6,931,393	(382,432)	-	-	-	-
Premium on Issuance of Bonds	-	-	2,304,290	2,304,290	-	-	43,636	43,636
Issuance of Installment Purchase Agreements	-	-	-	-	-	-	-	-
Payment to Escrow Agent for Refunding	-	(7,313,825)	(7,313,825)	-	-	-	-	-
Total Other Financing Sources (Uses)	28,138,454	40,493,092	6,379,373	(34,113,719)	(5,128,247)	(3,111,354)	(8,984,153)	(5,872,799)
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Appropriated Fund Balance			(3,578,008)			(1,176,165)		
Fund Balance - Beginning			100,324,144			22,589,423		
Prior Year Encumbrances Cancelled			302,407			67,784		
Increase in Inventory			-			(89,481)		
Fund Balance - Ending			\$ 97,048,543			\$ 21,391,561		

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

(continued)

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes in Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For the Year Ended June 30, 2012

(continued)

Exhibit 6

	Agricultural Land Preservation				Variance With Final Budget Positive(Negative)
	Budgeted Amounts				
	Original	Final			
REVENUES					
Taxes	\$ 5,600,000	\$ 5,600,000	\$ 4,893,158	\$ (706,842)	
Revenues from Other Agencies	115,000	115,000	33,214	(81,786)	
Investment Income	163,001	163,001	5,117,900	4,954,899	
Charges for Current Services	-	-	-	-	
Miscellaneous	15,000	15,000	-	(15,000)	
Licenses and Permits	-	-	-	-	
Fines and Forfeitures	-	-	-	-	
Total Revenues	<u>5,893,001</u>	<u>5,893,001</u>	<u>10,044,272</u>	<u>4,151,271</u>	
EXPENDITURES					
Current:					
Agricultural Preservation	4,647,913	8,619,252	7,418,767	1,200,485	
County Council	-	-	-	-	
General Government	-	-	-	-	
Education-Primary thru Comm. College	-	-	-	-	
Harford Center	-	-	-	-	
Judicial	-	-	-	-	
Libraries	-	-	-	-	
Parks, Recreation and Natural Resources	-	-	-	-	
Public Safety	-	-	-	-	
Public Works	-	-	-	-	
Social Services	-	-	-	-	
	<u>4,647,913</u>	<u>8,619,252</u>	<u>7,418,767</u>	<u>1,200,485</u>	
Debt Service	4,247,308	4,284,708	4,278,798	5,910	
Total Expenditures	<u>8,895,221</u>	<u>12,903,960</u>	<u>11,697,565</u>	<u>1,206,395</u>	
(Deficiency)/Excess of Revenues Over Expenditures	<u>(3,002,220)</u>	<u>(7,010,959)</u>	<u>(1,653,293)</u>	<u>5,357,666</u>	
OTHER FINANCING SOURCES (USES)					
Appropriated Fund Balance	2,220	4,010,959	-	(4,010,959)	
Transfers In	-	-	-	-	
Transfers (Out)	-	-	-	-	
Issuance of Bonds	-	-	-	-	
Premium on Issuance of Bonds	-	-	-	-	
Issuance of Installment Purchase Agreements	3,000,000	3,000,000	6,995,127	3,995,127	
Payment to Escrow Agent for Refunding	-	-	-	-	
Total Other Financing Sources (Uses)	<u>3,002,220</u>	<u>7,010,959</u>	<u>6,995,127</u>	<u>(15,832)</u>	
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,341,834</u>	<u>\$ 5,341,834</u>	
Less: Appropriated Fund Balance			-		
Fund Balance - Beginning			48,457,675		
Prior Year Encumbrances Cancelled			47		
Increase in Inventory			-		
Fund Balance - Ending			<u>\$ 53,799,556</u>		

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

HARFORD COUNTY, MARYLAND
Statement of Net Assets
Proprietary Funds
June 30, 2012

Exhibit 7

ASSETS	Business-Type Activities		Governmental Activities	
	<u>Enterprise Fund, Water and Sewer</u>		<u>Internal Service Fund</u>	
Current Assets:				
Equity in Pooled Cash and Investments	\$	84,091,970	\$	12,273,327
Cash and Investments		650		-
Restricted Assets - Investments		19,062,493		-
Taxes and Accounts Receivable (Net)		7,025,611		100
Federal and State Receivable		4,971,482		-
Inventories		1,407,072		-
Benefit Assessments		2,948,231		-
Total Current Assets		<u>119,507,509</u>		<u>12,273,427</u>
Noncurrent Assets:				
Benefit Assessments		35,737,942		-
Unamortized Bond/Lease Costs		751,594		-
Capital Assets, Net of Depreciation				
Land		1,991,400		-
Construction in Process		45,615,727		-
Property, Plant & Equipment		361,598,903		-
Total Capital Assets		<u>409,206,030</u>		<u>-</u>
Total Noncurrent Assets		<u>445,695,566</u>		<u>-</u>
Total Assets		<u>565,203,075</u>		<u>12,273,427</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable		862,175		36,242
Accounts Payable from Restricted Assets		4,881,658		-
Retainage Payable from Restricted Assets		5,180,536		-
Payable to the State of Maryland		591,443		-
Accrued Expenses		2,458,332		-
Unearned Revenue		190,602		-
Performance Deposits		86,397		-
Escrow Accounts		3,837,339		-
Other Liabilities		18,094		-
Compensated Absences-Current		1,202,035		-
Bonds Payable-Current		9,388,779		-
Leases Payable-Current		187,545		-
Estimated Current Liability for Claims in Process		-		1,382,757
Total Current Liabilities		<u>28,884,935</u>		<u>1,418,999</u>
Noncurrent				
Compensated Absences		1,823,646		-
Bonds Payable		121,846,995		-
Leases Payable		193,444		-
Estimated Liability for Claims in Process		-		3,924,942
Total Noncurrent Liabilities		<u>123,864,085</u>		<u>3,924,942</u>
Total Liabilities		<u>152,749,020</u>		<u>5,343,941</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt		303,842,266		-
Unrestricted		108,611,789		6,929,486
Total Net Assets		<u>412,454,055</u>	\$	<u>6,929,486</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>(242,686)</u>		
Net Assets of Business-Type Activities	\$	<u>412,211,369</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, 2012

Exhibit 8

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund, Water and Sewer</u>	<u>Internal Service Fund, Self Insurance</u>
Operating Revenues:		
Charges for Services	\$ -	\$ 2,941,319
Income from Water Operations	10,728,570	-
Income from Sewer Operations	13,394,761	-
Miscellaneous	1,535,340	-
Total Operating Revenues	<u>25,658,671</u>	<u>2,941,319</u>
Operating Expenses:		
General and Administrative Expenses	3,802,523	-
Operations and Maintenance-Water	11,477,971	-
Operations and Maintenance-Sewer	12,960,977	-
Insurance Claims and Expenses	-	4,285,530
Depreciation	9,638,801	-
Total Operating Expenses	<u>37,880,272</u>	<u>4,285,530</u>
Operating (Loss) Income	(12,221,601)	(1,344,211)
Non-operating Revenues (Expenses):		
Recordation Tax Revenue	1,514,835	-
Federal Grant Revenue	704,699	-
Interest Income	2,452,379	26,228
Interest Expense	(4,770,471)	-
Other Income (Expense)	(154,323)	-
Total Non-operating Revenue (Expenses)	<u>(252,881)</u>	<u>26,228</u>
Income (Loss) Before Contributions	(12,474,482)	(1,317,983)
Capital Contributions	16,181,330	-
Change in Net Assets	<u>3,706,848</u>	<u>(1,317,983)</u>
Total Net Assets--Beginning	408,747,207	8,247,469
Total Net Assets--Ending	<u>\$ 412,454,055</u>	<u>\$ 6,929,486</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	\$ 3,706,848	
Eliminating the effect of the internal service fund, using the "look-back" method resulted in increased expenses in the enterprise fund	(148,401)	
Change in Net Assets of Business Type Activities	<u>\$ 3,558,447</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, 2012

Exhibit 9

	Business Type Activities		Governmental Activities	
	Enterprise Fund, Water and Sewer		Internal Service Fund, Self Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$	25,072,792	\$	-
Receipts from Interfund Services Provided		-		2,628,399
Receipts from Others for Claims		-		312,820
Receipts from Customer Deposits		286,513		-
Payment of Deposits to Customer		(271,428)		-
Payments to Employees for Services		(15,586,969)		-
Payments to Suppliers for Goods and Services		(13,361,426)		(489,477)
Payments for Claims		-		(3,098,436)
Net Cash Provided by Operating Activities		<u>(3,860,518)</u>		<u>(646,694)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets		(28,066,127)		-
Principal Payments on Long Term Debt		(11,286,248)		-
Bond/Lease Service Costs		(458,193)		-
Interest Paid on Bonds/Leases		(5,418,692)		-
Proceeds from Federal and State Grants		1,205,913		-
Recordation Tax Revenue		1,503,441		-
Tap Fees in Excess of Connection Costs		16,697,003		-
Proceeds from Bond Sale		17,038,526		-
Premium and Accrued Interest, net of Underwriters Fees		842,391		-
Proceeds from Rental Income		126,819		-
Proceeds from Sale of Capital Assets		58,023		-
Net Cash (Used in) Capital and Related Financing Activities		<u>(7,757,144)</u>		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income		2,451,600		26,228
Net Cash Provided by Investing Activities		<u>2,451,600</u>		<u>26,228</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>(9,166,062)</u>		<u>(620,466)</u>
Cash and Cash Equivalents, July 1		112,321,175		12,893,793
Cash and Cash Equivalents, June 30	\$	<u>103,155,113</u>	\$	<u>12,273,327</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating (Loss) Income	\$	(12,221,601)	\$	(1,344,211)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by Operating Activities:				
Depreciation		9,638,801		-
(Increase) Decrease in Accounts Receivable		(468,919)		(100)
(Increase) Decrease in Inventory		(111,294)		-
Increase (Decrease) in Accounts Payable		(159,493)		(120,738)
Increase (Decrease) in Accrued Expenses		(391,955)		-
Increase (Decrease) Estimated Payables for Future Claims		-		818,355
Increase (Decrease) in Performance Deposits		1,704		-
Increase (Decrease) in Escrow Accounts		(292,593)		-
Increase (Decrease) in Deferred Revenue		189,014		-
Increase (Decrease) in Other Liabilities		(5,464)		-
Increase (Decrease) in Compensated Absences		(38,718)		-
Net Cash Provided by Operating Activities	\$	<u>(3,860,518)</u>	\$	<u>(646,694)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Developer Contributions of Capital Assets to the Water and Sewer Fund	\$	<u>4,138,162</u>	\$	<u>-</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO EXHIBIT 7				
Equity in Pooled Cash and Investments	\$	84,091,970	\$	12,273,327
Cash and Investments		650		-
Investments - Current Restricted Assets		19,062,493		-
Cash and Cash Equivalents, June 30	\$	<u>103,155,113</u>	\$	<u>12,273,327</u>

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, 2012

Exhibit 10

	Pension Trust Funds	Other Post Employment Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Equity in Pooled Cash and Investments	\$ 607,261	\$ 3,538,500	\$ 1,388,688	\$ 2
Accounts Receivable	-	-	8,190	-
Investments, at Fair Value				
Cash Equivalents	606,056	557,457	1,070,678	11,135,579
Fixed Income Fund	18,458,533	12,742,212	-	-
Equities & Equivalents	34,431,491	30,321,786	-	-
Total Investments	<u>53,496,080</u>	<u>43,621,455</u>	<u>1,070,678</u>	<u>11,135,579</u>
Total Assets	<u>54,103,341</u>	<u>47,159,955</u>	<u>2,467,556</u>	<u>11,135,581</u>
LIABILITIES				
Accounts Payable	23,531	121	16,816	-
Deferred Revenue	-	-	1,070,678	-
Due to Beneficiaries	-	-	-	11,135,581
Total Liabilities	<u>23,531</u>	<u>121</u>	<u>1,087,494</u>	<u>11,135,581</u>
NET ASSETS				
Held in Trust for pension benefits and other purposes	<u>\$ 54,079,810</u>	<u>\$ 47,159,834</u>	<u>\$ 1,380,062</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, 2012

Exhibit 11

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions and Donations	\$ -	\$ -	\$ 218,145
Employee Contributions	478,499	-	-
Employer Contributions	2,258,322	13,132,000	-
Plan Sponsor Contributions	2,026,627	-	-
Retiree Contributions	-	667,497	-
Total Contributions	<u>4,763,448</u>	<u>13,799,497</u>	<u>218,145</u>
Investment Earnings			
Net Loss in Fair Value of Investments	(756,871)	(566,313)	-
Interest and Dividends	1,089,073	734,606	9,895
Total Investment Earnings	<u>332,202</u>	<u>168,293</u>	<u>9,895</u>
Less Investment Expense	247,454	168,277	-
Net Investment Income	<u>84,748</u>	<u>16</u>	<u>9,895</u>
Total Additions	<u>4,848,196</u>	<u>13,799,513</u>	<u>228,040</u>
DEDUCTIONS			
Administrative Expenses	44,438	12,500	-
Benefits	3,559,895	6,978,072	-
Contractual Service	-	-	246,767
Total Deductions	<u>3,604,333</u>	<u>6,990,572</u>	<u>246,767</u>
Change in Net Assets	1,243,863	6,808,941	(18,727)
Net Assets--Beginning of the Year	52,835,947	40,350,893	1,398,789
Net Assets--End of the Year	<u>\$ 54,079,810</u>	<u>\$ 47,159,834</u>	<u>\$ 1,380,062</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, 2012

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, Harford County Public Schools, Harford County Public Library and Harford Center, Inc. are legally separate organizations included as component units.

Component units have been included within the financial reporting entity using a discrete presentation. Discrete presentations in the combined financial statements are created with separate columns for the individual component unit in the government-wide financial statements (see note below for description and for the specific factors that led to the inclusion in our financial statements) to emphasize that it is legally separate from the government. The component units do not provide services entirely, or almost entirely, to the County nor are any of the governing boards substantially the same, but the component units have a financial benefit/burden relationship with the County, as outlined below.

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

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

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

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

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The government reports the following major governmental funds:

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

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

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

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

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

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

The government reports the following major proprietary fund:

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Internal Service Funds:

Self-Insurance Fund

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

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

Sheriff's Office Pension System

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

Firemen's Length of Service Award Program (LOSAP)

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

OPEB (Other Post Employment Benefits)

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

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

BVL Cooperating Parties Group

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

Bar Library Trust Fund

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

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

Pass-Through Grants

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Harford County Public Entities Healthcare Consortium

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, 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, Grant, Agricultural Land Preservation, Capital Projects, Beechtree TIF, Parks & Recreation, Water and Sewer Enterprise, Self-Insurance,

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

two Private Purpose Trust Funds, Sheriff's Office Pension Fund, Length of Service Award Program (LOSAP), Other Post Employment Benefits Trust (OPEB), and an Agency Fund. 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.

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 Article 95, Section 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 Sections 6-222 and 6-223 of the State Finance and Procurement Article. No direct investment may have a maturity date of more than 13 months after its acquisition. Securities of the MLGIP are valued daily on an amortized cost basis, which approximates market value, and are held to maturity under normal circumstances.

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

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

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

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

The County's real property tax rate for the year ended June 30, 2012, was \$1.042 per \$100 of assessed value for properties within the County, but not in an incorporated town and \$0.896 for properties within an incorporated town.

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

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

c. INVENTORIES

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

d. RESTRICTED ASSETS

Certain assets of the Governmental 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 and investments in strip treasuries held to maturity for the final payment on the purchase of County agricultural easements. 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, 2012

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 as assets that have an estimated useful life in excess of one year, and have individual cost that meet or exceeds the minimal capitalization thresholds it has established for that asset class. Buildings, Building Improvements and Improvements Other Than Buildings must have an initial cost in excess of \$50,000. Infrastructure must have an initial cost in excess of \$100,000. Vehicles & Equipment must have an initial cost in excess of \$15,000. There is no minimum dollar requirement established for Land, Easements and Development Rights. 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	35-45
Buildings	40-50
Machinery and Equipment	5-10
Roads	15
Vehicles	7
Intangibles	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 and deferred gains and loss.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County’s highest level of decision making authority which includes the County charter, ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (County charter, ordinance and resolution) it employed previously to commit those amounts.

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker's compensation, property damage and medical claims as of June 30, 2012. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

j. ESTIMATES

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

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

The County has adopted the provision of Governmental Accounting Standard Board (GASB) issued Statement No. 57 entitled *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* and Statement No. 64, entitled *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an Amendment of GASB Statement No. 53*. This Statement enhances comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. Implementation of GASB 57 and 64 Statements did not have a material effect on the financial statements of the County.

As of the year ended June 30, 2012, GASB issued Statement No. 60, entitled *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, entitled *The Financial Reporting Entity: Omnibus-an amendment of GASB No. 14 and No. 34*; Statement No. 62, entitled *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1998 GASB and AICPA Pronouncements*; Statement No. 63, entitled *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; Statement No. 65, entitled *Items Previously Reported as Assets and Liabilities*; and Statement No. 66, entitled *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. These Statements will not have a material effect on the County's financial statements upon implementation.

GASB also issued Statement No. 67, entitled *Financial Reporting for Pension Plans* and Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. These Statements will have a material effect on the County's financial statements once implemented.

The County is analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$	9,702,469
Agricultural Preservation Installments		62,058,577
Bonds Payable		462,132,841
Capital Lease Obligations		2,941,940
Notes Payable		4,871,422
Landfill Closure Liability		39,991,444
Compensated Absences		25,407,119
	\$	607,105,812

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	\$	33,395,752
Depreciation		(25,547,608)
	\$	7,848,144

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$	4,770,583
Increase in Property Tax Deferred Revenue		312,214
Increase in Income Tax Deferred Revenue		3,412,889
Increase in Deferred Loans Receivable		74,411
Decrease in Deferred Special Assessments		(118,096)
Decrease in Restitution Deferred Revenue		(19,125)
Increase in Deferred Enterprise Zone Credit		1,031,869
	\$	<u>9,464,745</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	\$	(356,814)
Amortization of Bond Premium		2,442,866
Increase and Amortization of Costs of Issuance		294,555
Amortization of Deferred Loss		(281,101)
Issuance of Bonds Payable		(40,000,000)
Issuance of Installment Purchase Loans		(6,995,127)
Issurance of Refunding Bonds Payable		(6,931,393)
Bond Premium		(2,347,926)
Principal Payments on Refunded Bonds		7,313,825
Principal Payments on General Obligation Debt		35,109,465
	\$	<u>(11,751,650)</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:

Decrease in Compensated Absences Liability	\$	799,539
Loss on Disposal of Assets		(2,262,332)
Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method used in the Fund Statements		(89,481)
Decrease in Deferred Health Care Consortium Receivable		444,365
Decrease in Landfill Closure Expenses		2,293,278
	\$	<u>1,185,369</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, Harford County Public Schools' capital projects are exempt from this provision. The appropriated budgets are prepared by fund, function, and department. Expenditures and encumbrances of the funds may not legally exceed appropriations at the department level. During the fiscal year, the County Council may adopt supplemental appropriations. For the year-ended June 30, 2012, supplemental appropriations adopted in the General Fund were \$19,668,463; \$2,016,893 in the Highways Fund; \$27,158 in the Parks and Recreation Fund; \$4,008,739 in the Agricultural Land Preservation Fund; and \$1,227,655 in the Water and Sewer Fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers. Transfers between departments require the County Council's approval and are only completed after April 1.

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

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

The capital budget reflects appropriations for the Capital Projects Fund at the individual project level. Expenditures and encumbrances may not legally exceed appropriations at that level and unencumbered appropriations lapse at the completion or abandonment of individual projects. The County Council and the County Executive must approve all transfers of appropriations between projects. For the year-ended June 30, 2012, supplemental appropriations adopted in the Highways Capital Project Fund were \$308,000.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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. The other fund statements are reconciled below.

As of June 30, 2012, the changes in fund balances are reconciled as follows:

	General Fund	Highway Fund	Agricultural Land Preservation
	<u> </u>	<u> </u>	<u> </u>
Basis of Budgeting - Net Change in Fund Balances	\$ -	\$ -	\$ 5,341,834
Basis Adjustments:			
Revenue for Budgetary, not GAAP Purposes	(7,101,079)	(8,314,625)	-
Encumbrances Adjustment	2,642,982	325,348	(903)
Expenditures for Budgetary, not GAAP Purposes	7,101,079	8,314,625	-
Expenditures for GAAP, not for Budgetary Purposes	2,843,796	513,401	1,996
Fund Balance Appropriated for Budget not GAAP	<u>(3,578,008)</u>	<u>(1,176,165)</u>	<u>-</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ 1,908,770</u>	<u>\$ (337,416)</u>	<u>\$ 5,342,927</u>

As of June 30, 2012, the ending fund balances are reconciled as follows:

	General Fund	Highway Fund	Agricultural Land Preservation
	<u> </u>	<u> </u>	<u> </u>
Basis of Budgeting - Fund Balances	\$ 97,048,543	\$ 21,391,561	\$ 53,799,556
Basis Adjustments:			
Encumbrances	3,733,154	882,828	-
Expenditures for GAAP, not for Budgetary Purposes	<u>(2,072,629)</u>	<u>(283,402)</u>	<u>(1,085)</u>
GAAP Basis - Fund Balances	<u>\$ 98,709,068</u>	<u>\$ 21,990,987</u>	<u>\$ 53,798,471</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 collected bank balance was \$25,475,696. The Federal Depository Insurance Corporation (FDIC) insured the entire collected bank balance deposit of \$25,475,696. At June 30, 2012, 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	\$	259,560,321	
Cash and Investments		41,294	
Restricted Assets - Investments		86,194,828	
Pension Trust Funds - Exhibit 10			
Equity in Pooled Cash and Investments		607,261	
Total Investments		53,496,080	
Other Post Employment Benefit Trust Fund - Exhibit 10			
Equity in Pooled Cash and Investments		3,538,500	
Total Investments		43,621,455	
Private Purpose Trust Funds - Exhibit 10			
Equity in Pooled Cash and Investments		1,388,688	
Total Investments		1,070,678	
Agency Funds - Exhibit 10			
Equity in Pooled Cash and Investments		2	
Total Investments		<u>11,135,579</u>	
Total All Equity in Pooled Cash		<u>460,654,686</u>	
Less: Investments - Primary Government, page 46		<u>(435,178,990)</u>	
The Collected Bank Balance	\$	<u><u>25,475,696</u></u>	

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$17,413,513. All of the collected bank balance was insured by the FDIC and/or by securities held by the component unit or its' agent, in the component unit's name.

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

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

Harford County Public Schools	\$	31,135,534
Harford Center, Inc.		1,265,107
Harford Community College		31,410,660
Harford Community College--Restricted		6,199,915
Harford County Public Library		<u>4,652,749</u>
Total Component Unit Cash & Investments		74,663,965
Less: Investments--Component Units; page 48		<u>(57,250,452)</u>
Cash in the Bank	\$	<u><u>17,413,513</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2012, the County had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (Years)		
		Less than 1	1 - 5	5+
Pooled Investments				
¹ Federal Agencies	\$ 95,048,355	\$ 41,059,895	\$ 53,988,460	\$ -
MLGIP	79,618,756	79,618,756	-	-
Repurchase Agreements	60,008,208	60,008,208	-	-
Mutual Funds	4,985,054	4,985,054	-	-
Subtotal	<u>239,660,373</u>	<u>185,671,913</u>	<u>53,988,460</u>	<u>-</u>
Non-Pooled Investments				
MLGIP	34,981,852	34,981,852	-	-
² U.S. Stripped Treasuries	51,212,976	2,238,800	17,703,561	31,270,615
³ Trust Fund Annuity Contract	1,070,677	32,469	153,068	885,140
MLGIP - Fiduciary Funds	11,135,578	11,135,578	-	-
Other Post Employment Benefits and Pension Funds:				
³ Short-Term Investments	1,163,512	1,163,512	-	-
³ Equities	68,066,106	68,066,106	-	-
³ MTB Intermediate Term Bond	929,193	929,193	-	-
US Government Agencies	1,399,423	726,053	657,290	16,080
Corporate Bonds	11,505,343	1,434,859	7,479,001	2,591,483
² US Treasury Obligations	<u>14,053,957</u>	<u>511,780</u>	<u>6,911,035</u>	<u>6,631,142</u>
Subtotal	<u>195,518,617</u>	<u>121,220,202</u>	<u>32,903,955</u>	<u>41,394,460</u>
Total	<u>\$ 435,178,990</u>	<u>\$ 306,892,115</u>	<u>\$ 86,892,415</u>	<u>\$ 41,394,460</u>

¹ These Agencies mature in Fiscal Years 2012 and 2013, 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 Pension, Length of Service Award Program and Other Post-Employment Benefits:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy prohibits investment of operating funds in securities maturing more than one year from the date of purchase, unless matched to a specific cash flow. Only Agricultural Land Preservation Funds will be invested in U.S. Stripped Treasuries to coincide with the maturity dates on installment purchase agreements; up to thirty years in length. Because the mutual bond funds and the MLGIP funds as of June 30, 2012, have a weighted average maturity of less than 2 months, they are presented as investments maturing in less than one year.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

Credit Risk: In order to control credit risk, State statutes, which have been incorporated into the County's investment policy, authorize the County to invest only in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the MLGIP, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations. As of June 30, 2012, 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, 2012, the County's investments were not exposed to custodial credit risk.

