



Comprehensive Annual Financial REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



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, 2014



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, 2014

Honorable Members of the County Council,
County Executive and Citizens of Harford County

The Comprehensive Annual Financial Report (CAFR) of Harford County, Maryland (the County) for the fiscal year ended June 30, 2014 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County annually issue a report of its financial position and activity, and that an independent firm of licensed Certified Public Accountants selected by the County Council audit this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

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

The County's financial statements have been audited by SB & Company, LLC, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent Certified Public Accountants concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the County for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The Report of Independent Public Accountants is presented as the first component of the financial section of this report.

A1

≈ *Preserving Harford's past; promoting Harford's future* ≈

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

PROFILE OF THE GOVERNMENT

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

Harford County occupies a land area of 440 square miles and serves a population of 248,800. The County provides a full range of municipal services, including Public Safety, Public Works, Social Services, Parks and Recreation, Judicial, Agricultural Preservation and general administrative services. The County also provides funds that support public schools, the community college and libraries through our component units. The component units are Harford County Public Schools, Harford Center, Inc., Harford Community College and Harford County Public Library. Additional information on the component units can be found in note 1A.

Harford County's annual operating and capital budget represents a comprehensive financial plan for the County effective each year on the first day of July. The proposed budget is submitted each year by the County Executive to the County Council and published to the public on April 15. The County Council conducts budget hearings with departments, the Harford County Public Schools and other component units and conducts public hearings prior to approving the budget and the tax rates by June 15 of each year. No expenditure of County funds may be made in excess of appropriation at the department level. A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the three major governmental funds which adopted an annual budget, the general, highways and agricultural land preservation funds, and can be found on pages 20 and 21 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

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

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

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

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

The fiscal year 2015 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highways Fund operating budget to preserve its high credit ratings and provide for emergencies. Any excess unassigned fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, can be appropriated into the next fiscal year as one time funding for that fiscal year.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the County received its twenty-sixth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2013. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility for another award.

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

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

Respectfully submitted,



Kathryn L. Hewitt, CPA, CCM, CPFO
Treasurer



Government Finance Officers Association

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

Presented to