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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

COMPONENT UNITS

As of June 30, 2012, total investments of the component units, in the amount of \$57,250,452, was distributed by type as follows:

	<u>MLGIP</u>	<u>Other Investments</u>	<u>Total</u>
Harford County Public Schools	\$ 20,126,776	\$ -	\$ 20,126,776
Harford Center, Inc.	-	357,468	357,468
Harford Community College	26,702,485	6,199,915	32,902,400
Harford County Public Library	3,863,808	-	3,863,808
	<u>\$ 50,693,069</u>	<u>\$ 6,557,383</u>	<u>\$ 57,250,452</u>

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

B. RECEIVABLES

a. TAXES AND OTHERS

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

	<u>General</u>	<u>Highway</u>	<u>Grants</u>	<u>Capital Project</u>
Property Taxes	\$ 3,655,833	\$ 503,530	\$ -	\$ -
Interest Accrual	64,147	-	-	-
Service Billings	1,785,448	308,859	17,035	-
Restitution Receivable	-	-	131,235	-
Miscellaneous	799,875	-	-	356
Gross Receivables	<u>6,305,303</u>	<u>812,389</u>	<u>148,270</u>	<u>356</u>
Less: Allowance for Uncollectible	<u>(1,528,129)</u>	<u>(195,647)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,777,174</u>	<u>\$ 616,742</u>	<u>\$ 148,270</u>	<u>\$ 356</u>

	<u>Non-Major Parks & Rec</u>	<u>Water and Sewer</u>	<u>Self-Insurance Fund</u>	<u>Total</u>
Property Taxes	\$ -	\$ -	\$ -	\$ 4,159,363
Interest Accrual	-	2,196,497	-	2,260,644
Service Billings	1,174	4,630,303	-	6,742,819
Restitution Receivable	-	-	-	131,235
Miscellaneous	-	284,633	100	1,084,964
Gross Receivables	<u>1,174</u>	<u>7,111,433</u>	<u>100</u>	<u>14,379,025</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>(85,822)</u>	<u>-</u>	<u>(1,809,598)</u>
	<u>\$ 1,174</u>	<u>\$ 7,025,611</u>	<u>\$ 100</u>	<u>\$ 12,569,427</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 20,053,399	\$ -	\$ 20,053,399
Prepaid Property Taxes	-	117,142	117,142
Walk-in Assessment Escrow	-	8,024	8,024
Property Taxes Receivable	761,539	-	761,539
Consortium Receivable	799,874	-	799,874
Solid Waste Prepaid Fees	-	901,840	901,840
Build America Bonds Subsidy	-	686,796	686,796
Enterprise Zone Credit	925,489	-	925,489
Sub-total: General Fund	<u>22,540,301</u>	<u>1,713,802</u>	<u>24,254,103</u>
Property Taxes Receivable	97,203	-	97,203
Consortium Receivable	113,281	-	113,281
Enterprise Zone Credit	106,380	-	106,380
Sub-total: Highways Fund	<u>316,864</u>	<u>-</u>	<u>316,864</u>
Grant Drawdown in Excess of Expenditures	-	1,716,846	1,716,846
Grant Loans Receivable	3,147,689	-	3,147,689
Grant Restitution Receivable	131,235	-	131,235
Sub-total: Grant Fund	<u>3,278,924</u>	<u>1,716,846</u>	<u>4,995,770</u>
Special Assessments Escrowed	-	586,678	586,678
Special Assessments Receivable	675,170	-	675,170
Sub-total: Capital Project Fund	<u>675,170</u>	<u>586,678</u>	<u>1,261,848</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 26,811,259</u>	<u>\$ 4,017,326</u>	<u>\$ 30,828,585</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 2012 rental income from all leases was \$599,934. The following is a five year schedule, by year, of future rental income, assuming all leases with automatic renewal clauses continue at their current lease amount.

<u>Year ending June 30</u>		<u>Amount</u>
2013	\$	467,073
2014		459,294
2015		426,969
2016		382,869
2017		<u>329,869</u>
Rental Income	\$	<u><u>2,066,074</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2012, is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 236,130,041	\$ 6,265,212	\$ (66,202)	\$ 242,329,051
Development Rights	109,316,236	8,518,126	-	117,834,362
Construction in Process	<u>70,795,719</u>	<u>12,917,336</u>	<u>(61,107,761)</u>	<u>22,605,294</u>
Total Capital Assets, not being depreciated or amortized	<u>416,241,996</u>	<u>27,700,674</u>	<u>(61,173,963)</u>	<u>382,768,707</u>
Capital Assets, being depreciated or amortized:				
Buildings	126,051,191	40,122,837	(3,312,726)	162,861,302
Improvements other than buildings	74,931,829	10,333,180	(826,509)	84,438,500
Machinery and Equipment	49,518,373	818,171	(1,247,854)	49,088,690
Vehicles	37,433,992	2,492,545	(2,959,048)	36,967,489
Intangibles	-	273,516	-	273,516
Infrastructure	<u>170,201,557</u>	<u>17,533,173</u>	<u>(7,481,057)</u>	<u>180,253,673</u>
Total Capital Assets, being depreciated or amortized	<u>458,136,942</u>	<u>71,573,422</u>	<u>(15,827,194)</u>	<u>513,883,170</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(44,018,853)	(3,574,333)	1,192,834	(46,400,352)
Improvements other than buildings	(51,439,181)	(7,811,277)	826,508	(58,423,950)
Machinery and Equipment	(43,077,819)	(2,140,925)	1,247,288	(43,971,456)
Vehicles	(24,246,529)	(4,154,072)	2,883,373	(25,517,228)
Intangibles	-	(35,818)	-	(35,818)
Infrastructure	<u>(73,587,381)</u>	<u>(7,831,183)</u>	<u>7,481,057</u>	<u>(73,937,507)</u>
Total Accumulated Depreciation or Amortization	<u>(236,369,763)</u>	<u>(25,547,608)</u>	<u>13,631,060</u>	<u>(248,286,311)</u>
Total Capital Assets, being depreciated or amortized, net	<u>221,767,179</u>	<u>46,025,814</u>	<u>(2,196,134)</u>	<u>265,596,859</u>
Governmental Activities Capital Assets, net	<u>\$ 638,009,175</u>	<u>\$ 73,726,488</u>	<u>\$ (63,370,097)</u>	<u>\$ 648,365,566</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, not being depreciated or amortized:				
Land	\$ 1,976,218	\$ 15,182	\$ -	\$ 1,991,400
Construction in Process	86,920,591	25,182,454	(66,487,318)	45,615,727
Total Capital Assets, not being depreciated or amortized	88,896,809	25,197,636	(66,487,318)	47,607,127
Capital Assets, being depreciated or amortized:				
Buildings	163,428,986	64,516,949	(385,442)	227,560,493
Improvements other than buildings	282,366,892	4,672,421	(2,358,490)	284,680,823
Machinery and Equipment	7,896,050	-	(497,029)	7,399,021
Vehicles	4,221,766	228,230	(452,855)	3,997,141
Intangibles	-	115,726	-	115,726
Total Capital Assets, being depreciated or amortized	457,913,694	69,533,326	(3,693,816)	523,753,204
Less Accumulated Depreciation or Amortization for:				
Buildings	(76,785,655)	(4,306,541)	385,442	(80,706,754)
Improvements other than buildings	(71,612,509)	(4,705,719)	2,358,490	(73,959,738)
Machinery and Equipment	(4,794,934)	(247,154)	497,029	(4,545,059)
Vehicles	(2,998,061)	(364,232)	434,698	(2,927,595)
Intangibles	-	(15,155)	-	(15,155)
Total Accumulated Depreciation or Amortization	(156,191,159)	(9,638,801)	3,675,659	(162,154,301)
Total Capital Assets, being depreciated or amortized, net	301,722,535	59,894,525	(18,157)	361,598,903
Business-type Activities Capital Assets, net	\$ 390,619,344	\$ 85,092,161	\$ (66,505,475)	\$ 409,206,030

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

Governmental Activities:

County Council	\$ 25,311
General Government	1,202,310
Judicial	152,750
Libraries	899,706
Parks & Recreation	2,581,857
Public Safety	2,772,119
Public Works	17,247,193
Social Services & Health	666,362
Total Depreciation or Amortization Expense - Governmental Activities	\$ 25,547,608

Business-type Activities

Water and Sewer	\$ 9,638,801
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

COMPONENT UNITS

Harford County Public Schools: Capital Asset Activity for the year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases / Reclassifications	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in Process	139,089,104	12,958,000	(32,091,239)	119,955,865
Total Capital Assets, not being depreciated	<u>148,762,046</u>	<u>12,958,000</u>	<u>(32,091,239)</u>	<u>129,628,807</u>
Capital Assets, being depreciated				
Land Improvements	11,972,757	2,513,877	-	14,486,634
Buildings and Improvements	514,736,786	2,037,702	32,091,239	548,865,727
Furniture and Equipment	32,046,680	3,970,759	(937,181)	35,080,258
Total Capital Assets, being depreciated	<u>558,756,223</u>	<u>8,522,338</u>	<u>31,154,058</u>	<u>598,432,619</u>
Accumulated Depreciation				
Land Improvements	(3,537,581)	(623,485)	-	(4,161,066)
Buildings and Improvements	(114,509,302)	(9,832,510)	-	(124,341,812)
Furniture and Equipment	(18,664,348)	(2,913,969)	906,870	(20,671,447)
Total Accumulated Depreciation	<u>(136,711,231)</u>	<u>(13,369,964)</u>	<u>906,870</u>	<u>(149,174,325)</u>
Total Capital Assets, being depreciated, net	<u>422,044,992</u>	<u>(4,847,626)</u>	<u>32,060,928</u>	<u>449,258,294</u>
Total Capital Assets, net	<u>\$ 570,807,038</u>	<u>\$ 8,110,374</u>	<u>\$ (30,311)</u>	<u>\$ 578,887,101</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Equipment - Other	\$ 270,533	\$ -	\$ -	\$ 270,533
Equipment - Transportation	792,517	57,284	(113,709)	736,092
Leasehold Improvements	377,989	83,386	-	461,375
Total Capital Assets, being depreciated	<u>1,441,039</u>	<u>140,670</u>	<u>(113,709)</u>	<u>1,468,000</u>
Accumulated Depreciation:				
Capital Assets	<u>(953,452)</u>	<u>(103,876)</u>	<u>108,508</u>	<u>(948,820)</u>
Total Capital Assets, net	<u>\$ 487,587</u>	<u>\$ 36,794</u>	<u>\$ (5,201)</u>	<u>\$ 519,180</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

Harford Community College: Capital asset activity for the year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,564,162	\$ -	\$ -	\$ 3,564,162
Construction in Process	3,345,542	19,241,395	(182,517)	22,404,420
Total Capital Assets, not being depreciated	<u>6,909,704</u>	<u>19,241,395</u>	<u>(182,517)</u>	<u>25,968,582</u>
Capital Assets, being depreciated				
Buildings and Improvements	77,237,513	741,712	(7,400)	77,971,825
Furniture and Equipment	9,868,281	544,191	(777,076)	9,635,396
Vehicles	456,894	150,589	(12,103)	595,380
Library Books	1,928,696	98,988	(386,690)	1,640,994
Total Capital Assets, being depreciated	<u>89,491,384</u>	<u>1,535,480</u>	<u>(1,183,269)</u>	<u>89,843,595</u>
Accumulated Depreciation:				
Buildings and Improvements	(21,266,434)	(2,510,882)	2,550	(23,774,766)
Furniture and Equipment	(7,467,071)	(664,791)	776,874	(7,354,988)
Vehicles	(322,817)	(51,054)	6,051	(367,820)
Library Books	(1,687,138)	(33,964)	386,690	(1,334,412)
Total Accumulated Depreciation	<u>(30,743,460)</u>	<u>(3,260,691)</u>	<u>1,172,165</u>	<u>(32,831,986)</u>
Total Capital Assets, being depreciated, net	<u>58,747,924</u>	<u>(1,725,211)</u>	<u>(11,104)</u>	<u>57,011,609</u>
Total Capital Assets, net	<u>\$ 65,657,628</u>	<u>\$ 17,516,184</u>	<u>\$ (193,621)</u>	<u>\$ 82,980,191</u>

Harford County Public Library: Capital asset activity for the year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Buildings and Improvements	\$ 999,871	\$ 117,041	\$ (7,365)	\$ 1,109,547
Circulating Materials	6,946,860	2,211,342	(2,329,187)	6,829,015
Furniture and Equipment	2,167,685	49,060	(10,387)	2,206,358
Computer Equipment	1,634,599	112,110	(30,269)	1,716,440
Vehicles	307,135	29,991	(24,104)	313,022
Copier Equipment	125,814	21,669	-	147,483
Total Capital Assets, being depreciated	<u>12,181,964</u>	<u>2,541,213</u>	<u>(2,401,312)</u>	<u>12,321,865</u>
Accumulated Depreciation:				
Buildings and Improvements	(421,325)	(62,811)	7,365	(476,771)
Circulating Materials	(3,437,875)	(2,295,979)	2,329,187	(3,404,667)
Furniture and Equipment	(1,632,266)	(137,300)	10,387	(1,759,179)
Computer Equipment	(866,700)	(270,664)	30,269	(1,107,095)
Vehicles	(254,855)	(19,384)	24,104	(250,135)
Copier Equipment	(25,162)	(24,316)	-	(49,478)
Total Accumulated Depreciation	<u>(6,638,183)</u>	<u>(2,810,454)</u>	<u>2,401,312</u>	<u>(7,047,325)</u>
Total Capital Assets, net	<u>\$ 5,543,781</u>	<u>\$ (269,241)</u>	<u>\$ -</u>	<u>\$ 5,274,540</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 2012, rental expenditures approximated \$2,946,725. 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, 2012:

Years ending June 30	Amount
2013	\$ 2,630,989
2014	1,919,275
2015	1,760,569
2016	1,355,987
2017	241,994
2018-2021	579,202
Total Minimum Payments Required	\$ 8,488,016

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, 2012, these interfund balances are:

	Due From	Due To
Primary Government:		
Capital Projects Fund	\$ -	\$ 5,341,923
Component Units:		
Harford County Public Schools	5,248,138	-
Harford Community College	78,126	-
Harford County Library	15,659	-
	\$ 5,341,923	\$ 5,341,923

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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		
	General Fund	Highways Fund	Grant Fund
Transfers Out			
General Fund	\$ -	\$ -	\$ 2,940,097
Highways Fund	-	-	-
Grant Fund	396,900	-	-
Capital Projects Fund	13,111,622	41,046	-
Total Transfers In	\$ 13,508,522	\$ 41,046	\$ 2,940,097

	Transfers In	
	Capital Project Fund	Total
Transfers Out		
General Fund	\$ 9,688,918	\$ 12,629,015
Highways Fund	10,245,000	10,245,000
Grant Fund	-	396,900
Capital Projects Fund	-	13,152,668
Total Transfers In	\$ 19,933,918	\$ 36,423,583

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2011	Additions	Principal Repayments & Reductions	Balance June 30, 2012	Due Within One Year
Governmental activities:					
Agricultural Land Preservation Bonds Payable	\$ 56,179,578	\$ 6,995,127	\$ (1,116,128)	\$ 62,058,577	\$ 2,966,960
General Obligation Bonds	433,558,610	49,279,319 ¹	(34,705,088) ²	448,132,841	27,464,244
Special Obligation Bonds	14,000,000	-	-	14,000,000	-
Capital Lease Obligations	8,590,078	-	(5,648,138)	2,941,940	1,647,356
Notes Payable	7,987,123	-	(3,115,701)	4,871,422	1,800,701
Landfill Closure Liability	42,284,722	451,291 ³	(2,744,569)	39,991,444	3,004,303
Compensated Absences	26,206,658	232,656	(1,032,195)	25,407,119	9,060,569
Est. Liab. For Claims in Process	4,489,344	2,003,818	(1,185,463)	5,307,699	1,382,757
	<u>\$ 593,296,113</u>	<u>\$ 58,962,211</u>	<u>\$ (49,547,282)</u>	<u>\$ 602,711,042</u>	<u>\$ 47,326,890</u>
Governmental activities - Long-term Liabilities					
	<u>\$ 593,296,113</u>	<u>\$ 58,962,211</u>	<u>\$ (49,547,282)</u>	<u>\$ 602,711,042</u>	<u>\$ 47,326,890</u>
Business-type activities:					
Capital Lease Obligations	\$ 631,140	\$ -	\$ (250,151)	\$ 380,989	\$ 187,545
Bonds Payable	125,140,703	17,732,485 ¹	(11,637,414) ²	131,235,774	9,388,779
Compensated Absences	3,064,398	34,747	(73,464)	3,025,681	1,202,035
	<u>\$ 128,836,241</u>	<u>\$ 17,767,232</u>	<u>\$ (11,961,029)</u>	<u>\$ 134,642,444</u>	<u>\$ 10,778,359</u>
Business-type activities - Long-term Liabilities					
	<u>\$ 128,836,241</u>	<u>\$ 17,767,232</u>	<u>\$ (11,961,029)</u>	<u>\$ 134,642,444</u>	<u>\$ 10,778,359</u>

¹ Governmental Activities includes 2012 premium of \$2,347,926. Business-type activities include deferred loss on 2012 refunding of \$158,405 and 2012 premium of \$847,282 resulting in a net amount of \$688,877.

² Includes amortization of deferred loss on refunding of \$281,101 and amortization of premium of \$2,442,866 resulting in a net amount of \$2,161,765 for Governmental activities. Business-type activities include amortization of deferred loss of \$158,783, deferred gain of \$5,461 and premium of \$754,638 resulting in a net amount of \$601,316.

³ See Note 4f.Landfill Closure Liability for more detail.

Agricultural Land Preservation long-term debt has typically been liquidated in the Agricultural Land Preservation special revenue fund. Governmental compensated absences typically have been liquidated in the General and other governmental funds. Special Obligation Bonds will be liquidated in the Beechtree TIF Debt Service Fund. Claims liabilities typically have been liquidated in the Self Insurance fund.

The debt limit for the primary government as of June 30, 2012, was \$1,734,475,759 and the legal debt margin was \$1,278,529,556.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

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

	<u>Beginning Balance</u>	<u>Changes</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Harford County Public Schools</u>				
Capital Leases	\$ 9,972,928	\$ 43,719	\$ 10,016,647	\$ -
Compensated Absences	28,464,371	(368,648)	28,095,723	4,846,031
OPEB	109,940,815	17,470,114	127,410,929	-
	<u>\$ 148,378,114</u>	<u>\$ 17,145,185</u>	<u>\$ 165,523,299</u>	<u>\$ 4,846,031</u>
<u>Harford Community College</u>				
Compensated Absences	\$ 1,089,332	\$ 80,054	\$ 1,169,386	\$ 73,868
OPEB	114,221	6,000	120,221	-
	<u>\$ 1,203,553</u>	<u>\$ 86,054</u>	<u>\$ 1,289,607</u>	<u>\$ 73,868</u>
<u>Harford County Public Library</u>				
Capital Lease	\$ 103,754	\$ (3,040)	\$ 100,714	\$ 36,831
Installment Note	132,396	(66,198)	66,198	66,198
Compensated Absences	396,347	(18,548)	377,799	2,967
OPEB	5,263,855	1,600,907	6,864,762	-
	<u>\$ 5,896,352</u>	<u>\$ 1,513,121</u>	<u>\$ 7,409,473</u>	<u>\$ 105,996</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, range from 2.68 percent to 8.45 percent. The annual requirements to amortize agricultural land preservation installments outstanding are as follows:

Year Ending June 30	Principal	Interest	Total Requirement
2013	\$ 2,966,960	\$ 3,221,630	\$ 6,188,590
2014	2,055,108	3,088,287	5,143,395
2015	2,747,222	2,976,209	5,723,431
2016	7,024,488	2,791,970	9,816,458
2017	7,419,082	2,342,744	9,761,826
2018	18,229,827	1,870,849	20,100,676
2019	4,688,693	953,016	5,641,709
2020	1,143,937	712,405	1,856,342
2021	639,892	644,272	1,284,164
2022	192,902	610,405	803,307
2023	2,005,555	602,442	2,607,997
2024	1,269,719	503,993	1,773,712
2025	425,698	434,682	860,380
2026	741,191	415,619	1,156,810
2027	455,983	381,452	837,435
2028	652,364	360,414	1,012,778
2029	3,621,366	330,323	3,951,689
2030	71,561	166,978	238,539
2031	71,561	164,909	236,470
2032	5,635,468	162,839	5,798,307
	<u>\$ 62,058,577</u>	<u>\$ 22,735,438</u>	<u>\$ 84,794,015</u>

For the year ended June 30, 2012, total principal and interest incurred related to agricultural land preservation installment was \$1,116,128 and \$3,081,180.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

c. BONDS PAYABLE

1. General Obligation Bonds

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of the County, and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds and Water Quality Loan are payable from ad valorem taxes, unlimited as to rate or amount on all real tangible, personal, and certain intangible property subject to taxation at full rates for local purposes in the County. Those portions of the Public Improvement Bonds of 2003, 2004, 2005, 2007, 2009, 2010, and 2012 allocated to school projects are payable in the first instance from recordation and transfer tax revenues and impact fees. Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Funds, area connection charges, benefit and surcharge assessments, and recordation taxes. As of June 30, 2012, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding at June 30, 2012</u>
Water Quality Loan of 1999 - 2.52% - due serially to 2018	\$ 4,585,000	\$ 1,093,084
Refunding Bond of 2003 - 3.0% - 5.0% - due serially to 2012	12,007,969	1,408,492
Public Improvement Bond of 2004 - 2.0% - 4.375% - due serially to 2024	23,870,000	3,500,000
Public Improvement Bond of 2005 - 3.0% - 5.0% - due serially to 2024	35,905,000	25,238,891
Public Improvement Bond of 2007- 4.0% - 5.0% - due serially to 2027	95,900,000	80,400,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	21,738,036	12,437,268
Public Improvement Bond of 2009- 4.0% - 5.0% - 2.25% due serially to 2029	96,100,000	91,295,000
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	23,501,948
Public Improvement Bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	61,552,800
Public Improvement Bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030	76,069,620	76,069,620
Public Improvement Bond of 2012- 2.0% - 5.0% due serially to 2032	40,000,000	40,000,000
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	<u>6,931,393</u>	<u>6,931,393</u>
Total Bonds Outstanding	505,755,355	423,428,496
Premium	35,281,240	27,248,724
Deferred Loss on Refunding	(3,456,020)	(2,544,379)
Total	<u>\$ 537,580,575</u>	<u>\$ 448,132,841</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2012, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2013	\$ 27,464,244	\$ 18,979,070	\$ 46,443,314
2014	26,850,000	17,818,987	44,668,987
2015	26,781,073	16,552,764	43,333,837
2016	27,610,755	15,291,368	42,902,123
2017	27,026,647	14,064,742	41,091,389
2018-2022	124,566,785	52,539,932	177,106,717
2023-2027	101,966,237	26,621,712	128,587,949
2028-2032	61,162,755	5,782,798	66,945,553
Premium	27,248,724	-	27,248,724
Deferred Loss	(2,544,379)	-	(2,544,379)
	<u>\$ 448,132,841</u>	<u>\$ 167,651,373</u>	<u>\$ 615,784,214</u>

For the year ended June 30, 2012, total principal and interest incurred related to general obligation bonds was \$32,543,323 and \$18,926,880.

Business Type Activities:

	Originally Issued	Outstanding at June 30, 2012
State of MD Water Quality Loan dated November 1991, 4.458% - due serially to 2013	\$ 13,586,473	\$ 1,030,808
State of MD Water Quality Loan dated February 1999, 2.39% - due serially to 2019	1,200,000	505,319
State of MD Water Quality Loan dated September 1999, 2.52% - due serially to 2018	11,585,000	2,761,915
USDA Rural Development Bond of 2001, 4.5% - due serially to 2031	1,080,000	837,527
Refunding Bond of 2003 - 3% - 5.0% - due serially to 2012	17,472,031	1,691,508
Public Improvement Bond of 2004-2.0% - 4.375% - due serially to 2024	4,060,000	400,000
USDA Rural Development Bond of 2004, 4.375% - due serially to 2034	210,000	177,474
Public Improvement Bond of 2005 - 3% - 5.0% - due serially to 2024	6,510,000	4,576,108
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	24,695,000	21,295,000
USDA Rural Development Bond of 2008 4.5% - due serially to 2038	345,500	324,794
Refunding Bond of 2009 3.0% - 4.0% - due serially to 2020	4,251,964	2,432,732
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	22,705,000
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	568,052
Public Improvement bond of 2010-Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	21,447,200
Public Improvement bond of 2010-Series B - 4.7% - 5.5% - due serially to 2030	26,505,380	26,505,380
Public Improvement Bond of 2012 - 2.0% - 5.0% - due serially to 2032	15,000,000	15,000,000
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	2,043,607	2,043,607
Total Bonds Outstanding	<u>176,566,618</u>	<u>124,302,424</u>
Premium	10,104,910	7,190,503
Deferred Gain on Refunding	60,652	46,834
Deferred Loss on Refunding	<u>(1,835,467)</u>	<u>(303,987)</u>
Total	<u>\$ 184,896,713</u>	<u>\$ 131,235,774</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2012, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2013	\$ 9,388,779	\$ 5,465,677	\$ 14,854,456
2014	6,815,645	5,109,606	11,925,251
2015	7,683,126	4,785,607	12,468,733
2016	7,587,015	4,446,557	12,033,572
2017	7,255,037	4,127,590	11,382,627
2018-2022	35,575,184	15,744,703	51,319,887
2023-2027	29,936,201	8,217,892	38,154,093
2028-2032	19,919,508	1,977,148	21,896,656
2033-2037	111,565	18,750	130,315
2038-2039	30,364	1,207	31,571
Premium	7,190,503	-	7,190,503
Deferred (Loss)/Gain on Refunding	(257,153)	-	(257,153)
	<u>\$ 131,235,774</u>	<u>\$ 49,894,737</u>	<u>\$ 181,130,511</u>

For the year ended June 30, 2012, total principal and interest incurred related to business-type activities was \$11,036,098 and \$4,754,184.

2. Special Obligations Bonds

PRIMARY GOVERNMENT

As of June 30, 2012, there was \$14,000,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment district. This debt is included in the primary government's long term debt on the Statement of Net Assets. In the future, these bonds will be paid from incremental property tax revenue and/or special district tax on the district. No special assessment receivables are due as of June 30, 2012. These bonds do not have Harford County, Maryland's full faith and credit pledged.

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2012</u>
Special Obligation Bond of 2011		
7.5% - due serially to 2041	\$ 14,000,000	\$ 14,000,000

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES– CONTINUED

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2013	\$ -	\$ 1,050,000	\$ 1,050,000
2014	-	1,050,000	1,050,000
2015	-	1,050,000	1,050,000
2016	-	1,050,000	1,050,000
2017	-	1,050,000	1,050,000
2018-2022	385,000	5,196,563	5,581,563
2023-2027	1,215,000	4,908,562	6,123,562
2028-2032	2,495,000	4,228,312	6,723,312
2033-2037	4,405,000	2,957,063	7,362,063
2038-2041	5,500,000	873,750	6,373,750
	<u>\$ 14,000,000</u>	<u>\$ 23,414,250</u>	<u>\$ 37,414,250</u>

No principal payment was required for the year ended June 30, 2012 related to Special Obligation Bonds. Total interest incurred related to Special Obligation Bonds was \$810,833.

d. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

Governmental activities: The balance as of June 30, 2012, consists of the following capital leases:

Waste to Energy Lease	\$ 392,250
2009 Capital Lease Purchase	2,549,690
	<u>\$ 2,941,940</u>

The annual debt service requirements to maturity for the capital lease obligations are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 1,770,135
2014	1,347,084
Total minimum lease payments	<u>3,117,219</u>
Less: deferred interest	(175,279)
Present value minimum lease payments	<u>\$ 2,941,940</u>

For the year ended June 30, 2012, total principal and interest incurred related to capital leases was \$5,648,138 and \$304,559. The interest rate applicable to the 2009 Capital Lease is 3.121 percent and the interest rate applicable to the Waste to Energy lease is 5.60 percent.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

Capital Lease Assets		
Vehicles		\$ 6,090,000
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		\$ 28,660,750

Business-Type Activities: The balance as of June 30, 2012 of \$380,989 consists of a lease purchase agreement entered into with PNC Bank in April 2009.

The annual debt service requirements to maturity for the capital lease obligations are as follows:

<u>Year Ending June 30,</u>		
2013		\$ 197,983
2014		197,983
Total minimum lease payments		395,966
Less: deferred interest		(14,977)
Present value minimum lease payments	\$	380,989

For the year ended June 30, 2012, total principal and interest incurred related to capital leases was \$250,151 and \$16,287. The interest rate applicable to the lease payments is 3.12 percent.

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

Capital Lease Assets		
Vehicles		\$ 910,000

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Harford County Public Schools: The Public Schools entered into lease agreements as lessee in the amount of \$11,400,223 to construct the administration building, which was completed in January 2007. The lease agreement is for a period of twenty-five years. The debt was refinanced in June of 2012 at a rate of 3.25%. The term of the debt was not extended. The asset acquired and capitalized under the capital lease is as follows:

Building Cost	\$	10,852,395
Less accumulated depreciation		(1,410,811)
Net Book Value	\$	<u><u>9,441,584</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30,</u>		
2013	\$	246,568
2014		327,544
2015		698,803
2016-2020		4,119,110
2021-2025		4,119,110
2026-2030		<u>4,119,110</u>
Total minimum lease payments		13,630,245
Less: Amount representing interest		<u>(3,613,598)</u>
Present value minimum lease payments	\$	<u><u>10,016,647</u></u>

Harford County Public Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2017. The assets and liabilities under these leases are recorded at the lower of the minimum lease payments or the fair value of the assets and amortized over the life of the lease term. Included in property and equipment are assets under these leases with a cost of \$147,483 as of June 30, 2012. Depreciation of assets under capital leases is included in depreciation expense. The depreciation relating to the leases was \$24,316 for the year ended June 30, 2012. Future minimum lease payments under capital leases are as follows:

<u>Year Ending June 30,</u>		
2013	\$	36,831
2014		36,831
2015		34,051
2016		10,932
2017		<u>576</u>
Total minimum lease payments		119,221
Less: Amount representing interest		<u>(18,507)</u>
Present value minimum lease payments	\$	<u><u>100,714</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Government activities:

	Principal Balance June 30, 2012	Annual Rate/ Payment Frequency	Payment Began	Date Matures
Paca Ltd., Inc.	\$ 1,300,000	5.75%/Annually	09/2008	09/2018
Preston	686,000	3.50%/Annually	10/2009	10/2013
Stuart Terrace	15,422	0.00%/Annually	07/2009	07/2033
WTE Retrofit	2,870,000	4.79%/Semi	03/2005	03/2014
	<u>\$ 4,871,422</u>			

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

Year Ending June 30,	Principal	Interest	Total Requirement
2013	\$ 1,800,701	\$ 249,435	\$ 2,050,136
2014	1,756,701	161,935	1,918,636
2015	701	74,750	75,451
2016	701	74,750	75,451
2017	701	74,750	75,451
2018-2022	1,303,505	149,500	1,453,005
2023-2027	3,505	-	3,505
2028-2032	3,505	-	3,505
2033-2034	1,402	-	1,402
	<u>\$ 4,871,422</u>	<u>\$ 785,120</u>	<u>\$ 5,656,542</u>

For the year ended June 30, 2012, total principal and interest incurred related to notes payable was \$3,115,701 and \$375,425.

Harford County Public Library: During fiscal year 2011, the Library entered into an unsecured installment purchase agreement for the purchase of its new Polaris Integrated Library Software System (Polaris) in the amount of \$493,476. Total principal outstanding on the note was \$66,198 as of June 30, 2012, with the remaining amount payable in equal annual installments of \$66,198 plus accrued interest. The loan is scheduled to mature in May 2013 and bears interest at a rate of 7.0 percent. Future minimum payments on the installment note are as follows:

Year Ending	Principal	Interest	Total
June 30, 2013	\$ 66,198	\$ 4,634	\$ 70,832

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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

As of June 30, 2012, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Assets:

	<u>Beginning Balance</u>		<u>Current Year Additions (Deductions)</u>		<u>Ending Balance</u>
Cumulative Liability for Open Landfills	\$ 15,670,231	\$	451,291	\$	16,121,522
Estimated Liability for Closed Landfills	15,724,335		(1,957,077)		13,767,258
Waste Exchange Landfill Liability	<u>10,890,156</u>		<u>(787,492)</u>		<u>10,102,664</u>
	<u>\$ 42,284,722</u>	\$	<u>(2,293,278)</u>	\$	<u>39,991,444</u>

The Cumulative Liability for the Open Landfill represents the cost, based on use of 81.3 percent of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$3,707,435 as the remaining estimated capacity is used. As of June 30, 2012, it is estimated that the landfill has approximately 26 months before permitted space is filled.

The Harford Waste Disposal Center was expanded during fiscal year 2012. A new cell was opened September 2011 expanding the landfill’s capacity by 751,600 cubic yards resulting in a current year increase in Open Landfill Liability of \$451,291.

The Cumulative Liability for Open Landfills as of June 30, 2012, is \$16,121,522. Harford County has been assigning fund balance to cover the cost of this liability. The County has assigned fund balance of \$9,071,522 for landfill closure costs in fiscal year 2013 and beyond, and have appropriated fund balance of \$7,050,000 to begin the closure of cell A through J.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

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

Harford County executed a consent agreement with the Maryland Department of the Environment to provide for closure of the former Spencer Rubble Landfill East Side. Capital expenditures for closure costs are estimated at \$6,550,000. Post-closure care costs are estimated at \$78,000 annually and expected to extend for 30 years. Current year reductions in the liability are \$85. The County has assigned fund balance of \$8,889,916 to cover the closure and post closure costs of the Spencer Rubble Landfill.

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

	<u>As of June 30, 2012</u>
Municipal Solid Waste delivered to Baltimore County	166,594
Tonnage converted to 130% of waste received by Baltimore County (166,594 x 30%)	<u>49,978</u>
Tonnage to be delivered to Harford County by Baltimore County	216,572
Actual tonnage delivered as of June 30, 2012	<u>(38,997)</u>
Tonnage to be delivered in the future	<u><u>177,575</u></u>

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 total remaining service life of the permitted landfill is estimated to be 20 or more years, depending upon future waste management practices.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

g. ADVANCED REFUNDING OF DEBT

On January 10, 2012, Harford County issued \$8,975,000 of Maryland Consolidated Public Improvement Refunding Bonds, Series 2012 with an effective interest rate of 1.607 percent, to provide resources to refund certain maturities of the 2004 bonds. These resources were placed in an irrevocable trust to provide for all future debt service payments of \$8,785,000 of general obligation bonds. Of this amount, \$6,931,393 had been recorded in the Statement of Net Assets, Exhibit 1, Governmental Activities column and \$2,043,607 in the Statement of Net Assets, Exhibit 1, Business-Type Activities column. As of June 30, 2012, the refunded bonds are considered defeased and have been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by an net of \$687,230. Of this amount, a loss of \$528,825 has been recorded in the governmental activities and a loss of \$158,405 in the business-type activities. This amount is being netted against the new debt and amortized on a straight-line basis over the remaining life of the new debt. This advanced refunding was undertaken to reduce total debt service payments over the next 12 years by \$973,842 and resulted in an economic gain of \$1,459,762.

G. FUND BALANCE – GOVERNMENTAL ACTIVITIES

	General	Highways	Grants	Agricultural Land Preservation	Capital Projects	Beechtree TIF	Non-Major Parks and Recreation	Total
Nonspendable:								
Inventory	\$ -	\$ 2,025,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,025,093
Prepaid	407,880	131,282	-	-	-	-	-	539,162
Long Term Rec.	471,561	-	-	-	-	-	-	471,561
Sub-total	879,441	2,156,375	-	-	-	-	-	3,035,816
Restricted for:								
Harf. Co. Public Schools	-	-	-	-	8,358,301	-	-	8,358,301
Bonded Capital Proj.	1,543,453	35,606	-	-	17,235,801	-	-	18,814,860
Beechtree Debt Service	-	-	-	-	-	2,089,432	-	2,089,432
Gen. Fund Det. Ctr.	1,010,012	-	-	-	-	-	-	1,010,012
Grants	-	-	6,825,412	-	-	-	-	6,825,412
Sub-total	2,553,465	35,606	6,825,412	-	25,594,102	2,089,432	-	37,098,017
Committed to:								
Development Rights	-	-	-	51,212,976	-	-	-	51,212,976
Sub-total	-	-	-	51,212,976	-	-	-	51,212,976
Assigned to:								
Approp. of Fund Bal.	22,353,564	8,762,465	-	-	1,658,968	-	-	32,774,997
Fiscal Stabilization Fund	25,104,145	2,688,022	-	-	-	-	-	27,792,167
Encumbrances	3,733,154	882,828	-	-	31,959,358	-	3,921	36,579,261
Other Post Emp. Benef.	8,181,682	1,306,760	-	10,165	-	-	30,879	9,529,486
Landfill Closure Costs	17,961,438	-	-	-	-	-	-	17,961,438
Highways	-	6,158,931	-	-	-	-	-	6,158,931
Ag. Preservation	-	-	-	2,575,330	-	-	-	2,575,330
Non-Major P&R Fund	-	-	-	-	-	-	334,332	334,332
Sub-total	77,333,983	19,799,006	-	2,585,495	33,618,326	-	369,132	133,705,942
Unassigned:								
	17,942,179	-	-	-	-	-	-	17,942,179
Total Fund Balances	\$ 98,709,068	\$ 21,990,987	\$ 6,825,412	\$ 53,798,471	\$ 59,212,428	\$ 2,089,432	\$ 369,132	\$ 242,994,930

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE

PRIMARY GOVERNMENT

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

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

The pending claims liability of \$5,307,699 reported in the fund as of June 30, 2012, 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, 2012, and June 30, 2013. 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. The losses projected to be paid are the claim disbursements, regardless of accident or report date. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

There have been no significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

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

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Payments</u>	<u>End of Year</u>
2010	\$ 5,363,299	\$ 1,157,253	\$ (1,422,683)	\$ 5,097,869
2011	5,097,869	575,087	(1,183,612)	4,489,344
2012	4,489,344	2,003,818	(1,185,463)	5,307,699

COMPONENT UNITS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

Harford Community College: The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health and accident; and natural disasters. The College purchases commercial insurance to protect its interests in its property and equipment, insurance against employee dishonesty and liability protection.

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

B. COMMITMENT AND CONTINGENCIES

PRIMARY GOVERNMENT

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

The County and Component Units receive significant financial assistance from the U.S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowance as a result of these audits becomes a liability of the County. As of June 30, 2012, the County estimates that no material liabilities will result from such audits.

The County had \$206,040,919 authorized but unobligated capital project appropriations at June 30, 2012, in the governmental capital fund and \$116,263,946 in the water and sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit B-1 and C-1.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

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

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 2005, 2007, 2009, 2010 and 2012. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The filing of this computation and payment to the Internal Revenue Service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report as of June 30, 2012.

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, 2012, there were 12 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding, for the 10 bonds issued after July 1, 1996, is \$96.1 million as of June 30, 2012. The aggregate principal amount payable for the 2 series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$8.9 million.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

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 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 each fiscal year. Plan members of the Employees’ Pension System contributed 5 percent of their covered salary each fiscal year. Members of the Law Enforcement Officers’ Pension System contribute 6 percent of their covered salary each fiscal year. The County and its component units are required to contribute at an actuarially determined rate.

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Primary Government	\$ 12,627,664	\$ 12,810,657	\$ 10,608,427
Component Units:			
Harford County Public Schools	5,362,682	4,630,306	3,469,631
Harford Community College	82,281	78,539	56,352
Harford County Public Library	186,779	173,786	134,806

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

b. LENGTH OF SERVICE AWARD PROGRAM – VOLUNTEER FIREMEN

The County instituted and began administering a single employer defined benefit length of service award program, or LOSAP, for volunteer firemen and ambulance personnel on January 31, 1975. The plan issues a publicly available financial report that includes financial statements and required supplementary information. 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.

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

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

Retirees and beneficiaries currently receiving benefits	370
Terminated plan members entitled to, but not yet receiving benefits	274
Active plan members	<u>1,145</u>
Total	<u>1,789</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 LOSAP 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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

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

Annual Required Contribution	\$ 2,026,627
Contributions made	<u>(2,026,627)</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, 2011, actuarial valuation using the entry age level dollar funding method, with a 15 year closed period amortization of the unfunded liability. Under this method a normal cost is calculated which would, if contributed annually, fund each volunteer's benefits during his or her career at a level dollar amount. The unfunded actuarial liability is calculated at each valuation date as the present value of all plan benefits, less current assets. The actuarial assumptions included a 6 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, 2011, plus adjustments to September 30, 2011.

Three years of trend information is as follows:

<u>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>
06/30/10	\$ 1,700,477	100%	NONE
06/30/11	1,670,207	100%	NONE
06/30/12	2,026,627	100%	NONE

Funded Status and Funding Progress: The following is the funded status information for the plan as of September 30, 2011, the most recent actuarial valuation date and the two preceding years.

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u>	<u>Percentage</u> <u>Funded</u> <u>(1)/(2)</u>	<u>Unfunded</u> <u>AAL (UAAL)</u> <u>(2)-(1)</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((2-1)/5)</u>
09/30/09	\$ 13,504,346	\$ 26,534,379	50.9%	\$ 13,030,033	N/A	N/A
09/30/10	15,106,341	26,762,302	56.4%	11,655,961	N/A	N/A
09/30/11	18,430,763	28,509,932	64.6%	10,079,169	N/A	N/A

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

The County instituted and began administering a single employer defined benefit pension plan, the Sheriff’s Office Pension System (the SOPS) effective July 1, 1997, for certain law enforcement and correctional employees of the Office of the Sheriff of Harford County. The SOPS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Harford County Government, Office of the Treasurer, 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 as of July 1 was as follows:

Plan Participants

Retirees and beneficiaries currently receiving benefits	65
Terminated plan members entitled to, but not yet receiving benefits	6
Active Plan members	<u>129</u>
Total	<u><u>200</u></u>

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.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

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 32.6 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	\$ 2,258,322
Contributions made	<u>(2,258,322)</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 July 1, 2011, 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 11 years, closed; various adjustments are being amortized over 11 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.

Three years of trend information is as follows:

Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
06/30/10	\$ 2,019,123	100%	NONE
06/30/11	2,140,299	100%	NONE
06/30/12	2,258,322	100%	NONE

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

Funded Status and Funding Progress: The following is the funded status information for the plan as of 7/1/2011 and two years preceding:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Projected Unit Cost	Percentage Funded (1)/(2)	Unfunded AAL (UAAL) (2)-(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/5)
7/1/2009	\$ 31,366,930	\$ 45,900,102	68.3%	\$ 14,533,172	\$ 6,636,738	219.0%
7/1/2010	32,478,788	47,756,509	68.0%	15,277,721	6,728,974	227.0%
7/1/2011	34,629,058	50,273,394	68.9%	15,644,336	6,942,604	225.3%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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, 2012.

F. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

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

Plan Description: The County’s OPEB Plan is established by the Administrative Policy on Retiree Medical Benefits (APRMB) of Harford County, Maryland, effective July 1, 1994, as amended. The APRMB defines the terms, including eligibility and benefits, of the retiree health and welfare benefits provided by the County. Employees of the County who retire from active County service with a pension benefit under the Maryland State Retirement System or the Sheriff’s Office Pension System may receive a subsidy toward the purchase of group health insurance. Any employee (except Sheriff personnel) hired after 7/1/10 automatically go into the new Post Employment Health Plan (PEHP) as described below.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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

The Sheriff's Office employees are also eligible for 90% subsidy for in-line-of-duty retirements with a minimum of 5 years of service. Membership in the plan consisted of the following as of the most recent actuarial valuation, dated April 29, 2011:

<u>Plan Participants</u>	
Retirees (Pre-Medicare)	282 *
Retirees (Medicare Age)	296 *
Active Employees	<u>1,382</u>
Total	<u>1,960</u>

* Includes spouses

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

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 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 2012; the retirees paid \$667,497 toward the cost of their benefits. The Trust reimbursed the County for the County’s share of retiree’s premiums of \$5,114,575. In addition the hidden subsidy, actuarially estimated at \$1,196,000 for fiscal year 2012, transferred from Trust to the County, leaving Trust Assets of \$47,159,834.

Trust Assets as of June 30, are derived as follows:

Trust Net Asset Balance as of July 1, 2011	\$	40,350,893
County Contribution		13,132,000
Net Loss in Fair Value of Investments		(566,313)
Interest and Dividends		734,606
Retirees Contributions		667,497
Payment for County’s Share of Premiums		(5,114,575)
Payment for Retirees’ Share of Premiums		(667,497)
Payment for Administrative and Investment Expenses		(180,777)
Estimated Hidden Subsidy Transfer		(1,196,000)
Trust Net Asset Balance as of June 30, 2012	\$	<u><u>47,159,834</u></u>

The funding for the PEHP will be negotiated by the County and both Unions each year. The County may contribute to the employee’s accounts those amounts that the County Council appropriates based on the formula designated in the agreement. The formula to be utilized will be the annual salaries of the employees enrolled in the PEHP calculated by a percentage of those aggregate salaries that is determined by the County, AFSCME, and MCEA, which will constitute the funds to be contributed to the PEHP by the County. The funds will be equally distributed between the participants in the PEHP. Employees may also elect to have the dollar value of their use or lose annual leave placed into a PEHP account. The total funds contributed under this method are \$130,271 for 89 employees. There is a one-time election available for calendar year 2012. The number of employees who switched from the traditional OPEB to PEHP was 183 and the one-time contribution for these employees was \$1,262,000. This plan will be administered by third party in individual accounts which will grow tax-free for health care expenses after an employee leaves the County. There was a total of \$2,746,297 contributed to this plan and a total of 376 employees are currently enrolled as of June 30, 2012.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 has hired an investment firm to manage the investments of the Other Post Employment Benefits Trust Fund.

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

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2012 were as follows:

Annual Required Contribution	\$	13,132,000
Contributions made		<u>(13,132,000)</u>
Net OPEB Obligation, Beginning and End of the Year	\$	<u><u>-</u></u>

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, 2012 and the two preceding years were as follows:

<u>Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>% of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2010	\$ 12,480,000	100%	NONE
6/30/2011	12,623,000	100%	NONE
6/30/2012	13,132,000	100%	NONE

Funding Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of June 30, 2012. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

Three years of trend information is as follows:

As of:	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(1)/(2) Funded Ratio	(2) – (1) Unfunded AAL (UAAL)	(5) Covered Payroll	((2 – 1)/5) UAAL as a Percentage Of Covered
7/1/2009	\$ 21,453,633	\$ 132,988,000	16.1%	\$ 111,534,367	\$ 92,626,552	120.4%
7/1/2010	30,551,000	143,675,000	21.3%	113,124,000	92,424,818	122.4%
7/1/2011	41,278,000	163,606,000	25.2%	122,328,000	90,197,076	135.6%

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 April 29, 2011 actuarial evaluation using the projected unit credit method; it is being amortized over a period of 30 years on a closed basis. The actuarial assumptions include an 7.5 percent investment rate of return compounded annually. The funding method is level percentage of projected payroll. Payroll is assumed to increase at 3.5 percent per annum. This assumption is used to determine the level percentage of payroll amortization factor. For fiscal year 2012, the inflation rate is 2.9 percent. The annual healthcare costs trend rate is 9 percent initially, reduced by decrements to an ultimate rate of 4.6 percent.

COMPONENT UNITS

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

Medical Benefits – Retirees are eligible for continued membership in one of the school system’s group medical plans provided that they have at least 10 years service with the Harford County Public Schools and are under 65 years of age. The school system pays premiums for these plans limited to 80 percent or 90 percent based on the health plan chosen. Supplemental coverage for retirees 65 years of age and older are also paid up to 90 percent of premiums for such coverage. The medical benefits paid by the Harford County Public Schools for the year ended June 30, 2012 was \$17,957,063. As of June 30, 2012, 2,019 of approximately 2,200 eligible participants were receiving benefits.

Dental Benefits – The Harford County Public Schools pay 90 percent of dental coverage for retirees with at least 10 years service. The dental benefits paid by the Harford County Public Schools for the year ended June 30, 2012 was \$911,899. As of June 30, 2012, 2,003 of approximately 2,200 eligible participants were receiving benefits.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

Life Insurance Benefits – the Harford County Public Schools pay 90 percent of the life insurance premiums for retirees with at least 10 years of service with the amount of insurance coverage reducing from \$20,000 upon retirement to \$10,000 five years after retirement. The life insurance benefits paid by the Harford County Public Schools for the year ended June 30, 2012 was \$239,978. As of June 30, 2012, 1,902 of approximately 2,200 eligible participants were receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 41,644,000
Interest on net OPEB obligation	6,322,000
Amortization of net OPEB obligation	<u>(5,939,000)</u>
Annual OPEB cost	42,027,000
Contributions made	<u>(24,556,886)</u>
Increase in net OPEB obligation	17,470,114
Net OPEB obligation - beginning of year	<u>109,940,815</u>
Net OPEB obligation - end of year	<u><u>\$ 127,410,929</u></u>

The Harford Community College (the College) sponsors post-employment medical benefits under a single employer defined benefit plan. Any full-time employee of Harford Community College is eligible to participate in the plan. The College allows access to the plan if the retiree: a) retires or becomes disabled with an immediate benefit from the State Retirement and Pension System of Maryland or b) meets the minimum age eligibility requirement to begin distribution from the Maryland Optional Retirement Plan and c) has been actively participating within the College sponsored health plan for at least the most recent ten (10) full consecutive years and d) has at least 10 years of employment service. Disabled participants must reach retirement eligibility. Dependents and surviving spouses of participants are allowed access to the plan but must also pay the full premium. A closed group of retirees receives an annual subsidy of \$4,800 as part of a retirement window benefit program. As of June 30, 2012, there were eight eligible and participating retirees receiving an annual subsidy. As of June 30, 2012, there were 57 participants out of 331 total participants receiving benefits.

The College funds its post-employment benefits on a pay-as-you-go basis. The 2012 fiscal year cost for the College was \$92,000.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

As of June 30, 2012, the College’s annual required contribution; contributions made and net OPEB obligation were:

Annual required contribution	\$	92,000
Interest on net OPEB obligation		(5,000)
Adjustment to annual required contribution		5,000
Annual OPEB cost		<u>92,000</u>
Contributions made		<u>(86,000)</u>
Increase in net OPEB obligation		6,000
Net OPEB obligation - beginning of year		114,221
Net OPEB obligation - end of year	\$	<u><u>120,221</u></u>

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

Employees who retire from Harford County Public Library who are eligible to participate in the State Pension Plan are eligible for medical insurance during retirement. Retirees who are eligible for this subsidy must elect coverage at the time of retirement. Retirees may not elect to discontinue and re-enroll at a later date. Currently, 56 retirees who meet eligibility requirements for employer subsidized health insurance are enrolled in the retiree medical and dental plans.

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

The following table shows the components of the Library’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Library’s net OPEB obligation.

Annual required contribution	\$	1,932,000
Interest on net OPEB obligation		205,077
Adjustment to annual required contribution		(210,000)
Annual OPEB cost		<u>1,927,077</u>
Contributions made		<u>(189,248)</u>
Increase in net OPEB obligation		1,737,829
Net OPEB obligation - beginning of year		5,126,933
Net OPEB obligation - end of year	\$	<u><u>6,864,762</u></u>

The Library has assigned \$1,401,670 at June 30, 2012 and has appropriated an additional \$280,334 in its fiscal year 2012 budget to fund the OPEB liability.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – OTHER INFORMATION– CONTINUED

G. SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

Harford County introduced the following Bills on September 18, 2012:

Bill 12-36 - authorizes the sale of bonds for a maximum amount of \$2,550,000, proceeds to be used for Water and Sewer Capital Projects.

Bill 12-37 - authorizes the sale of bonds for a maximum amount of \$36,345,000, proceeds to be used for General County Capital Projects.

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)
7/1/2009	\$ 31,366,930	\$ 45,900,102	68.3%	\$ 14,533,172	\$ 6,636,738	219.0%
7/1/2010	32,478,788	47,756,509	68.0%	15,277,721	6,728,974	227.0%
7/1/2011	34,629,058	50,273,394	68.9%	15,644,336	6,942,604	225.3%

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)
9/30/2009	\$ 13,504,346	\$ 26,534,379	50.9%	\$ 13,030,033	N/A	N/A
9/30/2010	15,106,341	26,762,302	56.4%	11,655,961	N/A	N/A
9/30/2011	18,430,763	28,509,932	64.6%	10,079,169	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)
7/1/2009	\$ 21,453,633	\$ 132,988,000	16.1%	\$ 111,534,367	\$ 92,626,552	120.4%
7/1/2010	30,551,000	143,675,000	21.3%	113,124,000	92,424,818	122.4%
7/1/2011	41,278,000	163,606,000	25.2%	122,328,000	90,197,076	135.6%

**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
2010	\$ 12,480,000	100%
2011	12,623,000	100%
2012	13,132,000	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	4/29/2011
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	7.5%
Projected salary increases	3.5%

Supplementary Information

Schedules and Combining Statements

The schedules provide selected detailed information concerning the general fund, capital project fund and enterprise fund; and the combining statements provide detailed information concerning the financial position and results of operations for the internal service and fiduciary funds.

Governmental Funds

General Fund

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

Capital Projects Fund

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

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012

Exhibit A-1

<u>TAXES</u>	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
911 Program Fee	\$ 1,685,000	\$ 1,685,000	\$ 1,586,002	\$ (98,998)
Admissions and Amusement Tax	600,000	600,000	506,173	(93,827)
Corporate Property/Current Year	9,500,000	9,500,000	11,716,511	2,216,511
Corporate Property/Prior Years	(100,000)	(100,000)	2,672,944	2,772,944
Business Personal Property/Current Year	202,000	202,000	210,856	8,856
Business Personal Property/Prior Years	(5,000)	(5,000)	(122)	4,878
County Service Charges	-	-	(328)	(328)
Delinquent Tax Costs	80,000	80,000	91,974	11,974
Heavy Equipment Receipts Tax - Corporate	-	-	120,393	120,393
Impact Fees	3,500,000	3,500,000	3,123,373	(376,627)
Income Taxes/Current Year	159,600,000	159,600,000	174,810,956	15,210,956
Income Taxes/Prior Years	2,000,000	2,000,000	4,366,681	2,366,681
Interest on Delinquent Taxes	1,000,000	1,000,000	858,119	(141,881)
Mobile Home Excise Tax	220,000	220,000	216,100	(3,900)
Payment in Lieu of Taxes	250,000	250,000	298,439	48,439
Penalty	900,000	900,000	856,157	(43,843)
Railroad and Public Utilities	11,700,000	11,700,000	13,931,417	2,231,417
Real Property - Full Year Levy	235,801,066	235,801,066	235,624,996	(176,070)
Real Property - Half Year Levy	599,000	599,000	641,306	42,306
	427,532,066	427,532,066	451,631,947	24,099,881
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,400,000)	(1,400,000)	(1,369,129)	30,871
Enterprise Zone Tax Credit	(1,000,000)	(1,000,000)	(1,797,603)	(797,603)
Homeowner's Tax Credit - County	(300,000)	(300,000)	(362,855)	(62,855)
Community Association Credit	(7,400)	(7,400)	(6,332)	1,068
Conservation Land Tax Credit	(1,500)	(1,500)	(1,500)	-
Discounts Allowed on Taxes	(1,600,000)	(1,600,000)	(1,609,431)	(9,431)
Historical Tax Credit	-	-	(2,397)	(2,397)
Homestead Tax Credit - County	(2,440,855)	(2,440,855)	(2,661,408)	(220,553)
Landfill Proximity Credit	(75,000)	(75,000)	(72,253)	2,747
Natural Disaster Tax Credit	(2,900)	(2,900)	-	2,900
Solar/Geothermal Energy Tax Credit	(250,000)	(250,000)	(249,638)	362
Surviving Spouse - Fallen Hero Tax Credit	(12,000)	(12,000)	(5,515)	6,485
Uncollectible Property Taxes	(150,000)	(150,000)	(151,831)	(1,831)
	(7,239,655)	(7,239,655)	(8,289,892)	(1,050,237)
Total Taxes	420,292,411	420,292,411	443,342,055	23,049,644

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
REVENUES FROM OTHER AGENCIES				
Build America Bond Interest Credit	1,373,591	1,373,591	2,117,620	744,029
Jury Compensation	150,000	150,000	171,210	21,210
Fed Emerg Mgmt Agency	-	-	298,953	298,953
Medicare D Subsidy	130,000	130,000	189,543	59,543
Police Protection	900,000	900,000	1,265,323	365,323
Stormwater Management - Town	4,000	4,000	4,000	-
Total Revenues from Other Agencies	2,557,591	2,557,591	4,046,649	1,489,058
INVESTMENT INCOME	622,178	622,178	319,712	(302,466)
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	20,000	20,000	24,133	4,133
Admin Fee - COBRA Insurance	1,100	1,100	1,177	77
Auto Commute - County Employees	12,500	12,500	12,781	281
Bad Check Fee	3,000	3,000	3,025	25
Board of Prisoners	-	-	110,982	110,982
Building Plan Review	200	200	930	730
Building Reinspection Fee	5,000	5,000	2,300	(2,700)
Child Custody	14,000	14,000	10,844	(3,156)
Commissions	150,000	150,000	151,522	1,522
Community Work Service	17,000	17,000	19,555	2,555
Concept Plans	10,000	10,000	1,569	(8,431)
Design Review	1,500	1,500	3,762	2,262
Detention Center Commissary	300,000	300,000	239,050	(60,950)
Election Fees	2,000	2,000	526	(1,474)
Electrical Reinspection Fees	2,000	2,000	1,650	(350)
Extension Preliminary Plan Approval	400	400	612	212
False Alarm Service Charges	100,000	100,000	102,550	2,550
Final Plats	25,000	25,000	16,810	(8,190)
Flying Point and Mariner Park Revenue	20,000	20,000	14,623	(5,377)
Food Service Licenses	102,500	102,500	107,850	5,350
Forest Conservation Plan Review	15,000	15,000	4,396	(10,604)
Forest Stand Delineation Review	7,500	7,500	1,207	(6,293)
Harford Cable Network	20,000	20,000	18,575	(1,425)
Hazardous Material Spill Cleanup	25,000	25,000	11,852	(13,148)
Household Waste - Private Vehicle Charge	547,711	547,711	455,400	(92,311)
Inmate Fees for Medical Services	5,000	5,000	2,948	(2,052)
GIS - Plotting Service	500	500	695	195
GIS - Screen Dump	-	-	150	150
GIS - Topographic Maps	-	-	230	230
Mechanical Reinspection Fee	-	-	450	450
Mechanical Violation Fee	-	-	750	750
Miscellaneous Revenue - Planning & Zoning	4,000	4,000	2,015	(1,985)
Miscellaneous Revenue - Sheriff's Office	50,000	50,000	62,244	12,244

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
Noxious Weed	-	-	801	801
Onsite Inspection Fees	5,000	5,000	140	(4,860)
Percolation Tests	30,000	30,000	24,100	(5,900)
Photographs	400	400	252	(148)
Plumbing Reinspection Fees	650	650	1,300	650
Police Reports	10,000	10,000	9,380	(620)
Postage	50	50	-	(50)
Public Swimming Pool & Spa Permit	20,000	20,000	19,200	(800)
Publications	200	200	48	(152)
Recycled Batteries	4,500	4,500	3,603	(897)
Recycled Scrap Metal	200,000	200,000	239,098	39,098
Recycling Revenue - Miscellaneous	300,000	300,000	2,089	(297,911)
Reproduction	5,000	5,000	3,721	(1,279)
Sanitation Construction Permit Fee	15,000	15,000	13,472	(1,528)
Sanitation Permits	8,000	8,000	7,400	(600)
Sale of Compost - Scarboro	27,000	27,000	30,174	3,174
Sale of Mulch - Scarboro	86,000	86,000	94,313	8,313
Sale of Plans and Specifications	6,000	6,000	626	(5,374)
Sale of Promotional Items	2,000	2,000	919	(1,081)
Sheriff's Fees	400,000	400,000	424,711	24,711
Sheriff's Licenses	12,300	12,300	11,090	(1,210)
Site Plans	6,500	6,500	7,850	1,350
Social Security Payments-Inmates	18,000	18,000	22,800	4,800
State Park Revenue - DNR	12,500	12,500	-	(12,500)
Subdivision Plans	50,000	50,000	18,152	(31,848)
Subdivision Plat Review	10,000	10,000	6,330	(3,670)
Tax Lien Certification	185,000	185,000	159,426	(25,574)
Technical Review	3,000	3,000	-	(3,000)
Telephone Service	17,000	17,000	22,519	5,519
Tipping Fee Credit	(12,931)	(12,931)	-	12,931
Tipping Fee Balt Co Waste Exchange	100,000	100,000	503,401	403,401
Tipping Fee Solid Waste	1,977,143	1,977,143	2,839,823	862,680
Tire Disposal Fees	2,000	2,000	1,152	(848)
Weekend Prisoner Revenue	75,000	75,000	96,263	21,263
Well Sampling	28,000	28,000	26,930	(1,070)
Work Release Revenue	100,000	100,000	64,608	(35,392)
WTE - Credit	(512,014)	(512,014)	(280,406)	231,608
WTE - Permitted Materials	600,000	600,000	447,990	(152,010)
WTE - Recovered Materials	18,000	18,000	26,296	8,296
WTE - Steam Sales	3,500,000	3,500,000	3,591,197	91,197

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
WTE - Tipping Fees	6,978,318	6,978,318	4,706,022	(2,272,296)
WTE - Tire Disposal	450,000	450,000	515,699	65,699
Zoning Appeals	9,000	9,000	15,665	6,665
Zoning Reclass Fee	-	-	800	800
Total Charges for Current Services	16,207,527	16,207,527	15,066,117	(1,141,410)
<u>MISCELLANEOUS</u>				
Edgewood Community Center	12,500	12,500	12,372	(128)
Grant Unemployment	45,000	45,000	46,771	1,771
Interest on Miscellaneous Invoices	20,000	20,000	38,692	18,692
Miscellaneous Revenue	250,100	250,100	134,744	(115,356)
Over and Short	(1,500)	(1,500)	5,529	7,029
Parole and Probation	500	500	(351)	(851)
Postage	220,000	220,000	229,331	9,331
Recovery from Capital Projects	90,000	90,000	16,543	(73,457)
Reimbursement from Highways	1,441,463	1,441,463	1,441,463	-
Reimbursement from Water and Sewer Fund	1,298,242	1,298,242	1,298,242	-
Rental Income	400,000	400,000	362,242	(37,758)
Sale of Usable Property	50,000	50,000	219,284	169,284
Traffic Safety Recovery	1,039,752	1,039,752	1,039,752	-
Transportation Recovery	2,000,000	2,000,000	2,000,000	-
Trust & Agency - Risk Management	1,028,977	1,028,977	1,028,977	-
Total Miscellaneous	7,895,034	7,895,034	7,873,591	(21,443)
<u>LICENSES AND PERMITS</u>				
Auctioneers Licenses	5,500	5,500	5,550	50
Beer, Wine and Liquor Licenses	20,000	20,000	10,731	(9,269)
Building Inspection Services	100,000	100,000	109,060	9,060
Building Penalty	10,000	10,000	6,350	(3,650)
Building Permits	400,000	400,000	508,079	108,079
Cable TV	1,400,000	1,400,000	1,690,823	290,823
Close Out Sales Licenses	100	100	-	(100)
Dog Licenses	100,000	100,000	81,804	(18,196)
Electrical Board of Examiners	35,000	35,000	38,506	3,506
Electrical Inspections	260,000	260,000	294,630	34,630
Electrical Postcard Permits	7,000	7,000	525	(6,475)
Electrical Penalty	6,000	6,000	4,415	(1,585)
Forest Harvest Permit	2,000	2,000	1,075	(925)
Kennel Licenses	2,000	2,000	900	(1,100)
Marriage Licenses	15,000	15,000	11,305	(3,695)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012
(continued)

Exhibit A-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>LICENSES AND PERMITS (continued)</u>				
Marriage Licenses/Spouse Abuse	35,000	35,000	31,258	(3,742)
Massage Establishment Licenses	-	-	50	50
Mechanical Licenses	8,000	8,000	14,223	6,223
Mechanical Permits	-	-	164,745	164,745
Mobile Home Park Licenses	10,000	10,000	10,380	380
Pawnbrokers Licenses	1,000	1,000	600	(400)
Pet Shop/Grooming Licenses	1,100	1,100	903	(197)
Plumbing Licenses	45,000	45,000	47,173	2,173
Plumbing Penalty	2,000	2,000	1,900	(100)
Plumbing Permits	250,000	250,000	288,602	38,602
Plumbing Postcard Permits	35,000	35,000	39,450	4,450
Refuse Licenses	6,000	6,000	6,550	550
Solicitors Licenses	1,000	1,000	324	(676)
Taxi Cab Licenses	2,500	2,500	3,527	1,027
Towing Licenses	5,000	5,000	5,875	875
Traders Licenses	235,000	235,000	223,327	(11,673)
Total Licenses and Permits	2,999,200	2,999,200	3,602,640	603,440
<u>FINES AND FORFEITURES</u>				
Court Fines	9,500	9,500	41,997	32,497
Dog License Fines	9,000	9,000	8,132	(868)
Parking Fines	40,000	40,000	48,058	8,058
Parking Fines - County Lots	35,000	35,000	19,245	(15,755)
Total Fines and Forfeitures	93,500	93,500	117,432	23,932
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	25,965,570	38,320,208	3,578,008	(34,742,200)
Operating Transfers In				
Capital Projects	14,256,899	14,256,899	13,057,495	(1,199,404)
Grants	500,000	500,000	396,900	(103,100)
Pooled Interest	95,000	95,000	54,127	(40,873)
Total Operating Transfers In	14,851,899	14,851,899	13,508,522	(1,343,377)
Issuance of Bonds	-	7,313,825	6,931,393	(382,432)
Premium on Issuance of Bonds	-	-	2,304,290	2,304,290
Total Other Financing Sources	40,817,469	60,485,932	26,322,213	(34,163,719)
Total General Fund Revenues and Other Financing Sources	\$ 491,484,910	\$ 511,153,373	\$ 500,690,409	\$ (10,462,964)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
COUNTY COUNCIL				
Board of Appeals & Rezoning	\$ 178,086	\$ 155,301	\$ 132,879	\$ 22,422
County Council Office	1,248,575	1,578,761	1,459,853	118,908
Cultural Arts Board	106,445	110,860	104,483	6,377
Harford Cable Network	685,118	734,791	727,438	7,353
Office of County Auditor	254,619	99,819	68,936	30,883
People's Counsel	64,510	20,225	13,035	7,190
Total County Council	2,537,353	2,699,757	2,506,624	193,133
GENERAL GOVERNMENT				
Office of the County Executive				
Constituent Services	272,430	282,514	252,677	29,837
County Executive	906,526	937,666	783,485	154,181
Chief of Staff	445,226	468,523	419,878	48,645
Division of Agricultural	457,544	468,923	425,634	43,289
Director of Administration				
Administration	441,599	463,644	379,093	84,551
Budget & Management Research	612,732	645,378	599,454	45,924
Central Services	618,452	641,937	606,681	35,256
Facilities & Operations	3,853,541	3,997,855	3,537,883	459,972
Risk Management	1,510,323	1,636,464	1,628,644	7,820
Sustainability Office	275,709	288,983	241,019	47,964
Department of Procurement				
Procurement Operations	900,380	962,027	757,847	204,180
Property Management	3,027,280	3,046,215	2,893,256	152,959
Department of the Treasury				
Bureau of Accounting	2,150,051	2,256,534	2,234,122	22,412
Bureau of Revenue Collections	822,988	914,289	888,532	25,757
Office of the Treasurer	669,688	665,494	618,434	47,060
Solid Waste Accounting	104,944	110,893	107,733	3,160
Department of Law	1,882,790	1,990,220	1,863,137	127,083
Department of Planning & Zoning				
Comprehensive Planning and				
Special Projects	1,470,309	1,579,398	1,526,795	52,603
Current Planning	1,794,527	1,901,173	1,789,909	111,264
Office of the Director	500,160	535,074	506,838	28,236
Department of Personnel				
Human Resources	820,632	917,543	888,236	29,307
Personnel Matters	557,522	1,890,522	1,887,609	2,913
Office of Information and Communication Technology	3,927,717	4,096,386	3,640,716	455,670
Elections				
Election Expense	452,430	550,141	509,504	40,637
Supervisor of Elections	1,236,695	1,138,984	932,623	206,361

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>GENERAL GOVERNMENT (continued)</u>				
Economic Development				
Office of Economic Development	1,919,613	2,008,854	1,839,577	169,277
Tourism & Marketing	139,495	151,161	150,885	276
Benefits	6,260,950	6,260,950	4,441,350	1,819,600
Miscellaneous				
Appropriations to Towns	2,995,891	2,995,891	2,995,891	-
Appropriations to State	1,640,000	1,640,000	1,494,570	145,430
Contingency Reserve	100,000	100,000	-	100,000
Maryland School for the Blind	71,250	71,250	71,250	-
Total General Government	42,839,394	45,614,886	40,913,262	4,701,624
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Harford County Public Schools	214,291,627	217,972,155	217,972,155	-
Harford Community College	14,961,612	14,961,612	14,961,612	-
Total Education-Primary thru Community College	229,253,239	232,933,767	232,933,767	-
<u>HARFORD CENTER</u>	553,036	553,036	553,036	-
<u>JUDICIAL</u>				
Circuit Court	1,425,873	1,523,923	1,437,482	86,441
Community Work Service	363,668	383,207	335,148	48,059
Family Court Services Division	583,264	612,342	580,077	32,265
Grand Jury	11,500	12,400	12,220	180
Jury Commissioner	183,555	191,280	187,024	4,256
Jury Services	184,100	192,200	191,736	464
Juvenile Master	187,885	206,621	200,423	6,198
Family Justice Center	273,063	291,681	269,045	22,636
State's Attorney	5,047,360	5,376,716	5,008,373	368,343
Total Judicial	8,260,268	8,790,370	8,221,528	568,842
<u>LIBRARIES</u>	15,512,147	15,692,147	15,692,144	3

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Director	767,883	824,138	821,270	2,868
Parks and Facilities	6,054,496	6,327,793	6,152,108	175,685
Recreational Services	2,602,215	2,759,830	2,622,445	137,385
Conservation of Natural Resources				
Soil Conservation	351,295	378,006	348,966	29,040
Extension Service	245,256	245,256	158,604	86,652
Total Parks, Recreation and Natural Resources	10,021,145	10,535,023	10,103,393	431,630
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Commissary Account	730,094	730,094	423,267	306,827
Correctional Services	20,959,456	21,072,826	20,059,895	1,012,931
Court Services	5,043,312	5,135,726	4,941,369	194,357
Administration	7,684,378	8,032,481	7,726,910	305,571
Patrol	24,721,528	26,733,830	26,500,483	233,347
Investigation	7,921,077	7,896,945	7,798,886	98,059
Department of Inspections, Licenses and Permits				
Animal Control	1,048,990	1,087,568	1,074,385	13,183
Building Services	1,120,478	1,206,343	1,074,829	131,514
Director of DILP	519,172	553,204	534,972	18,232
Electrical Services	596,103	637,957	623,739	14,218
Manufactured Homes/Abandoned Property	218,858	234,516	230,136	4,380
Plumbing Services	567,716	590,133	515,494	74,639
Emergency Operations				
911 Emergency Communications	5,761,073	6,039,034	5,759,190	279,844
Administration	3,106,410	3,550,922	3,402,416	148,506
Natural Disasters	-	273,192	273,192	-
Special Operations & Technical Services	2,931,152	2,984,946	2,871,981	112,965
Volunteer Fire Companies	6,809,642	6,809,642	6,787,361	22,281
HAZMAT Response Team	307,787	312,787	311,164	1,623
Total Public Safety	90,047,226	93,882,146	90,909,669	2,972,477

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012
(continued)

Exhibit A-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC WORKS</u>				
Department of Public Works				
Solid Waste Management	4,468,992	4,689,548	4,553,310	136,238
Closed Landfills - Post Closure Costs	134,750	134,750	129,943	4,807
Environmental Affairs	17,000	17,000	7,500	9,500
Recycling	1,535,990	1,627,808	1,510,077	117,731
Scarboro Remediation	53,700	53,700	40,662	13,038
Waste Energy	8,721,316	8,721,316	8,422,463	298,853
	<u>14,931,748</u>	<u>15,244,122</u>	<u>14,663,955</u>	<u>580,167</u>
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director	589,396	620,601	608,304	12,297
Office of Drug Control	867,431	956,912	944,372	12,540
Emergency Assistance	164,122	169,428	168,590	838
Community Development	1,304,699	1,377,496	1,343,418	34,078
Office on Aging	1,239,581	1,321,167	1,179,935	141,232
Transportation	1,229,752	1,277,506	876,936	400,570
NMARC Activity	1,745,694	1,745,694	1,745,694	-
Housing Agency				
Housing Services	495,016	531,827	452,221	79,606
Department of Health				
Addictions Services	532,887	532,887	532,887	-
Community Mental Health	119,533	119,533	119,533	-
Health Department	3,376,910	3,376,910	3,376,909	1
	<u>11,665,021</u>	<u>12,029,961</u>	<u>11,348,799</u>	<u>681,162</u>
<u>DEBT SERVICE</u>				
Debt Service - Principal	32,871,529	32,871,529	32,829,569	41,960
Debt Service - Interest	19,543,789	19,543,789	19,540,057	3,732
Debt Service - Administration Costs	770,000	770,000	531,766	238,234
	<u>53,185,318</u>	<u>53,185,318</u>	<u>52,901,392</u>	<u>283,926</u>
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Capital Projects	9,738,918	9,738,918	9,688,918	50,000
Grants	2,940,097	2,940,097	2,940,097	-
	<u>12,679,015</u>	<u>12,679,015</u>	<u>12,629,015</u>	<u>50,000</u>
Payments to Escrow Agent for Refunding	-	7,313,825	7,313,825	-
Total Expenditures and Other Financing Uses	<u>\$ 491,484,910</u>	<u>\$ 511,153,373</u>	<u>\$ 500,690,409</u>	<u>\$ 10,462,964</u>

Capital Projects Fund

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2012

Exhibit B-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY			
* Watershed/Stream Assessment Studies	\$ 864,250	\$ 486,517	\$ 377,733
* Washington Court Acquisition	8,312,998	7,614,077	698,921
Reforestation Proceeds	680,000	348,630	331,370
* Property Acquisition	10,000,000	6,208,104	3,791,896
Facilities Repair Program	7,812,852	7,206,980	605,872
* Telecommunication Replacement	3,725,000	3,724,794	206
Treasury Computer Enhancements	175,000	150,621	24,379
Emergency Needs 2006	1,245,776	-	1,245,776
Watershed Restoration/Improvements 2006	1,728,228	820,103	908,125
County Facility System Security Access/Fuel Dispensing	755,000	728,419	26,581
Site Acquisition	20,757,761	13,746,187	7,011,574
* Wireless Networking Pilot Study	100,000	83,908	16,092
Bynum Ridge Stream Stabilization	355,000	283,694	71,306
* Plumtree Run at Tollgate Road Stream	990,000	543,075	446,925
Stormwater Enhancement	625,000	20,642	604,358
Government Services Building/New Administration Building	19,885,000	2,227,172	17,657,828
Woodbridge Retrofit & Stream Restoration	810,000	293,243	516,757
Grande View Farms Lake Repairs	300,000	300,000	-
Harford County Southern Resource Annex (Southern Precinct)	15,874,200	9,853,558	6,020,642
Sunnyview Stream Restoration	1,560,000	211,020	1,348,980
Courthouse Building Repairs	234,900	142,771	92,129
Enterprise Resources System	25,000	-	25,000
Reforestation Proceeds-Critical Area	100,000	21,959	78,041
Watershed Stream Assessment Studies	525,000	456,840	68,160
Woodland Run Stream Restoration	50,000	1,706	48,294
Gordon Street/Bel Air Academy	420,000	221,445	198,555
Wheel Creek Watershed Restoration	2,579,607	913,243	1,666,364
Edgewood Plaza Retrofit & Stream Restoration	450,000	188	449,812
Citizens Care Center	1,500,000	-	1,500,000
Humane Society	325,000	306,347	18,653
One Maryland Broadband	5,250,000	-	5,250,000
Safeguarding Business Operations	7,150,400	568,755	6,581,645
Bynum Run at St Andrews Way Stream Restoration	740,000	68,428	671,572
Deer Creek Watershed Restoration	400,000	396,693	3,307
Board of Education - Debt Service	12,829,734	11,381,984	1,447,750
Fleet Replacement	1,300,000	852,887	447,113
Refresh Program	1,200,000	283,598	916,402
Joppatowne Area Watershed Restoration	100,000	-	100,000

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2012
(continued)

Exhibit B-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY (continued)			
Plumtree Run Watershed Restoration	175,000	-	175,000
Sams Branch Watershed Restoration	152,922	16,750	136,172
Stormwater Pollution Prevention	131,395	131,395	-
HMAN (Harford County Metro Area Network)	8,000,000	43,372	7,956,628
Computer Equipment/Network	6,763,821	6,744,239	19,582
Maintenance/Repair of Dams	905,000	614,567	290,433
Beechtree TIF Improvements	11,100,000	8,234,289	2,865,711
Total General County	158,963,844	86,252,200	72,711,644
EDUCATION			
Fire Alarm/Emergency Communications	825,000	588,645	236,355
Furniture & Equipment	955,000	718,653	236,347
Joppatowne Elementary Modernization	13,550,811	11,774,114	1,776,697
Deerfield Elementary Modernization/Replacement	22,484,525	21,746,665	737,860
School Buses Fiscal Year 2002	7,517,197	7,244,077	273,120
Athletic Fields Repair/Renovations	207,000	203,542	3,458
New High School/Middle School	60,322,094	56,729,253	3,592,841
North Harford Middle School Water System	261,114	247,576	13,538
Aberdeen High School North/Center For Career Opportunity	665,000	562,906	102,094
Backflow Prevention	450,000	339,509	110,491
Security Cameras	1,125,000	609,276	515,724
Integrated Business Systems	403,000	193,000	210,000
New Elementary Capital/Vale Rd/Red Pump Elementary	30,325,819	27,013,160	3,312,659
Textbook Refresh (Math)	6,210,000	2,184,062	4,025,938
ADA Improvements	400,000	151,883	248,117
HVAC Major Repairs	5,866,679	1,533,775	4,332,904
Edgewood High School Replacement	83,581,790	81,627,929	1,953,861
Harford Technical High School Field Improvements	4,878,825	4,878,825	-
John Archer at Bel Air Middle School	83,045	83,045	-
Roofing Replacement	1,236,530	936,268	300,262
Youth's Benefit Elementary School	1,700,600	1,659,792	40,808
Prospect Mill Elementary School	1,986,241	1,986,241	-
North Harford Middle School Repairs	50,000	32,200	17,800
Homestead Wakefield Elementary School Modernization	133,454	32,454	101,000
Campus Hills Elementary School	900,000	833,165	66,835
* Roof Replacements	1,668,188	1,017,538	650,650
Havre de Grace High School HVAC	5,339,397	3,867,573	1,471,824

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2012
(continued)

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
EDUCATION (continued)			
Septic Pre-Treatment for Code Upgrade	2,167,926	-	2,167,926
Forest Hill Annex Electrical Upgrades	400,000	334,399	65,601
William Paca Elementary School Air Conditioning	5,800,000	1,950,656	3,849,344
Youth's Benefit Elementary School Primary Building Air Conditioning	4,800,000	1,332,768	3,467,232
Jarrettsville Elementary School Air Conditioning	2,941,500	45,205	2,896,295
Magnolia Middle School HVAC	1,262,554	-	1,262,554
Replace Riverside Heating/Cooling	11,748,347	11,339,347	409,000
Environment Compliance Project	1,247,619	938,874	308,745
North Harford High School Modernization	31,873,132	31,492,033	381,099
Technology	4,751,467	4,169,419	582,048
Bel Air High School Modernization/Replacement	78,185,348	77,946,541	238,807
Total Education	398,304,202	358,344,368	39,959,834
FIRE/SAFETY			
Fire, EMS & Law Enforcement CAD	2,450,000	2,450,000	-
UHF Radio System Replacement	23,601,693	23,461,212	140,481
Work Release/Study/Detention Center Expansion	32,018,131	31,956,106	62,025
Computer Equipment/Networks	1,816,742	1,524,794	291,948
* Alternate Call Taking & Dispatching Site	400,000	400,000	-
* Public Safety Infrastructure Network	556,000	556,000	-
New Emergency Operations Center Complex	6,289,525	1,279,622	5,009,903
Volunteer Fire Company Facility Repairs	2,750,000	2,636,784	113,216
Susquehanna Hose Company House #3 Expansion	60,000	-	60,000
* Susquehanna Hose Company House #5 Expansion	810,000	810,000	-
911 State Fee Fund	400,000	190,908	209,092
700 Mhz Wireless Radio System Equipment	2,093,992	1,872,853	221,139
Bel Air Substation at Patterson Mill	2,868,400	2,793,843	74,557
* SCBA Equipment Replacement	155,000	155,000	-
911 State Fee Fund	2,000,000	1,799,573	200,427
Radio System for the Detention Center	219,623	219,623	-
Narrowbanding Public Safety Commission	1,266,350	-	1,266,350
Norrisville Station	750,000	-	750,000
Total Fire/Safety	80,505,456	72,106,318	8,399,138

(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, 2012
(continued)

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
COMMUNITY COLLEGE			
Susquehanna Center Renovation/Expansion	11,815,600	11,815,600	-
Water and Wastewater	750,000	750,000	-
New Allied Health and Nursing Building	485,000	178,054	306,946
* Milestone Project/Harford Community College	4,660,622	4,660,622	-
Total Community College	17,711,222	17,404,276	306,946
LIBRARY			
Jarrettsville Library	5,884,000	5,834,560	49,440
Facility Maintenance & Repairs	247,437	89,749	157,688
Churchville Library	5,734,500	188,375	5,546,125
Whiteford Library Expansion	4,238,200	4,136,368	101,832
Facility Renovations	150,000	2,485	147,515
Edgewood Library-HVAC Replacement	452,950	356,495	96,455
Fallston Library-HVAC Chiller Replacement	350,350	254,005	96,345
Joppa Library-HVAC and Roof Replacement	488,391	488,361	30
Aberdeen Library Feasibility Study	56,000	-	56,000
Darlington Feasibility Study	56,000	-	56,000
Havre de Grace Library Expansion	535,000	-	535,000
Technology	109,100	24,230	84,870
* Abingdon Library	8,750,000	8,744,790	5,210
Total Library	27,051,928	20,119,418	6,932,510
LANDFILL			
Air Pollution Control	13,150,000	11,648,956	1,501,044
Waste to Energy Repairs	1,300,000	896,247	403,753
Tollgate Landfill Gas System	684,679	134,070	550,609
Tollgate Yard Trim Recycling Center	450,000	74,233	375,767
Harford County Waste Disposal Center Compost Area Facilities	90,000	28,133	61,867
* Harford Waste Disposal Center Cover Material	400,000	218,987	181,013
Harford Waste Disposal Center Landfill Capping	7,050,000	-	7,050,000
Waste to Energy Replacement Facility	400,000	-	400,000
Former Spencers Landfill Closure	400,000	85	399,915
Solid Waste Transfer Station	3,200,000	2,915,618	284,382
Environmental Studies	1,320,900	858,822	462,078
Future Expansion	20,389,340	12,810,758	7,578,582
Total Landfill	48,834,919	29,585,909	19,249,010

(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, 2012
(continued)

Exhibit B-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS & RECREATION			
Smith Property/Edgeley Grove	4,325,000	3,184,480	1,140,520
Bush River Dredging & Disposal Material Placement Site	3,030,000	2,139,894	890,106
* Havre de Grace Youth/Senior Center	9,143,000	8,291,305	851,695
Prospect Mill Park	1,430,000	1,226,128	203,872
Churchville Complex Development	5,556,830	592,852	4,963,978
Facility Renovations 2005	1,110,000	668,001	441,999
Friends Pond Rehabilitation	500,000	424,986	75,014
Heavenly Waters Park	1,820,000	926,681	893,319
Park Improvements	550,000	314,985	235,015
* Park Land Acquisition	10,295,000	9,739,419	555,581
Shucks Road Regional Sports Complex	8,110,415	585,100	7,525,315
Edgewood Recreation Park	1,155,000	928,891	226,109
Fallston Youth/Senior Center	10,325,000	7,464,896	2,860,104
Magnolia Complex Development	2,055,000	1,586,029	468,971
* Swan Harbor Farm Improvements	590,000	64,477	525,523
Tennis/Multipurpose Courts	1,180,000	933,122	246,878
* Tydings Island Renovation	2,795,000	1,040,442	1,754,558
Havre de Grace Field Development	1,510,000	1,168,862	341,138
Athletic Field Improvements	6,550,000	4,643,362	1,906,638
Indoor Recreation Facility	300,000	119,004	180,996
Joppatowne Area Dredging	940,000	421,517	518,483
Tudor Hall Rehabilitation	400,000	105,985	294,015
Vale Road Elementary School Facility	1,600,000	828,987	771,013
Bleacher Renovations	190,000	102,937	87,063
Darlington Park Development	975,000	96,518	878,482
* Enlarged Gym & Activity Rooms	1,800,000	1,800,000	-
Mariner Point Park Renovations	162,000	-	162,000
Nuttal Avenue Park Development	450,000	45,020	404,980
Swan Harbor Farm Improvements	183,000	26,748	156,252
Belcamp Park Improvements	250,000	242,122	7,878
Broad Creek Boat Launch Ramp	484,000	46,138	437,862
Cedar Lane Sports Complex Improvements	1,000,000	3,000	997,000
Churchville Center Renovations	400,000	117,449	282,551
Eden Mill Park Rehabilitation	600,000	321,864	278,136
Facility Renovations	215,000	13,500	201,500
Natural Turf Improvements	400,000	211,112	188,888
Park Improvements	285,000	41,342	243,658

(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, 2012
(continued)

Exhibit B-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS & RECREATION (continued)			
Park Land Acquisition	1,261,000	690,943	570,057
Playground Equipment	675,000	249,000	426,000
Anita C. Leight Center Improvements	200,000	51,848	148,152
Emmorton Rec And Tennis Center Improvements	160,000	-	160,000
Havre de Grace Yacht Basin Dredging	525,000	342,814	182,186
Tennis/Multipurpose Courts	190,000	85,963	104,037
Equestrian Center Improvements	325,000	90,404	234,596
Backstop Renovations	50,000	-	50,000
Emily Bayliss Graham Park	200,000	-	200,000
Gunpowder River Dredging	250,000	48,720	201,280
Jarrettsville Complex Restrooms	50,000	31,005	18,995
Oakington Farms	1,150,000	43,187	1,106,813
Parking Lot Paving	39,000	-	39,000
Rockfield Park Improvements	100,000	2,570	97,430
Trails and Linear Parks	150,000	-	150,000
Debris-Derelict Boats	50,000	6,725	43,275
Total Parks and Recreation	88,039,245	52,110,334	35,928,911
HIGHWAYS-ROADS			
Cape Knoll Road Acceptance	150,000	108,273	41,727
Tollgate Road - Vale Road Corridor	609,678	184,678	425,000
Glen Elyn Culvert & Ponds Repair	392,500	392,500	-
New Roads And Storm Drains 2002	1,266,740	742,975	523,765
Tollgate Road/West Ring Factory-Plumtree	3,143,439	1,434,082	1,709,357
Facilities Repair Program	832,000	602,722	229,278
Primrose Place	146,000	132,605	13,395
* Macphail Road/Brierhill-Wheel Rd	375,000	34,081	340,919
Robinhood Road/US 40 to Titan Terrace	3,604,045	2,249,132	1,354,913
Hickory II Improvements	823,503	774,350	49,153
Culvert Rehabilitation	3,500,000	3,476,188	23,812
Intersection Improvements	1,727,444	1,447,340	280,104
Perryman Access - Mitchell Lane	1,850,000	681,215	1,168,785
Village of Scot's Fancy-Starmount Lane	750,000	715,128	34,872
Cedar Lane (Md 136-Cedarday)	2,250,000	1,651,553	598,447
Shucks Road Improvements	600,000	137,192	462,808
Vale Road	1,800,000	835,883	964,117
Drainage Improvements	1,275,000	871,152	403,848

(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, 2012
(continued)

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
Fuel Dispensing System Upgrade	200,000	199,999	1
New Roads & Storm Drains	1,545,000	1,035,747	509,253
Stormdrain Rehabilitation	1,066,231	1,024,420	41,811
Traffic Signals	200,000	90,399	109,601
Singer Road Improvements	50,000	27,050	22,950
* Resurfacing Roadways	6,291,975	6,291,975	-
Md 152 / Oakmont Road / Port Lane	550,000	4,340	545,660
Road Reconstruction and Rehabilitation	6,330,000	4,147,000	2,183,000
Thomas Run Road (MD Route 22-West Medical Hall Road)	550,000	545,721	4,279
Wheel Road / Laurel Bush Intersection Improvements	1,468,000	839,523	628,477
Resurfacing Roadways Fiscal Year 2010	7,706,147	5,092,079	2,614,068
Guardrails Fiscal Year 2010	300,000	288,764	11,236
Sidewalks & Handicapped Ramps	250,000	184,122	65,878
Traffic Calming & Road Safety Improvements	200,000	142,419	57,581
* Red Pump Road Roundabout	800,000	300,000	500,000
Macphail Road/Tollgate Road Roundabout	655,000	-	655,000
Road Reconstruction & Rehabilitation	1,600,000	1,600,000	-
Trimble Road/Fort Hoyle Road Roundabout	410,000	-	410,000
Resurfacing	3,885,000	3,885,000	-
Safeguarding Business Operations	1,831,200	151,200	1,680,000
Road Reconstruction & Rehabilitation	500,000	418,747	81,253
Schucks Road Culvert Replacement	700,000	14,797	685,203
Resurfacing Roadways	4,983,945	4,645,642	338,303
Fleet Replacement	995,000	995,000	-
MD Route 22 Corridor Study	300,000	300,000	-
* Traffic Calming	930,000	920,657	9,343
Sidewalks	1,375,000	862,379	512,621
Moores Mill Road	7,362,113	3,756,444	3,605,669
Computer Equipment/Networks	1,399,022	1,315,100	83,922
Carrs Mill Road/Route 152 - Grafton Shop	1,195,000	1,166,302	28,698
* County Acceptance Of Private Roads	610,000	73,945	536,055
Wheel Road/Laurel Bush - Fairway Road	7,100,000	4,619,298	2,480,702
* New Roads & Storm Drains	1,790,000	809,836	980,164
Total Roads	90,223,982	62,218,954	28,005,028

(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, 2012
(continued)

Exhibit B-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-BRIDGES			
Ryan Road Bridge #61	1,330,000	1,323,273	6,727
Harford Creamery Road Bridge #104	980,000	291,898	688,102
North Avenue/Henderson Road Bridge	2,607,500	1,840,935	766,565
St Clair Road Bridge #99	1,735,000	1,703,626	31,374
Watervale Road Bridge #63	3,180,000	745,136	2,434,864
Bridge Inspection Program	1,440,000	1,205,932	234,068
Bridge Rehabilitation	2,750,000	2,570,568	179,432
Ruffs Mill Road Bridge #190	1,780,000	1,215,086	564,914
Road & Bridge Scour Repairs	800,000	421,036	378,964
Macton Road Bridge #145	175,000	171,106	3,894
Snake Lane Bridge #31	175,000	174,036	964
Carrs Mill Road Bridge	310,000	253,467	56,533
* Macton Road Bridge #144	600,000	407,941	192,059
Glen Cove Road Bridge #156	120,000	119,783	217
Robinson Mill Road Bridge #154	150,000	139,681	10,319
Abingdon Road Bridge #169 Over CSX	300,000	8,246	291,754
Bridge Painting	20,000	19,579	421
Jehricho Road Bridge #3	200,000	51,889	148,111
Chestnut Hill Bridge #40	180,000	-	180,000
Phillips Mill Road Bridge #70	200,000	-	200,000
Hess Road Bridge #82	300,000	26,679	273,321
Prospect Road Bridge #217	175,000	-	175,000
* Southhampton Road Bridge #47 (94)	5,590,000	4,224,551	1,365,449
Structural Evaluation	420,000	275,162	144,838
Total Bridges	<u>25,517,500</u>	<u>17,189,610</u>	<u>8,327,890</u>
Total Highways	<u>115,741,482</u>	<u>79,408,564</u>	<u>36,332,918</u>
Total All Projects	935,152,298	715,331,387	219,820,911
*Less Closed Projects	<u>(83,002,033)</u>	<u>(69,222,041)</u>	<u>(13,779,992)</u>
Total Capital Project Funds	<u>\$ 852,150,265</u>	<u>\$ 646,109,346</u>	<u>\$ 206,040,919</u>

Enterprise Fund

The Water and Sewer Fund

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

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2012

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
SEWER PROJECTS			
Church Creek Pump Station Replacement	\$ 10,074,766	\$ 8,025,613	\$ 2,049,153
* Church Creek Pump Station Replacement	25,234	25,234	-
Harford Estates Pump Station Abandonment	5,162,100	3,442,175	1,719,925
Lower Bynum Run	9,599,388	5,844,029	3,755,359
* Lower Bynum Run	40,612	40,612	-
Plumtree Collector Parallel Phase II	100,000	55,964	44,036
Joppatowne Pump Station No.47	4,048,750	202,199	3,846,551
* Joppatowne Pump Station No.47	1,250	1,250	-
* Pump Station Improvements	125,000	99,364	25,636
Enhanced Nutrient Removal Refinement at Sod Run	57,500,000	8,687,379	48,812,621
Bush Creek Pump Station 4th Pump	27,381,877	7,034,341	20,347,536
* Bush Creek Pump Station 4th Pump	18,123	18,123	-
* Capacity Manage, Operation & Maintenance-CMOM	150,000	74,471	75,529
Utility Protection/Restoration	500,000	138,529	361,471
Winters Run Pump Station Outfall	1,757,000	1,516,572	240,428
* Winters Run Pump Station Outfall	3,000	3,000	-
Infiltration & Inflow	3,400,000	1,145,863	2,254,137
* Bel Air Infiltration & Inflow	500,000	48,325	451,675
Bynum Run Parallel Phase 6 & 7	920,000	149,935	770,065
Enhanced Nutrient Removal at Joppatowne Waste Treatment Plant	5,500,000	844,822	4,655,178
Pump Station Improvements	100,000	-	100,000
Edgewood Interceptor Sewer Parallel	300,000	45,360	254,640
Green Ridge Pump Station Replacement	200,000	138,367	61,633
* Infiltration and Inflow	100,000	22,350	77,650
Bill Bass Outfall Sewer Replacement	800,000	43,615	756,385
Chlorine Replacement Program Water Waste Treatment Plant	175,000	-	175,000
Sod Run Facility Improvements	900,000	-	900,000
Sod Run Water Waste Treatment Plant - Sludge Pad Cover	750,763	-	750,763
Renewal and Replacement - Sewer	200,000	-	200,000
Total Sewer Projects	130,332,863	37,647,492	92,685,371
WATER PROJECTS			
* Inform Asset Management Study-Water	400,000	378,508	21,492
Abingdon Water Treatment Plant Expansion	11,868,051	5,629,304	6,238,747
* Abingdon Water Treatment Plant Expansion	64,516,949	64,516,949	-
* Abingdon Water Treatment Plant Expansion	150,000	150,000	-
Chlorine Replacement Program Water Treatment Plant	720,000	306,001	413,999
Construction Unanticipated Water	200,000	199,995	5
* Water Zone Improvements	350,000	286,057	63,943
Abingdon Road Water Main Parallel	8,298,251	269,386	8,028,865
* Abingdon Road Water Main Parallel	1,749	1,749	-

(continued)

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2012

(continued)

Exhibit C-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
WATER PROJECTS (continued)			
Route 24 Water Transmission	160,000	70,926	89,074
Construction Unanticipated Water	100,000	9,811	90,189
* Route 1 Hickory Bypass Transmission	790,000	334,308	455,692
Tollgate Road Water Main Parallel	1,300,000	7,003	1,292,997
* Tank Painting	365,000	277,139	87,861
Havre de Grace Water Treatment Plant Upgrade	49	-	49
* Havre de Grace Water Treatment Plant Upgrade	199,951	199,951	-
Magnolia Booster Station	200,000	-	200,000
Swan Harbor Tank & Transmission	600,000	-	600,000
* Water Construction Unanticipated	300,000	25,410	274,590
Tank Painting	300,000	-	300,000
* City of Baltimore Deer Creek Pump Station	3,700,000	980,799	2,719,201
City of Baltimore Raw Water Supply	3,300,000	-	3,300,000
Abingdon Maintenance Storage Protection	200,000	-	200,000
Regional Water Supply Research & Analysis	500,000	-	500,000
* Water Quality Improvements	300,000	90,156	209,844
Renewal and Replacement Water	100,000	-	100,000
Total Water Projects	98,920,000	73,733,452	25,186,548
OTHER PROJECTS			
Site Acquisition Water and Sewer Facilities	800,000	10,073	789,927
Safeguarding Business Operations	1,918,400	152,230	1,766,170
Fleet Replacement	370,000	220,504	149,496
700 MHZ Wireless Radio System Equipment	103,000	60,160	42,840
Computer Equipment/Network	972,278	870,244	102,034
* Computer Equipment/Network	60,695	60,695	-
Milestone Project/Water and Sewer	500,000	495,327	4,673
Total Other Projects	4,724,373	1,869,233	2,855,140
Total Water, Sewer and Other Projects	233,977,236	113,250,177	120,727,059
*Less Closed and Capitalized Projects	(72,097,563)	(67,634,450)	(4,463,113)
Total Open Water, Sewer and Other Projects	\$ 161,879,673	\$ 45,615,727	\$ 116,263,946

Fiduciary Funds

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

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

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

Other Post-Employment Benefits (OPEB) – 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 - used to account for resources legally held in a trustee capacity and are comprised of:

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

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

Agency Funds

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

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

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2012

Exhibit D-1

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 309,171	\$ 298,090	\$ 607,261
Investments, at Fair Value			
Cash Equivalents	331,040	275,016	606,056
Fixed Income Fund	10,832,556	7,625,977	18,458,533
Equities & Equivalents	25,082,981	9,348,510	34,431,491
Total Investments	36,246,577	17,249,503	53,496,080
Total Assets	36,555,748	17,547,593	54,103,341
LIABILITIES			
Accounts Payable	13,677	9,854	23,531
Total Liabilities	13,677	9,854	23,531
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
(Schedules of funding progress and employer contributions are presented in the "Required Supplementary Information", (Schedule 1)	\$ 36,542,071	\$ 17,537,739	\$ 54,079,810

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2012

Exhibit D-2

	Sheriff's Office Pension System	Firemen's Pension Trust	Total
ADDITIONS			
Contributions			
Employee Contributions	\$ 478,499	\$ -	\$ 478,499
Employer Contributions	2,258,322	-	2,258,322
Plan Sponsor Contributions	-	2,026,627	2,026,627
Total Contributions	<u>2,736,821</u>	<u>2,026,627</u>	<u>4,763,448</u>
Investment Earnings or (Loss)			
Net Appreciation or (Loss) in Fair Value of Investments	(844,279)	87,408	(756,871)
Interest and Dividends	708,612	380,461	1,089,073
Total Investment Earnings or (Loss)	<u>(135,667)</u>	<u>467,869</u>	<u>332,202</u>
Less Investment Expense	153,599	93,855	247,454
Net Investment Income or (Loss)	<u>(289,266)</u>	<u>374,014</u>	<u>84,748</u>
Total Additions	<u>2,447,555</u>	<u>2,400,641</u>	<u>4,848,196</u>
DEDUCTIONS			
Administrative Expenses	34,890	9,548	44,438
Benefits	2,200,319	1,359,576	3,559,895
Total Deductions	<u>2,235,209</u>	<u>1,369,124</u>	<u>3,604,333</u>
Change in Net Assets	212,346	1,031,517	1,243,863
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Net Assets--Beginning of the Year	36,329,725	16,506,222	52,835,947
Net Assets--End of the Year	<u>\$ 36,542,071</u>	<u>\$ 17,537,739</u>	<u>\$ 54,079,810</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2012

Exhibit D-3

	BVL Cooperating Parties Group	Bar Library	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 1,134,826	\$ 253,862	\$ 1,388,688
Accounts Receivable	-	8,190	8,190
Investments	1,070,678	-	1,070,678
Total Assets	2,205,504	262,052	2,467,556
LIABILITIES			
Accounts Payable	9,103	7,713	16,816
Deferred Revenue	1,070,678	-	1,070,678
Total Liabilities	1,079,781	7,713	1,087,494
NET ASSETS			
Held in Trust	\$ 1,125,723	\$ 254,339	\$ 1,380,062

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2012

Exhibit D-4

	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS			
Contributions and Donations	\$ 104,000	\$ 114,145	\$ 218,145
Interest and Dividends	9,316	579	9,895
Total Additions	<u>113,316</u>	<u>114,724</u>	<u>228,040</u>
DEDUCTIONS			
Contractual Services	<u>102,674</u>	<u>144,093</u>	<u>246,767</u>
Total Deductions	<u>102,674</u>	<u>144,093</u>	<u>246,767</u>
Change in Net Assets	10,642	(29,369)	(18,727)
NET ASSETS			
Net Assets-Beginning of Year	1,115,081	283,708	1,398,789
Net Assets-End of Year	<u>\$ 1,125,723</u>	<u>\$ 254,339</u>	<u>\$ 1,380,062</u>

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2012

Exhibit D-5

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
PASS-THROUGH GRANTS				
ASSETS				
Equity in Pooled Cash	\$ 49,682	\$ -	\$ 49,680	\$ 2
Accounts Receivable	2,434	-	2,434	-
Total Assets	<u>\$ 52,116</u>	<u>\$ -</u>	<u>\$ 52,114</u>	<u>\$ 2</u>
LIABILITIES				
Due to Beneficiary	\$ 52,116	\$ 2	\$ 52,116	\$ 2
Total Liabilities	<u>\$ 52,116</u>	<u>\$ 2</u>	<u>\$ 52,116</u>	<u>\$ 2</u>
HEALTH CARE CONSORTIUM				
ASSETS				
Investments	\$ 11,529,282	\$ 5,326,156	\$ 5,719,859	\$ 11,135,579
Total Assets	<u>\$ 11,529,282</u>	<u>\$ 5,326,156</u>	<u>\$ 5,719,859</u>	<u>\$ 11,135,579</u>
LIABILITIES				
Due to Beneficiary	\$ 11,529,282	\$ 5,326,156	\$ 5,719,859	\$ 11,135,579
Total Liabilities	<u>\$ 11,529,282</u>	<u>\$ 5,326,156</u>	<u>\$ 5,719,859</u>	<u>\$ 11,135,579</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash	\$ 49,682	\$ -	\$ 49,680	\$ 2
Accounts Receivable	2,434	-	2,434	-
Investments	11,529,282	5,326,156	5,719,859	11,135,579
Total Assets	<u>\$ 11,581,398</u>	<u>\$ 5,326,156</u>	<u>\$ 5,771,973</u>	<u>\$ 11,135,581</u>
LIABILITIES				
Due to Beneficiary	\$ 11,581,398	\$ 5,326,158	\$ 5,771,975	\$ 11,135,581
Total Liabilities	<u>\$ 11,581,398</u>	<u>\$ 5,326,158</u>	<u>\$ 5,771,975</u>	<u>\$ 11,135,581</u>



Statistical Section



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Statistical Section

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic & Demographic Information

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

Operating Information

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

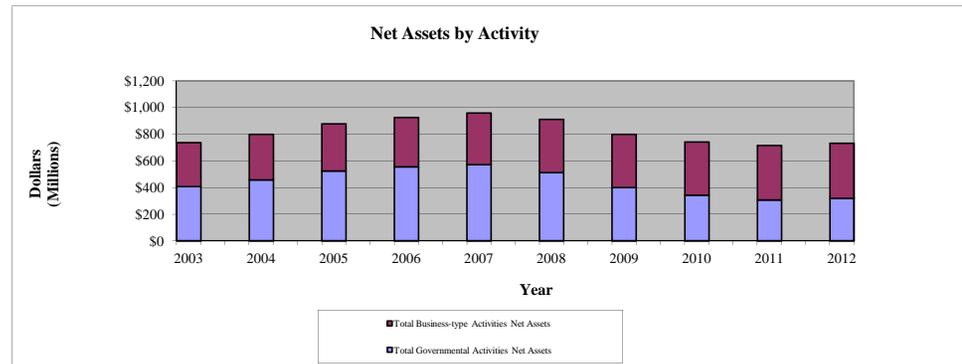


Harford County, Maryland

Net Assets by Component (accrual basis of accounting)

**Table 1
Last Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 333,435,548	\$ 357,931,623	\$ 373,728,341	\$ 395,170,359	\$ 412,786,546	\$ 464,659,388	\$ 449,571,374	\$ 444,082,892	\$ 422,414,425	\$ 434,233,561
Restricted	53,287,166	58,792,889	60,274,990	63,909,160	76,961,572	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598
Unrestricted	<u>22,536,723</u>	<u>41,887,313</u>	<u>91,040,906</u>	<u>96,748,018</u>	<u>83,544,901</u>	<u>(27,463,371)</u>	<u>(126,890,551)</u>	<u>(178,174,967)</u>	<u>(207,023,969)</u>	<u>(207,432,487)</u>
Total Governmental Activities Net Assets	<u>\$ 409,259,437</u>	<u>\$ 458,611,825</u>	<u>\$ 525,044,237</u>	<u>\$ 555,827,537</u>	<u>\$ 573,293,019</u>	<u>\$ 513,403,768</u>	<u>\$ 401,523,335</u>	<u>\$ 343,796,741</u>	<u>\$ 307,257,563</u>	<u>\$ 320,549,672</u>
Business-Type Activities										
Invested in Capital Assets,										
Net of Related Debt	\$ 213,138,995	\$ 219,478,767	\$ 229,285,930	\$ 241,947,408	\$ 256,147,742	\$ 264,079,863	\$ 277,437,097	\$ 285,389,182	\$ 290,793,475	\$ 303,842,266
Unrestricted	<u>115,982,093</u>	<u>121,799,547</u>	<u>125,501,320</u>	<u>130,235,522</u>	<u>131,468,032</u>	<u>135,343,466</u>	<u>121,551,999</u>	<u>114,501,559</u>	<u>117,859,447</u>	<u>108,369,103</u>
Total Business-type Activities Net Assets	<u>\$ 329,121,088</u>	<u>\$ 341,278,314</u>	<u>\$ 354,787,250</u>	<u>\$ 372,182,930</u>	<u>\$ 387,615,774</u>	<u>\$ 399,423,329</u>	<u>\$ 398,989,096</u>	<u>\$ 399,890,741</u>	<u>\$ 408,652,922</u>	<u>\$ 412,211,369</u>
Primary Government										
Invested in Capital Assets,										
Net of Related Debt	\$ 546,574,543	\$ 577,410,390	\$ 603,014,271	\$ 637,117,767	\$ 668,934,288	\$ 728,739,251	\$ 727,008,471	\$ 729,472,074	\$ 713,207,900	\$ 738,075,827
Restricted	53,287,166	58,792,889	60,274,990	63,909,160	76,961,572	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598
Unrestricted	<u>138,518,816</u>	<u>163,686,860</u>	<u>216,542,226</u>	<u>226,983,540</u>	<u>215,012,933</u>	<u>107,880,095</u>	<u>(5,338,552)</u>	<u>(63,673,408)</u>	<u>(89,164,522)</u>	<u>(99,063,384)</u>
Total Primary Government Net Assets	<u>\$ 738,380,525</u>	<u>\$ 799,890,139</u>	<u>\$ 879,831,487</u>	<u>\$ 928,010,467</u>	<u>\$ 960,908,793</u>	<u>\$ 912,827,097</u>	<u>\$ 800,512,431</u>	<u>\$ 743,687,482</u>	<u>\$ 715,910,485</u>	<u>\$ 732,761,041</u>



Harford County, Maryland

Changes in Net Assets (accrual basis of accounting)

**Table 2
Last Ten Fiscal Years**

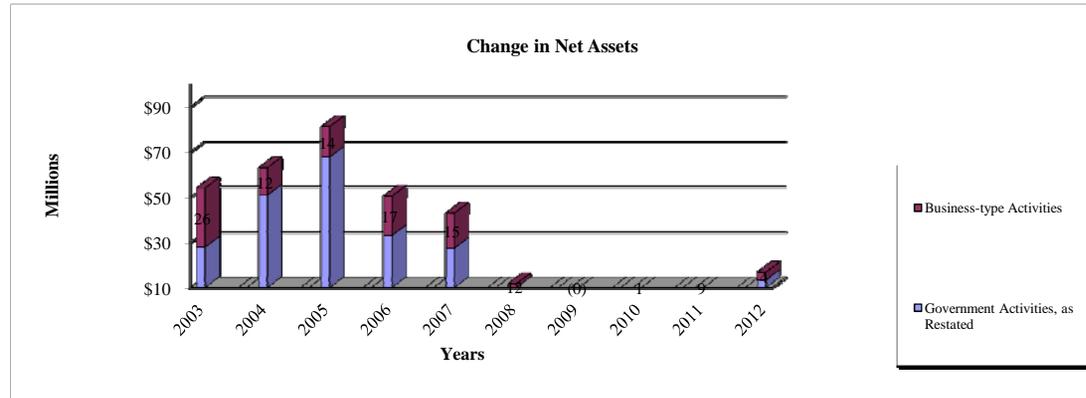
Expenses (by function)	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Government Activities</i>										
Agricultural Preservation	\$ 2,538,687	\$ 2,735,313	\$ 2,458,011	\$ 3,063,167	\$ 1,967,017	\$ 3,127,195	\$ 5,695,097	\$ 4,249,774	\$ 3,319,578	\$ 3,432,517
County Council	1,531,400	1,487,864	1,546,589	1,771,152	1,859,440	2,379,819	2,243,875	2,148,195	2,198,979	2,597,248
Education-Primary thru Com. College	176,217,742	181,753,439	197,639,393	237,071,869	241,576,927	297,182,465	319,330,062	291,542,340	257,424,328	256,361,884
General Government	20,203,633	23,123,024	23,164,674	22,934,310	36,207,586	43,776,142	51,703,093	48,547,861	38,564,852	43,655,212
Harford Center	367,731	367,731	382,143	432,143	482,143	532,142	582,143	553,036	553,036	553,036
Judicial	6,865,700	7,021,007	7,639,916	8,342,616	9,052,442	10,398,970	10,206,733	9,943,671	10,159,127	9,666,237
Libraries	13,458,114	10,783,353	13,838,222	17,313,195	12,894,760	16,406,652	16,809,566	16,446,279	21,721,995	17,359,356
Parks and Recreation	7,888,822	11,276,417	9,950,468	11,255,578	19,323,689	18,980,453	14,431,566	17,598,714	20,811,081	14,416,981
Public Safety	50,505,871	52,792,113	57,134,910	64,446,233	74,225,224	95,946,852	95,086,768	96,984,770	113,230,332	95,202,878
Public Works	39,726,014	42,579,379	43,118,390	66,827,829	56,214,545	73,819,429	60,809,936	74,378,929	63,368,723	61,916,296
Social Services & Health	19,183,085	20,164,881	20,683,885	22,780,840	25,119,209	26,492,857	28,677,264	29,228,702	29,806,456	28,365,201
Unallocated Debt Interest/Other Costs	8,688,555	7,619,473	7,852,493	8,498,206	8,202,236	9,995,430	10,563,561	13,071,359	19,962,786	18,871,700
Total Government Activities, as Restated	347,175,354	361,703,994	385,409,094	464,737,138	487,125,218	599,038,406	616,139,664	604,693,630	581,121,273	552,398,546
<i>Business-type Activities</i>										
Water and Sewer	32,220,977	33,605,134	34,271,051	35,899,779	36,525,841	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467
Total Business-type Activities	32,220,977	33,605,134	34,271,051	35,899,779	36,525,841	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467
Total Primary Government Expenses	\$ 379,396,331	\$ 395,309,128	\$ 419,680,145	\$ 500,636,917	\$ 523,651,059	\$ 639,115,430	\$ 657,002,312	\$ 646,208,405	\$ 622,980,781	\$ 595,352,013
Program Revenues										
<i>Government Activities</i>										
Charges for Services										
General Government	\$ 1,713,930	\$ 1,846,227	\$ 1,861,049	\$ 1,984,467	\$ 2,087,329	\$ 2,109,440	\$ 2,149,523	\$ 2,407,582	\$ 2,375,772	\$ 2,662,846
Public Safety	5,677,052	6,700,000	9,119,711	6,441,809	6,647,023	6,227,490	5,370,147	4,029,330	3,636,934	3,978,388
Public Works	12,493,132	13,123,511	13,706,892	14,678,365	14,754,084	16,734,280	11,573,060	13,345,821	12,048,111	14,151,371
Other Activities	1,130,547	1,161,341	1,257,179	1,302,711	1,300,942	1,340,804	1,170,172	2,194,432	1,373,949	1,511,258
Operating Grants and Contributions	28,233,897	28,017,918	27,829,602	32,667,246	33,674,068	34,867,362	36,473,746	33,788,214	28,476,585	25,216,324
Capital Grants and Contributions	17,444,925	10,601,993	19,323,654	23,626,095	17,680,246	17,557,762	9,210,506	17,130,252	21,112,129	10,270,108
Total Governmental Activities Program Revenue	66,693,483	61,450,990	73,098,087	80,700,693	76,143,692	78,837,138	65,947,154	72,895,631	69,023,480	57,790,295
<i>Business-type Activities</i>										
Charges for Services	19,541,794	20,327,113	20,841,982	22,236,063	22,757,806	24,179,578	24,001,673	24,994,995	26,142,956	25,658,671
Operating Grants and Contributions	-	-	-	-	-	-	-	-	512,576	704,699
Capital Grants and Contributions	21,366,306	19,416,140	19,016,100	20,539,437	18,600,053	17,661,512	10,366,224	12,941,591	19,384,615	16,181,330
Total Business-type Activities Program Revenue	40,908,100	39,743,253	39,858,082	42,775,500	41,357,859	41,841,090	34,367,897	37,936,586	46,040,147	42,544,700
Total Primary Government Program Revenues	\$ 107,601,583	\$ 101,194,243	\$ 112,956,169	\$ 123,476,193	\$ 117,501,551	\$ 120,678,228	\$ 100,315,051	\$ 110,832,217	\$ 115,063,627	\$ 100,334,995
Net (Expense) Revenue										
<i>Government Activities, as Restated</i>										
	\$ (280,481,871)	\$ (300,253,004)	\$ (312,311,007)	\$ (384,036,445)	\$ (410,981,526)	\$ (520,201,268)	\$ (550,192,510)	\$ (531,797,999)	\$ (512,097,793)	\$ (494,608,251)
<i>Business-type Activities</i>										
	8,687,123	6,138,119	5,587,031	6,875,721	4,832,018	1,764,066	(6,494,751)	(3,578,189)	4,180,639	(408,767)
Total Primary Government Net Expense, as Restated	\$ (271,794,748)	\$ (294,114,885)	\$ (306,723,976)	\$ (377,160,724)	\$ (406,149,508)	\$ (518,437,202)	\$ (556,687,261)	\$ (535,376,188)	\$ (507,917,154)	\$ (495,017,018)

Harford County, Maryland

Changes in Net Assets (accrual basis of accounting)

Table 2 (continued)
Last Ten Fiscal Years

General Revenues and Other Changes in Net Assets	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Government Activities</i>										
Taxes										
Property Taxes	\$ 156,065,011	\$ 169,062,889	\$ 180,609,309	\$ 195,158,988	\$ 218,160,400	\$ 243,355,073	\$ 269,385,374	\$ 286,733,047	\$ 290,004,412	\$ 295,910,417
Income Taxes	119,276,969	148,636,932	150,378,591	158,656,846	160,292,947	167,483,930	136,159,443	155,948,152	158,374,084	182,590,526
Other Taxes	24,587,212	30,167,280	38,728,179	48,152,486	41,225,896	31,524,076	21,920,852	25,609,883	23,980,727	22,791,891
Investment Earnings	6,560,410	1,244,606	7,754,509	9,566,164	14,410,465	15,068,189	7,883,023	5,094,195	2,113,223	5,607,895
Grants and Contributions	860,767	645,575	860,767	860,767	909,303	832,651	100,161	132,964	185,216	189,543
Miscellaneous	1,072,462	1,422,066	1,733,509	4,738,703	3,491,848	2,048,098	2,863,224	553,164	900,953	810,088
Total Governmental Activities	308,422,831	351,179,348	380,064,864	417,133,954	438,490,859	460,312,017	438,312,077	474,071,405	475,558,615	507,900,360
<i>Business-type Activities</i>										
Other Taxes	2,142,874	2,724,595	3,403,703	3,943,394	3,213,661	2,501,024	1,572,507	1,706,028	1,651,107	1,514,835
Investment Earnings	4,274,289	3,294,512	4,518,202	6,576,565	7,387,165	7,542,465	4,488,011	2,773,806	2,582,713	2,452,379
Litigation Settlement	11,035,000	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	347,722	-
Total Business-type Activities	17,452,163	6,019,107	7,921,905	10,519,959	10,600,826	10,043,489	6,060,518	4,479,834	4,581,542	3,967,214
Total Primary Government	\$ 325,874,994	\$ 357,198,455	\$ 387,986,769	\$ 427,653,913	\$ 449,091,685	\$ 470,355,506	\$ 444,372,595	\$ 478,551,239	\$ 480,140,157	\$ 511,867,574
Change in Net Assets										
<i>Government Activities, as Restated</i>	\$ 27,940,960	\$ 50,926,344	\$ 67,753,857	\$ 33,097,509	\$ 27,509,333	\$ (59,889,251)	\$ (111,880,433)	\$ (57,726,594)	\$ (36,539,178)	\$ 13,292,109
<i>Business-type Activities</i>	26,139,286	12,157,226	13,508,936	17,395,680	15,432,844	11,807,555	(434,233)	901,645	8,762,181	3,558,447
Total Primary Government, as Restated	\$ 54,080,246	\$ 63,083,570	\$ 81,262,793	\$ 50,493,189	\$ 42,942,177	\$ (48,081,696)	\$ (112,314,666)	\$ (56,824,949)	\$ (27,776,997)	\$ 16,850,556



Harford County, Maryland

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

Table 3
Last Ten Fiscal Years; Restated

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Nonspendable:										
Inventory	\$ 1,038,142	\$ 1,150,057	\$ 1,262,145	\$ 1,445,667	\$ 1,690,366	\$ 1,964,376	\$ 2,079,969	\$ 2,019,073	\$ 2,114,574	\$ 2,025,093
Prepaid	131,282	131,282	131,282	131,282	131,282	131,282	131,282	131,282	131,282	539,162
Long-term Receivable	3,009,965	2,815,638	1,759,653	803,569	750,852	695,894	907,399	1,449,301	538,285	471,561
	<u>4,179,389</u>	<u>4,096,977</u>	<u>3,153,080</u>	<u>2,380,518</u>	<u>2,572,500</u>	<u>2,791,552</u>	<u>3,118,650</u>	<u>3,599,656</u>	<u>2,784,141</u>	<u>3,035,816</u>
Restricted for:										
Bond Proceeds	3,615,968	-	23,599	-	6,103,211	-	6,778,472	-	-	-
Health Department	25,942	21,887	4,440,320	-	-	-	-	-	-	-
Harford County Public Schools	522,782	6,150,508	37,855,522	2,260,747	11,911,872	13,698,754	17,044,211	6,279,957	13,711,336	8,358,301
Bonded Capital Projects	19,848,423	21,357,955	32,269	9,080,695	-	30,562,023	25,599,509	83,110,584	35,468,418	18,814,860
Beechtree Debt Service	-	-	-	-	-	-	-	-	-	2,089,432
General Fund Detention Center	11,849	11,536	-	177,409	386,861	554,510	765,303	952,289	1,010,310	1,010,012
Parks & Recreation	2,032,631	1,221,952	2,131,352	194,914	729,145	1,662	129,104	849,988	594,673	-
Grants	1,747,720	2,259,965	-	2,691,037	3,305,701	4,487,913	4,635,607	8,684,777	8,584,742	6,825,412
Lease Purchase Proceeds	-	-	5,028	-	8,155,360	1,224,637	-	1,191,984	-	-
	<u>27,805,315</u>	<u>31,023,803</u>	<u>44,488,090</u>	<u>14,404,802</u>	<u>30,592,150</u>	<u>50,529,499</u>	<u>54,952,206</u>	<u>101,069,579</u>	<u>59,369,479</u>	<u>37,098,017</u>
Committed to:										
Development Rights	17,783,635	17,933,640	21,181,535	19,920,299	22,756,704	32,953,506	37,983,430	42,038,898	43,308,194	51,212,976
	<u>17,783,635</u>	<u>17,933,640</u>	<u>21,181,535</u>	<u>19,920,299</u>	<u>22,756,704</u>	<u>32,953,506</u>	<u>37,983,430</u>	<u>42,038,898</u>	<u>43,308,194</u>	<u>51,212,976</u>
Assigned to:										
Appropriation of Fund Balance	22,158,430	21,657,928	49,156,651	36,573,989	43,543,890	30,124,908	9,754,106	12,031,257	50,646,722	32,774,997
Fiscal Stabilization Fund	17,672,055	19,182,771	22,603,453	24,535,175	26,529,534	27,296,784	25,738,539	25,745,240	27,028,071	27,792,167
Encumbrances	19,572,363	17,727,016	22,333,991	16,743,241	21,392,723	20,053,621	20,999,378	34,889,776	18,868,628	36,579,261
Landfill Closure Costs	9,129,076	9,718,184	10,296,512	11,122,509	11,501,927	12,663,965	15,301,157	15,500,786	9,020,231	17,961,438
Other Post Employment Benefits	2,340,204	63,350	63,350	63,350	8,573,008	5,099,596	63,350	7,390,878	-	9,529,486
Highways	12,378,712	7,639,383	5,112,485	4,292,902	856,893	9,079,727	14,217,744	14,380,858	11,661,675	6,158,931
Ag Preservation	10,237,374	9,014,130	15,569,317	22,320,467	16,416,611	11,708,279	1,220,005	3,467,777	5,146,399	2,575,330
Capital Projects	25,899,265	38,542,898	25,036,530	44,014,210	23,554,049	13,693,316	-	-	-	-
Non Major P&R Fund	48,878	76,013	-	25,630	35,737	24,480	76,424	114,506	225,413	334,332
	<u>119,436,357</u>	<u>123,621,673</u>	<u>150,172,289</u>	<u>159,691,473</u>	<u>152,404,372</u>	<u>129,744,676</u>	<u>87,370,703</u>	<u>113,521,078</u>	<u>122,597,139</u>	<u>133,705,942</u>
Unassigned:	5,921,926	22,003,739	31,738,528	30,801,310	22,826,647	7,275,141	12,953,584	8,126,063	7,310,375	17,942,179
Total Fund Balance	<u>\$ 175,126,622</u>	<u>\$ 198,679,832</u>	<u>\$ 250,733,522</u>	<u>\$ 227,198,402</u>	<u>\$ 231,152,373</u>	<u>\$ 223,294,374</u>	<u>\$ 196,378,573</u>	<u>\$ 268,355,274</u>	<u>\$ 235,369,328</u>	<u>\$ 242,994,930</u>

Harford County, Maryland

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

Table 4
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 300,449,556	\$ 336,284,877	\$ 364,815,190	\$ 397,052,086	\$ 422,717,106	\$ 438,882,450	\$ 452,667,810	\$ 466,531,995	\$ 480,666,752	\$ 496,535,537
Revenues from Other Agencies	33,935,764	32,157,865	34,682,711	38,652,065	42,139,431	47,211,851	39,468,501	46,537,712	43,118,868	29,749,668
Investment Income	6,343,303	1,131,601	7,554,516	9,233,932	13,985,693	14,564,031	7,658,217	5,043,402	2,079,353	5,581,671
Charges for Current Services	17,050,091	18,364,374	22,175,765	20,657,426	20,936,913	21,348,472	18,410,619	16,194,617	15,688,351	18,136,842
Miscellaneous	1,210,245	1,601,605	2,209,668	2,328,712	4,348,707	3,547,649	3,659,409	3,152,079	3,284,872	2,478,915
Licenses and Permits	3,189,445	3,405,141	3,391,013	3,429,632	3,412,684	3,108,872	2,746,769	3,152,131	3,302,291	3,602,640
Fines and Forfeitures	203,133	293,387	378,053	320,294	439,781	520,451	293,516	715,952	227,873	340,840
Total Revenues	<u>362,381,537</u>	<u>393,238,850</u>	<u>435,206,916</u>	<u>471,674,147</u>	<u>507,980,315</u>	<u>529,183,776</u>	<u>524,904,841</u>	<u>541,327,888</u>	<u>548,368,360</u>	<u>556,426,113</u>
EXPENDITURES										
Agricultural Preservation	7,240,243	5,411,510	4,503,005	3,390,559	6,740,532	23,120,378	14,419,355	1,069,805	188,385	7,417,674
County Council	1,571,340	1,483,520	1,560,253	1,753,619	1,894,779	2,499,875	2,181,966	2,077,277	2,191,906	2,495,986
General Government	20,941,923	23,037,144	22,637,479	24,667,799	28,921,206	36,931,065	43,946,514	39,126,361	33,984,438	39,610,270
Education-Primary thru Comm. College	157,549,466	159,838,878	166,326,151	189,193,543	204,193,543	215,393,543	222,918,540	226,354,606	225,580,152	232,933,767
Harford Center	367,731	367,731	382,143	432,143	482,143	532,143	582,143	553,036	553,036	553,036
Judicial	6,448,245	6,540,613	7,225,955	7,829,181	8,530,681	9,658,821	9,489,000	9,190,480	9,525,838	9,596,365
Libraries	9,731,241	10,361,806	11,646,499	13,105,781	14,361,956	15,705,461	16,135,917	15,312,147	15,112,147	15,692,144
Parks, Recreation and Natural Resources	6,474,097	6,964,965	7,815,100	8,379,757	9,616,126	11,356,395	11,140,363	10,436,404	10,864,188	10,853,176
Public Safety	48,332,669	50,229,709	56,318,711	63,317,434	69,010,378	88,947,220	86,708,998	89,322,138	94,157,346	91,778,607
Public Works	54,705,653	32,390,927	34,574,637	37,785,746	41,461,050	48,226,571	43,296,084	43,737,049	41,088,647	38,448,739
Social Services	18,023,183	20,525,377	20,177,851	22,063,636	24,183,444	26,433,379	29,229,188	28,775,089	27,393,475	27,337,422
Capital Outlay	51,547,714	50,991,391	73,025,553	92,586,151	86,959,198	139,888,861	146,470,982	118,270,600	89,082,362	61,703,327
Debt Service										
Principal	15,454,794	18,444,292	17,266,837	21,686,606	18,050,332	20,403,260	22,135,758	23,386,490	26,060,395	35,109,464
Interest	10,105,153	9,461,803	10,030,592	10,596,280	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877
Forgiveness of Long-term debt	-	-	850,000	-	-	-	-	-	-	-
Administrative Cost	989,515	255,893	302,312	159,045	470,370	567,990	685,625	1,210,978	1,197,249	642,797
Total Expenditures	<u>409,482,967</u>	<u>396,305,559</u>	<u>434,643,078</u>	<u>496,947,280</u>	<u>525,172,644</u>	<u>652,354,638</u>	<u>663,451,288</u>	<u>624,667,967</u>	<u>596,947,646</u>	<u>597,671,651</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(47,101,430)</u>	<u>(3,066,709)</u>	<u>563,838</u>	<u>(25,273,133)</u>	<u>(17,192,329)</u>	<u>(123,170,862)</u>	<u>(138,546,447)</u>	<u>(83,340,079)</u>	<u>(48,579,286)</u>	<u>(41,245,538)</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	37,397,005	27,214,887	31,312,152	53,649,718	47,973,433	48,620,080	43,873,509	30,132,690	34,565,953	36,423,583
Transfers (Out)	(37,397,005)	(27,214,887)	(31,312,152)	(53,649,718)	(47,973,433)	(48,620,080)	(43,873,509)	(30,132,690)	(33,068,114)	(36,423,583)
Payment to Escrow Agent for Refunding	-	(13,154,444)	-	-	-	-	(22,812,194)	(28,885,874)	-	(7,313,825)
Premium on Issuance of Bonds	-	-	2,908,731	-	-	5,901,161	8,106,323	14,359,593	-	2,347,926
Issuance of Notes and Leases	43,338	-	11,635,000	-	18,231,849	700,000	1,316,999	1,186,000	-	-
Issuance of Installment Purchase Agreements	4,777,778	2,638,004	929,032	1,554,491	2,669,752	12,537,691	7,065,889	-	-	6,995,127
Issuances of Bonds	22,570,750	37,024,444	35,905,000	-	-	95,900,000	117,838,036	168,717,957	14,000,000	46,931,393
Total Other Financing Sources(Uses)	<u>27,391,866</u>	<u>26,508,004</u>	<u>51,377,763</u>	<u>1,554,491</u>	<u>20,901,601</u>	<u>115,038,852</u>	<u>111,515,053</u>	<u>155,377,676</u>	<u>15,497,839</u>	<u>48,960,621</u>
Net Change in Fund Balances	<u>\$ (19,709,564)</u>	<u>\$ 23,441,295</u>	<u>\$ 51,941,601</u>	<u>\$ (23,718,642)</u>	<u>\$ 3,709,272</u>	<u>\$ (8,132,010)</u>	<u>\$ (27,031,394)</u>	<u>\$ 72,037,597</u>	<u>\$ (33,081,447)</u>	<u>\$ 7,715,083</u>

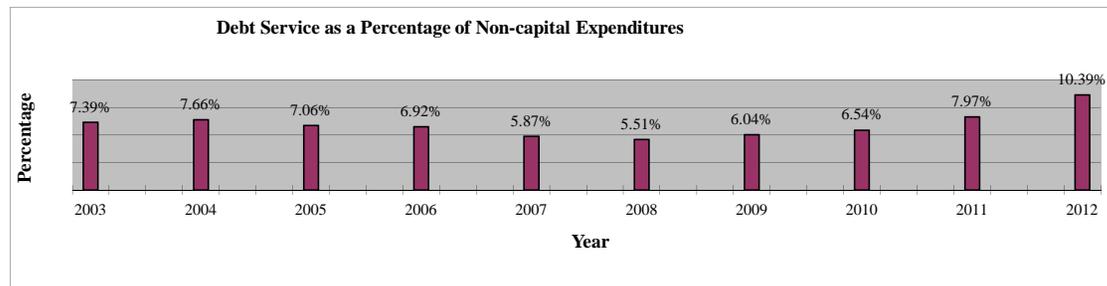
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures

Table 5
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Expenditures	\$ 409,482,967	\$ 396,305,559	\$ 434,643,078	\$ 496,947,280	\$ 525,172,644	\$ 652,354,638	\$ 663,451,288	\$ 624,667,967	\$ 596,947,646	\$ 597,671,651
(1) Less Capital Asset Expenditures	63,600,954	31,779,050	47,847,785	30,601,719	41,900,223	51,462,491	63,496,219	24,528,046	19,300,086	33,395,752
Non-capital Expenditures	<u>\$ 345,882,013</u>	<u>\$ 364,526,509</u>	<u>\$ 386,795,293</u>	<u>\$ 466,345,561</u>	<u>\$ 483,272,421</u>	<u>\$ 600,892,147</u>	<u>\$ 599,955,069</u>	<u>\$ 600,139,921</u>	<u>\$ 577,647,560</u>	<u>\$ 564,275,899</u>
Debt Service Expenditures										
Principal	\$ 15,454,794	\$ 18,444,292	\$ 17,266,837	\$ 21,686,606	\$ 18,050,332	\$ 20,403,260	\$ 22,135,758	\$ 23,386,490	\$ 26,060,395	\$ 35,109,464
Interest	10,105,153	9,461,803	10,030,592	10,596,280	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877
Forgiveness of Long-term debt	-	-	850,000	-	-	-	-	-	-	-
Administrative Cost	989,515	255,893	302,312	159,045	470,370	567,990	685,625	1,210,978	1,197,249	642,797
Total Debt Service Expenditures	<u>\$ 26,549,462</u>	<u>\$ 28,161,988</u>	<u>\$ 28,449,741</u>	<u>\$ 32,441,931</u>	<u>\$ 28,817,608</u>	<u>\$ 33,660,926</u>	<u>\$ 36,932,238</u>	<u>\$ 40,442,975</u>	<u>\$ 47,225,726</u>	<u>\$ 59,251,138</u>
 Principal and Interest as a Percentage of Non-capital Expenditures										
	<u>7.39%</u>	<u>7.66%</u>	<u>7.06%</u>	<u>6.92%</u>	<u>5.87%</u>	<u>5.51%</u>	<u>6.04%</u>	<u>6.54%</u>	<u>7.97%</u>	<u>10.39%</u>

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

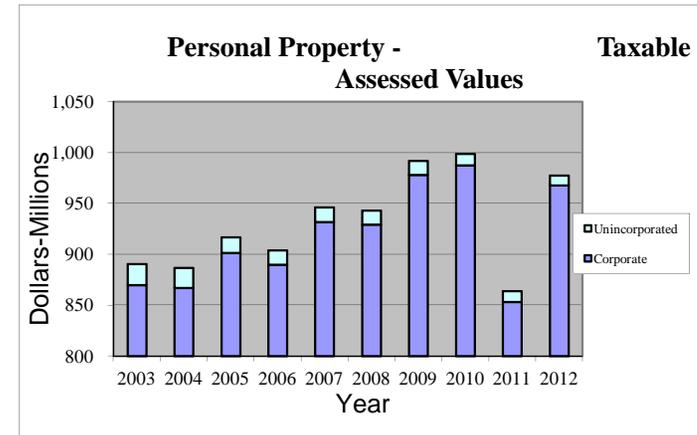
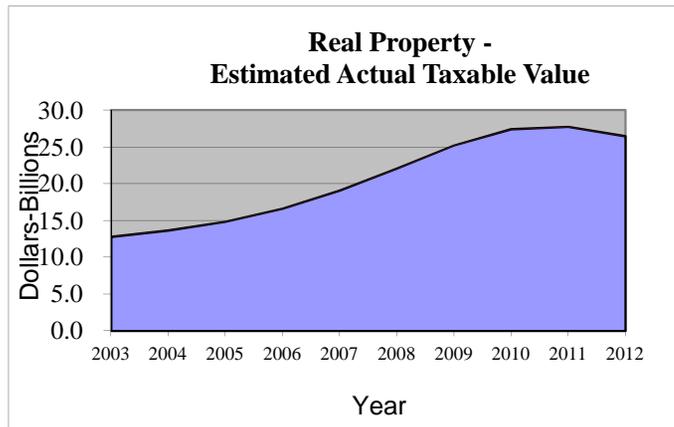


Harford County, Maryland

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

Table 6
Last Ten Fiscal Years

Fiscal Year Ending June 30	Real Property				Personal Property		
	Assessed Value	Exempt Property	Taxable Assessed Value	Real Property Direct Tax Rate	Corporate Taxable Assessed Value	Unincorporated Taxable Assessed Value	Personal Property Direct Tax Rate
2003	\$ 14,614,884,399	\$ 1,830,939,786	\$ 12,783,944,613	1.092	\$ 869,827,630	\$ 20,554,730	2.730
2004	15,527,295,683	1,871,639,589	13,655,656,094	1.092	866,976,420	19,634,220	2.730
2005	16,726,025,577	1,896,309,164	14,829,716,413	1.092	901,577,340	15,330,820	2.730
2006	18,548,656,553	1,940,013,808	16,608,642,745	1.082	889,899,840	14,181,420	2.705
2007	21,102,242,472	2,014,779,364	19,087,463,108	1.082	931,753,570	14,438,670	2.705
2008	24,150,504,718	2,085,913,339	22,064,591,379	1.082	929,164,770	14,066,570	2.705
2009	27,438,977,269	2,225,139,558	25,213,837,711	1.082	978,058,220	13,982,600	2.705
2010	29,765,437,549	2,346,618,410	27,418,819,139	1.064	987,547,770	11,403,430	2.660
2011	30,248,925,066	2,506,869,202	27,742,055,864	1.042	853,133,530	10,730,670	2.605
2012	28,999,153,255	2,535,432,934	26,463,720,321	1.042	967,854,980	9,828,620	2.605



(1) Assessed values are established by the MD Department of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years; any increase in property values is phased in over a minimum of three years. Additionally, the County has a real property tax assessment cap for residential properties of 10% for Fiscal Years 2008 and prior; 9% for Fiscal Years 2009 and 2012; and 5% for Fiscal Year 2011. Personal Property tax rates are 2.5 times the real property tax rate.

Harford County, Maryland

**Direct and Overlapping Property Tax Rates (1)
(Per \$100 of Assessed Value)**

**Table 7
Last Ten Fiscal Years**

Fiscal Year Ending June 30	County Direct Real Property Tax Rate			Overlapping Real Property Tax Rates		
	General Fund (2)	Special Revenue Fund (3)	Total Direct Tax Rate	Town of Bel Air (4)	City of Aberdeen (4)	City of Havre de Grace (4)
2003	0.936	0.156	1.092	0.440	0.5120	0.620
2004	0.936	0.156	1.092	0.500	0.5500	0.720
2005	0.936	0.156	1.092	0.500	0.5500	0.720
2006	0.926	0.156	1.082	0.500	0.5500	0.700
2007	0.926	0.156	1.082	0.500	0.7350	0.680
2008	0.926	0.156	1.082	0.500	0.7150	0.650
2009	0.926	0.156	1.082	0.500	0.7000	0.630
2010	0.908	0.156	1.064	0.500	0.6875	0.610
2011	0.896	0.146	1.042	0.500	0.6875	0.600
2012	0.896	0.146	1.042	0.500	0.6800	0.590

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)
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
2009	2.315	0.390	2.705	1.160	1.700	1.705
2010	2.270	0.390	2.660	1.160	1.700	1.705
2011	2.240	0.365	2.605	1.160	1.700	1.705
2012	2.240	0.365	2.605	1.160	1.700	1.705

(1) Overlapping rates are those of local municipalities that apply to property owners within Harford County. Not all overlapping rates apply to all Harford County property owners. For example, Town of Bel Air rates apply only to the County property owners whose property is located within that municipality's geographic boundaries.

(2) Assessed against all property within Harford County.

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

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

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

Harford County, Maryland

Principal Taxpayers

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

Fiscal Year		2012		
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 323,480,849	\$ 8,333,909	1.18%
Exelon Generation Company	Non-Utility Generator	74,617,634	1,943,789	0.27%
Verizon - Maryland	Public Utility	74,377,366	1,840,596	0.27%
MCI Communication Services	Public Utility	51,642,946	1,345,191	0.19%
Constellation Power Source Generation Inc.	Non-Utility Generator	50,053,036	1,303,881	0.18%
PEPCO Energy Power Company	Non-Utility Generator	47,435,580	1,235,697	0.17%
Harford Mall Business Trust	Shopping Center	29,702,545	665,337	0.11%
Comcast of Harford County LLC	Cable Provider	24,927,188	624,390	0.09%
Festival at Bel Air LLC	Shopping Center	23,405,179	609,705	0.09%
Wells Fargo Northwest	Office/Industrial Ctr.	18,309,464	476,961	0.07%
		<u>717,951,787</u>	<u>\$ 18,379,456</u>	<u>2.62%</u>
Total Assessed Valuation		<u>\$ 27,441,403,921</u>		

Fiscal Year		2003		
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 246,795,806	\$ 6,676,799	1.93%
Verizon - Maryland	Public Utility	92,581,140	2,401,009	0.72%
Susquehanna Power Company	Public Utility	73,483,702	1,825,175	0.57%
GPS Maryland, Inc.	Office/Industrial Ctr	40,789,080	743,093	0.32%
State of Wisconsin Investment Board	Office/Industrial Ctr	48,286,900	500,680	0.38%
Wells Fargo Northwest	Office/Industrial Ctr	40,076,000	437,630	0.31%
Columbia Gas Transmission	Public Utility	15,598,670	425,809	0.12%
Comcast Cablevision of Harford County	Cable TV Provider	15,541,216	411,033	0.12%
Mid-Atlantic Realty Trust	Shopping Center	43,334,364	405,610	0.34%
Festival at Bel Air LLC	Shopping Center	32,602,300	356,017	0.26%
		<u>649,089,178</u>	<u>\$ 14,182,855</u>	<u>5.07%</u>
Total Assessed Valuation		<u>\$ 12,783,944,613</u>		

SOURCE: Harford County Department of the Treasury

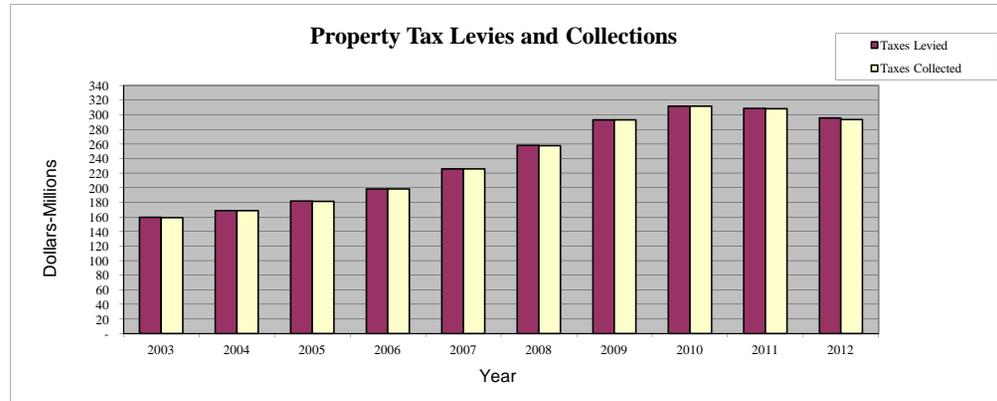
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

Harford County, Maryland

Property Tax Levies and Collections

Table 9
Last Ten Fiscal Years

Year Ending June 30	Taxes Levied for the Fiscal Year	Taxes Levied In Subsequent Years	Total Taxes Levied	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Delinquent Taxes to Tax Levy
				Amount	Percent		Amount	Percent		
2003	159,272,453	(46,015)	159,226,438	156,728,264	98.43%	2,402,873	159,131,137	99.94%	95,301	0.06%
2004	168,578,920	108,941	168,687,861	167,999,826	99.59%	594,739	168,594,565	99.94%	93,296	0.06%
2005	181,818,028	(314,772)	181,503,256	181,184,501	99.82%	161,227	181,345,728	99.91%	157,528	0.09%
2006	198,425,279	(112,215)	198,313,064	197,681,023	99.68%	484,720	198,165,743	99.93%	147,321	0.07%
2007	225,865,922	87,878	225,953,800	225,203,456	99.67%	623,204	225,826,660	99.94%	127,140	0.06%
2008	256,925,595	1,109,385	258,034,980	255,936,685	99.19%	1,931,203	257,867,888	99.94%	167,092	0.06%
2009	292,351,782	780,129	293,131,911	290,917,209	99.24%	1,973,336	292,890,545	99.92%	241,366	0.08%
2010	310,635,791	1,380,556	312,016,347	309,581,012	99.22%	2,104,370	311,685,382	99.89%	330,965	0.11%
2011	304,126,005	4,511,477	308,637,482	303,254,570	98.26%	4,976,071	308,230,641	99.87%	406,841	0.13%
2012	295,797,824	-	295,797,824	293,408,627	99.19%	-	293,408,627	99.19%	2,389,197	0.81%



Harford County, Maryland

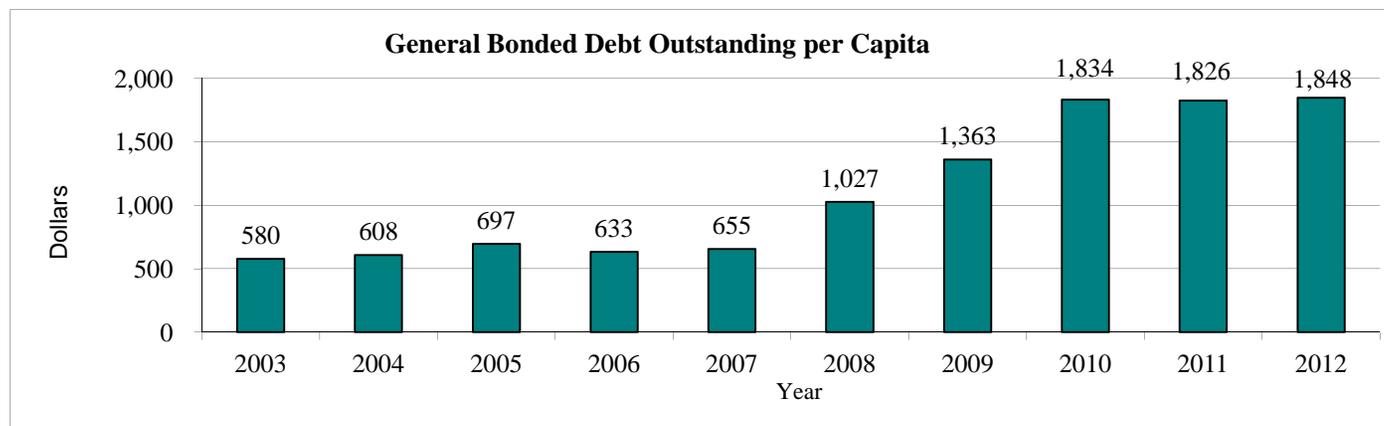
Ratios of General Bonded Debt Outstanding (1)

Table 10
Last Ten Fiscal Years

Year Ending June 30	Governmental General/Special Obligation Debt (2)	Business-type General Obligation Debt	Less Amounts to be Paid with Other Resources (3)	Total Net Primary Government	Percentage of Actual Assessed Value of Property (4)	Per Capita (4)
2003	169,869,912	91,685,037	127,713,945	133,841,004	0.98%	578
2004	180,976,494	85,059,837	123,297,887	142,738,444	0.98%	608
2005	204,436,901	82,783,768	121,158,041	166,062,628	1.05%	697
2006	191,290,866	68,994,713	107,627,411	152,658,168	0.87%	633
2007	198,511,893	60,545,635	100,736,470	158,321,058	0.79%	655
2008	301,845,832	74,514,748	126,944,354	249,416,226	1.08%	1,027
2009	390,165,496	88,379,669	146,485,275	332,059,890	1.27%	1,363
2010	506,690,179	128,412,388	185,512,510	449,590,057	1.58%	1,834
2011	520,315,389	125,771,843	195,951,421	450,135,811	1.57%	1,826 (5)
2012	532,004,780	131,616,763	207,675,340	455,946,203	1.66%	1,848 (5)

- (1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included here because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments, surcharges and recordation taxes. See Table 11 for specific information on business-type bonded debt.
- (2) All Notes Payable and the 2009 Lease Purchase are backed by the full faith and credit and unlimited taxing authority of the County.
- (3) Agricultural Land Preservation debt, Special Obligation debt and Water and Sewer debt are subtracted from the bonded debt because Agricultural Land Preservation debt is paid from dedicated revenues in the Agricultural Land Preservation Special Revenue Fund, Special Obligation debt is paid from the debt service fund and Water and Sewer debt is paid from the Water and Sewer Enterprise Fund.
- (4) Information from Tables 6 and 15.
- (5) Personal income and population information were estimated for fiscal years 2011 and 2012 because data was unavailable.

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



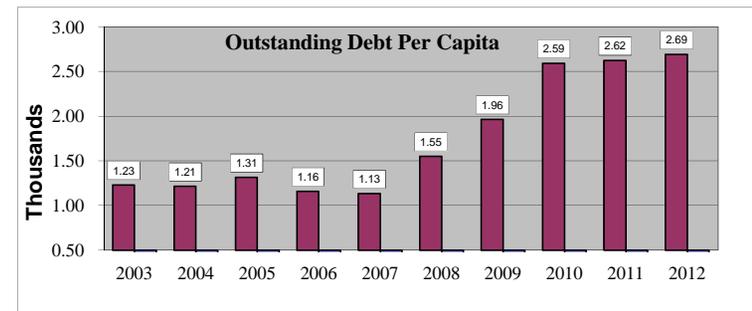
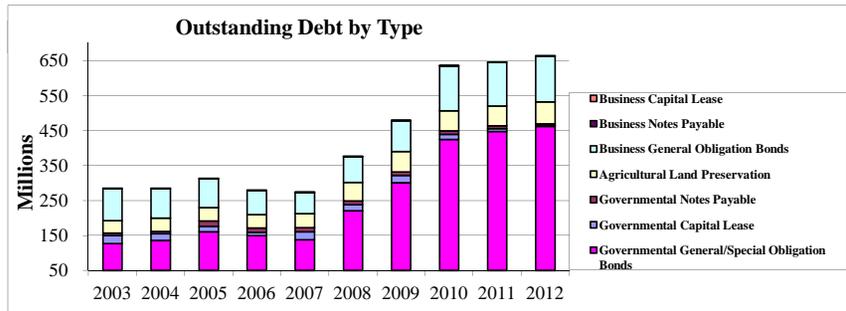
Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

Table 11
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities					Business-type Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General/Special Obligation	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities	General Obligation Bonds	Notes Payable	Capital Lease Obligation	Total Business-type Activities			
2003	\$ 126,797,975	\$ 22,981,128	\$ 7,268,029	\$ 35,803,908	\$ 192,851,040	\$ 91,685,037	\$ 225,000	\$ -	\$ 91,910,037	\$ 284,761,077	3.52%	1,231
2004	136,566,067	18,896,526	6,397,725	38,012,702	199,873,020	85,059,837	225,348	-	85,285,185	285,158,205	3.30%	1,214
2005	161,388,248	14,885,073	15,814,155	38,179,497	230,266,973	82,783,768	194,776	-	82,978,544	313,245,517	3.40%	1,314
2006	150,076,668	8,955,750	12,511,500	38,632,698	210,176,616	68,994,713	171,238	-	69,165,951	279,342,567	2.87%	1,158
2007	138,106,697	22,584,599	11,870,000	40,508,347	213,069,643	60,228,123	138,950	317,512	60,684,585	273,754,228	2.65%	1,133
2008	221,313,649	17,406,894	10,590,000	52,535,289	301,845,832	74,150,409	105,683	258,656	74,514,748	376,360,580	3.46%	1,550
2009	301,480,584	20,325,901	10,181,999	58,177,012	390,165,496	88,110,699	71,406	197,564	88,379,669	478,545,165	4.30%	1,964
2010	425,205,736	14,801,760	9,582,561	57,100,122	506,690,179	128,242,149	36,089	134,150	128,412,388	635,102,567	5.53%	2,590
2011	447,558,610	8,590,078	7,987,123	56,179,578	520,315,389	125,140,703	-	631,140	125,771,843	646,087,232	5.25%	(3) 2,621 (3)
2012	462,132,841	2,941,940	4,871,422	62,058,577	532,004,780	131,235,774	-	380,989	131,616,763	663,621,543	5.04%	(3) 2,690 (3)

- (1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.
- (2) Information from Table 15.
- (3) Personal income and population information were estimated for fiscal years 2011 and 2012 because data was unavailable.



Harford County, Maryland

Legal Debt Margin Information

Table 12
Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Debt Applicable to the Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a % of Debt Limit
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%
2009	1,661,636,386	331,988,484	1,329,647,902	19.98%
2010	1,794,971,828	449,590,057	1,345,381,771	25.05%
2011	1,794,102,982	450,135,811	1,343,967,171	25.09%
2012	1,734,475,759	455,946,203	1,278,529,556	26.29%

Legal Debt Margin Calculation for Fiscal Year 2012

(1) Net Assessed Value-Real Property	\$ 26,463,720,321	
(2) Debt Limit=6% of Net Assessed Value		\$ 1,587,823,219
(1) Assessed Value--Personal Property	977,683,600	
(2) Debt Limit=15% of Net Assessed Value		146,652,540
Total Debt Limit		1,734,475,759
(3) Amount of Debt Applicable to Debt Limit	663,621,543	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(62,058,577)	
(3) Debt Payable from Debt Service Fund	(14,000,000)	
(3) Debt Payable from Enterprise Revenues	(131,616,763)	
Total debt applicable to Debt Limitation		455,946,203
Legal debt margin		\$ 1,278,529,556

- (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	\$ 455,946,203	\$ 23,006,389,145	83.84%	\$ 412,483,750
Overlapping				
Aberdeen	5,330,022	1,475,544,894	5.38%	26,455,185
Bel Air	2,227,100	1,414,301,008	5.15%	25,357,138
Havre de Grace	28,496,229	1,545,168,874	5.63%	27,703,481
<i>Total Overlapping Debt</i>	<u>36,053,351</u>	<u>4,435,014,776</u>	<u>16.16%</u>	<u>79,515,804</u>
Total	<u>\$ 491,999,554</u>	<u>\$ 27,441,403,921</u>	<u>100.00%</u>	<u>\$ 491,999,554</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 business with the County.

Harford County, Maryland

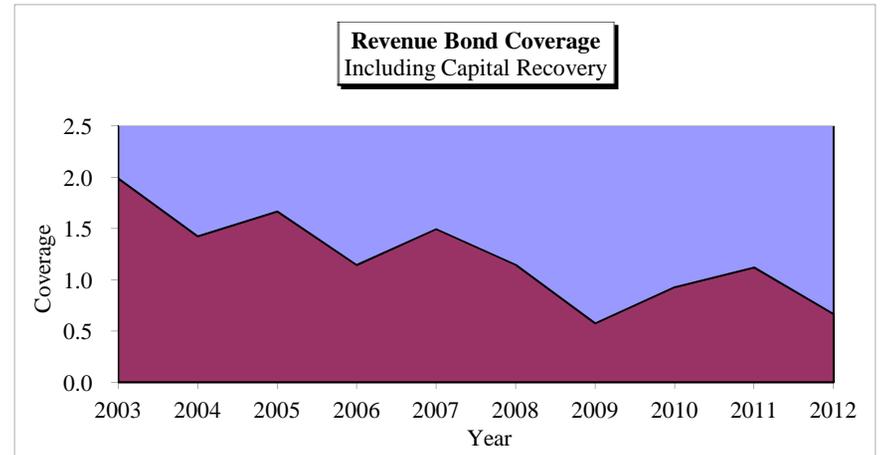
**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**Table 14
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Gross Revenues (2)	Area Connection Charges	Benefit Assessment	User Assessments and Surcharges	Total Gross Revenues	Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
								Principal	Interest	Total	
2003	\$ 36,993,957 (5)	\$ 1,575,650	\$ 981,397	\$ 9,262,560	\$ 48,813,564	\$ 19,432,482	\$ 29,381,082	\$ 10,517,527	\$ 4,250,167	\$ 14,767,694	1.99
2004	26,346,220	1,530,350	1,581,711 (6)	9,331,722	38,790,003	20,362,395	18,427,608	9,478,117	3,451,319	12,929,436	1.43
2005	28,763,887	1,629,350	980,754	10,246,968	41,620,959	20,860,714	20,760,245	9,091,960	3,354,360	12,446,320	1.67
2006	32,756,022	1,106,200	878,150	7,792,887	42,533,259	22,735,508	19,797,751	14,094,946	3,192,596	17,287,542	1.15
2007	33,358,632	861,100	632,759	6,968,474	41,820,965	24,600,291	17,220,674	8,918,773	2,593,948	11,512,721	1.50
2008	34,223,067	1,127,600	658,689	8,567,130	44,576,486	28,777,126	15,799,360	10,924,897	2,843,674	13,768,571	1.15
2009	30,062,191	553,400	691,019	5,620,994	36,927,604	29,354,696	7,572,908	10,368,564	2,797,801	13,166,365	0.58
2010	29,474,829	3,714,030	716,553	7,671,946	41,577,358	29,149,190	12,428,168	10,031,325	3,342,871	13,374,196	0.93
2011	31,237,074	4,814,179	746,977	7,985,323	44,783,553	27,598,274	17,185,279	10,346,027	4,993,322	15,339,349	1.12
2012	30,330,584	602,650	772,003	7,187,943	38,893,180	28,395,794	10,497,386	11,036,098	4,754,184	15,790,282	0.66

- (1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.
- (2) Includes Total Operating Revenue, Interest Income, Recordation Tax, Federal Grant and Transfer revenues.
- (3) Includes Total Operating Expenses exclusive of Depreciation plus Other Income (Expense).
- (4) Includes principal and interest on Water and Sewer bonds only from Note 4, F. Non-current Liabilities.
- (5) Gross Revenues for 2003 includes a litigation settlement of \$11,035,000.
- (6) 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.



Harford County, Maryland

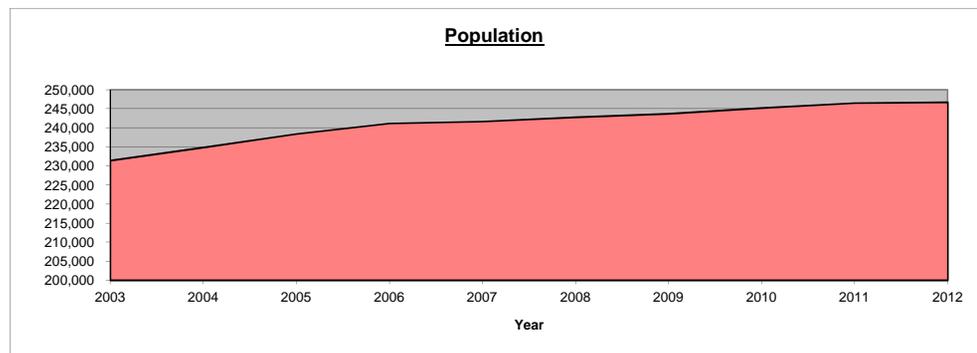
Demographic Statistics

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)
2003	231,411	\$ 34,887	\$ 8,081,911	4.7%	40,264	37.2	27.5%
2004	234,849	36,664	8,618,412	4.0%	40,204	36.8	27.6%
2005	238,402	38,595	9,218,447	4.1%	40,313	37.2	27.7%
2006	241,163	40,609	9,728,548	3.7%	40,212	37.5	27.6%
2007	241,634	43,106	10,319,796	3.8%	39,582	37.7	27.7%
2008	242,779	45,091	10,884,557	4.1%	39,175	37.8	27.8%
2009	243,685	45,893	11,129,722	7.7%	38,610	38.1	27.6%
2010	245,190	46,871	11,492,284	7.3%	38,637	38.1	30.3%
2011	246,489	Not Available	Not Available	7.3%	38,394	38.3	30.5%
2012	246,700	Not Available	Not Available	7.4%	38,224	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2010 provided population estimates for FY2003 thru FY2011. Harford County Department of Planning and Zoning provided population estimates for FY2012
- (2) U.S. Bureau of Economic Analysis Table CAO4, April, 2011
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, April 2011
- (4) Harford County Public Schools
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning and Zoning



Harford County, Maryland

Principal Employers

Table 16
Current Fiscal Year and Ten Years Ago

Fiscal Year	2012		
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	15,582	1	22.25%
Harford County Public Schools	5,440	2	7.77%
Upper Chesapeake Health	2,720	3	3.88%
Harford County Government	1,938	4	2.77%
Harford Community College	1,219	5	1.74%
Rite Aid Mid-Atlantic Customer Support Center	1,167	6	1.67%
Shop Rite	800	7	1.14%
Jacobs Technology	785	8	1.12%
SAIC	700	9	1.00%
Sephora USA	700	10	1.00%
Total	<u>31,051</u>		<u>44.34%</u>
Total County Employment (2) (3)	<u>70,027</u>		100%

Fiscal Year	2003		
	Number of Employees (4)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	11,081	1	16.66%
Harford County Public Schools	4,545	2	6.83%
Upper Chesapeake Health System	1,927	3	2.90%
Harford County Government	1,382	4	2.08%
Rite Aid Mid-Atlantic Customer Support Ctr.	1,299	5	1.95%
Saks Fifth Avenue	585	6	0.88%
Frito Lay	440	7	0.66%
Science Applications International Corp.	400	8	0.60%
Old Line Plastics, Inc.	370	9	0.56%
Total	<u>22,029</u>		<u>33.12%</u>
Total County Employment (2)	<u>66,520</u>		100%

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) U.S. Census Bureau, Center for Economic Studies, August 2012
- (3) Calendar Year 2011
- (4) Harford County Budget in Brief-Fiscal Year 2003; only the top 9 employers were listed

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agricultural Preservation										
Acres of Farm Land in Preservation Program	20,441	22,246	23,390	24,078	25,007	32,623	34,387	34,723	35,024	36,563
General Government										
Office Buildings	12	12	12	12	13	13	13	13	13	13
Garage	1	1	1	1	1	1	1	1	1	1
Vehicles	37	37	40	39	40	40	30	34	42	36
Education-Primary thru Community College (1)										
Administration Building	1	1	1	1	1	1	1	1	1	1
Alternative Education Center	-	-	1	1	1	1	1	1	1	1
Community College	1	1	1	1	1	1	1	1	1	1
Elementary Schools	32	32	32	32	32	32	32	32	32	33
High Schools	8	8	8	8	8	9	9	9	9	9
Middle Schools	8	8	8	8	8	9	9	9	9	9
Public Charter School	-	-	-	-	1	1	1	-	-	-
Special Education	1	1	1	1	1	1	1	1	1	1
Vocational/Technical High School	1	1	1	1	1	1	1	1	1	1
Harford Center--Rehabilitation Center for Disabled	1	1	1	1	1	1	1	1	1	1
Judicial										
Courthouse	1	1	1	1	1	1	1	1	1	1
Vehicles	1	2	2	3	2	2	2	2	2	2
Libraries	9	10	10	11	11	11	11	11	11	11
Parks and Recreation										
Number of Parks	98	98	79	80	83	88	89	91	91	93
Acres of Land	3,861	3,850	4,001	4,068	4,150	4,588	4,612	4,640	4,640	4,594
Vehicles	79	83	91	93	100	100	86	88	86	52
Public Safety										
Detention Center	1	1	1	1	1	1	1	1	1	1
Number of Stations	3	3	3	3	3	3	3	3	3	4
Number of Patrol Vehicles	169	171	171	178	194	197	210	196	191	191
Number of Other Vehicles	110	118	139	137	145	145	148	157	176	174
Firing Range	-	1	1	1	1	1	1	1	1	1
Mobile Communications Center	1	1	1	1	1	1	1	1	1	1
Emergency Operations Vehicles	15	16	12	12	10	10	6	6	9	9
Hazmat Vehicles	3	4	6	8	12	12	10	11	10	10
DILP Vehicles	24	23	24	27	30	30	29	23	27	25
Animal Control Vehicles	10	12	15	15	16	16	13	10	7	7

continued

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>(continued)</i>										
Public Works										
Highways										
County Maintained Roads-Paved Miles	953	962	974	988	992	994	998	1,000	1,002	1,008
County Maintained Roads-Unpaved Miles	52	52	50	50	49	48	47	46	46	47
Office Buildings	4	4	4	4	6	6	6	6	6	6
Equipment Sheds	3	3	3	4	4	4	4	4	4	4
Truck Bay	1	1	1	1	1	1	1	1	1	1
Salt Dome	1	1	1	1	2	2	2	2	2	2
Vehicles	312	312	314	314	313	332	371	314	332	296
Water & Sewer										
Miles of Water Mains and Laterals (2)	696	737	749	603	657	661	687	690	691	685
Water Treatment Plants	3	3	3	3	3	3	3	3	3	3
Booster Stations	13	13	12	12	12	12	12	12	12	12
Water Tanks	13	13	13	13	13	13	13	13	13	13
Miles of Wastewater Mains and Laterals (2)	869	898	914	670	746	754	762	765	766	770
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	51	54	52	52	52	53	54	55	55	55
Waste Disposal										
Waste to Energy Facility	1	1	1	1	1	1	1	1	1	1
Vehicles	10	10	17	17	21	19	19	19	20	12
Landfills										
Buildings	3	3	3	3	3	3	3	3	3	3
Vehicles	70	69	73	81	81	88	88	77	59	55
Social Services & Health										
Senior/Activity Centers	4	4	4	4	4	4	4	5	5	5
Buses	26	29	28	31	34	34	34	33	36	31
Office Buildings	5	5	5	5	5	5	5	5	5	5
Transportation Facility	1	1	1	1	1	1	1	1	1	1
Other Vehicles	9	9	6	5	7	11	11	6	13	12

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

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

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Agricultural Preservation</u>										
Number of Settlements	30	26	10	10	12	20	20	-	-	9
<u>County Council</u>										
Number of bills introduced	66	61	49	40	51	70	42	46	46	67
Number of bills passed	59	55	43	32	40	67	39	39	42	57
<u>General Government</u>										
<u>Land Use</u>										
Total Acres	335,282	335,282	335,282	335,282	335,282	335,282	335,282	335,290	335,290	335,290
Percent Residential	24.80%	24.80%	24.80%	24.80%	24.80%	24.80%	24.80%	27.30%	27.30%	27.30%
Percent Agriculture	31.10%	31.10%	31.10%	31.10%	31.10%	31.10%	31.10%	29.30%	29.30%	29.30%
Percent Commercial	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.50%	2.50%	2.50%
<u>Inspections & Permits</u>										
Permits issued	16,806	18,260	19,332	17,922	20,523	16,582	13,687	11,937	14,019	14,633
Com. Construction Permits	48	60	84	127	92	85	50	18	348	35
Res. Construction Permits	1,698	1,733	2,043	1,483	920	666	494	681	713	577
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed- Calendar Yr	1,816	1,856	1,948	2,324	2,368	2,331	2,184	2,162	2,067	2,066
<u>District Court</u>										
Number of cases filed-Calendar Yr	6,465	6,447	8,002	7,661	8,754	7,646	8,320	8,513	8,372	8,202
<u>Education</u>										
<u>Board of Education</u>										
Administrators	243	227	234	247	253	270	269	275	274	266
Support	1,520	1,650	1,684	1,835	1,853	1,919	1,976	1,983	2,105	2,073
Teachers/Counselors/Mentors	2,686	2,824	2,846	2,949	3,076	3,117	3,088	3,092	3,100	3,101
Number of Students	40,264	40,203	40,294	40,212	39,571	39,175	38,610	38,639	38,394	38,224
<u>Community College</u>										
Number of credit students	5,003	4,920	4,958	5,059	5,172	5,437	5,838	6,324	6,482	6,547
Faculty	65	60	68	72	65	62	100	61	60	62
Administrators	23	22	23	25	30	31	33	31	33	33
Staff	155	156	158	166	172	176	185	181	187	191
Visiting professors	24	34	31	33	35	38	-	41	37	39
<u>Libraries</u>										
Number of registered borrowers	186,469	199,240	211,585	225,802	240,112	185,728	201,032	214,116	163,129	175,887
Circulation (000)	2,867	2,809	3,228	3,567	3,990	4,466	4,851	4,699	4,815	4,500
Materials Collection (000)	848	1,008	1,021	1,016	1,050	1,051	1,003	1,032	1,025	994
Library personnel	206	225	214	245	247	252	242	236	239	241

(continued)

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
(continued)										
<u>Parks and Recreation</u>										
Volunteer recreation councils	19	20	20	20	20	20	20	21	22	22
Number of P&R Volunteers	21,008	22,352	23,279	22,942	23,078	23,747	29,574	42,731	32,840	25,115
Recreation Registrations-Calendar Yr	68,175	72,554	73,258	78,943	75,605	78,587	77,149	69,382	79,169	n/a
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	1,320	707	1,520	1,520	1,520	1,520	1,520	1,520	1,483	1,145
Fire & EMS responses	29,282	21,439	23,613	23,423	24,239	28,227	32,132	24,997	26,089	30,952
Police responses	144,411	152,096	159,160	150,656	161,532	160,494	143,618	145,072	145,509	150,711
911 calls	93,308	97,295	98,870	100,270	101,431	102,732	101,959	104,590	106,801	108,865
Hazardous material incidents	279	216	255	239	246	304	329	208	175	169
EOC activations/exercises	9	14	12	12	19	16	12	17	15	15
Community policing programs	749	676	156	308	340	376	311	349	314	298
Neighborhood watch programs	119	120	56	53	62	53	39	63	59	24
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials	135,406	140,618	164,654	180,959	176,865	176,654	187,249	193,487	190,715	165,475
Tons of solid waste processed	152,409	152,708	149,130	168,188	166,029	160,517	143,217	160,742	142,753	141,962
<u>Highways</u>										
Number of snow routes	67	70	71	72	73	75	75	75	75	75
<u>Social Services/Health</u>										
<u>Transportation</u>										
Average Daily Ridership	825	n/a								
Annual Ridership	n/a	217,821	225,180	242,208	281,991	281,991	291,577	305,532	273,712	299,865
Vehicle Miles Traveled	n/a	709,445	740,250	709,074	737,252	737,252	684,957	772,523	526,957	595,480
<u>Water & Sewer Operations</u>										
Daily average water consumption in gal.(000)	11,800	11,000	10,900	11,176	11,870	10,500	10,500	11,500	12,100	11,300
Daily average effluent treatment in gal. (000)	12,300	12,500	15,000	12,110	14,000	12,300	12,000	13,000	13,300	11,700
Number of new accounts added	1,363	1,041	964	811	421	477	345	315	384	282

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 19
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County Council	19	19	19	19	19	20	22	22	22	24
General Government										
County Executive	4	4	4	4	7	7	8	8	12	11
Administration	85	87	87	92	93	100	96	106	92	63
Procurement	10	10	10	10	17	20	20	20	19	16
Treasury	49	49	49	51	51	51	51	52	49	47
Law	14	15	15	16	16	16	16	16	15	15
Planning & Zoning	41	40	39	39	40	40	44	44	43	42
Human Resources	10	9	9	9	10	10	11	10	8	8
Govt & Community Relations	7	6	4	4	5	5	5	5	-	-
Information & Communication Technology	-	-	-	-	-	-	-	-	-	26
Conservation of Natural Resources	-	-	-	-	-	-	-	-	-	4
Economic Development	10	10	10	11	14	13	13	12	12	16
	<u>230</u>	<u>230</u>	<u>227</u>	<u>236</u>	<u>253</u>	<u>262</u>	<u>264</u>	<u>273</u>	<u>250</u>	<u>248</u>
Judicial										
Judicial	28	23	25	26	26	28	28	28	29	29
State's Attorney	43	43	47	50	52	53	52	56	56	57
	<u>71</u>	<u>66</u>	<u>72</u>	<u>76</u>	<u>78</u>	<u>81</u>	<u>80</u>	<u>84</u>	<u>85</u>	<u>86</u>
Parks and Recreation	73	73	74	77	83	96	99	105	106	106
Public Safety										
Sheriff's Office	425	425	436	459	498	498	510	511	514	514
Emergency Services	73	75	81	87	91	92	92	92	91	90
Inspections, Licenses & Permits	39	39	40	42	45	45	45	43	40	40
	<u>537</u>	<u>539</u>	<u>557</u>	<u>588</u>	<u>634</u>	<u>635</u>	<u>647</u>	<u>646</u>	<u>645</u>	<u>644</u>
Public Works										
Public Works - Administration	20	20	21	24	26	30	31	32	24	24
Public Works - Solid Waste	28	28	29	30	32	33	33	33	33	33
Public Works - Highways	219	211	215	213	209	217	217	206	206	207
Public Works - Water & Sewer	164	165	168	169	168	169	170	170	170	170
	<u>431</u>	<u>424</u>	<u>433</u>	<u>436</u>	<u>435</u>	<u>449</u>	<u>451</u>	<u>441</u>	<u>433</u>	<u>434</u>
Social Services & Health										
Community Services	28	29	32	34	36	37	37	33	34	36
Housing Agency	5	7	6	5	7	8	8	8	8	6
	<u>33</u>	<u>36</u>	<u>38</u>	<u>39</u>	<u>43</u>	<u>45</u>	<u>45</u>	<u>41</u>	<u>42</u>	<u>42</u>
Grand Totals	<u>1,394</u>	<u>1,387</u>	<u>1,420</u>	<u>1,471</u>	<u>1,545</u>	<u>1,588</u>	<u>1,608</u>	<u>1,612</u>	<u>1,583</u>	<u>1,584</u>

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

HARFORD county

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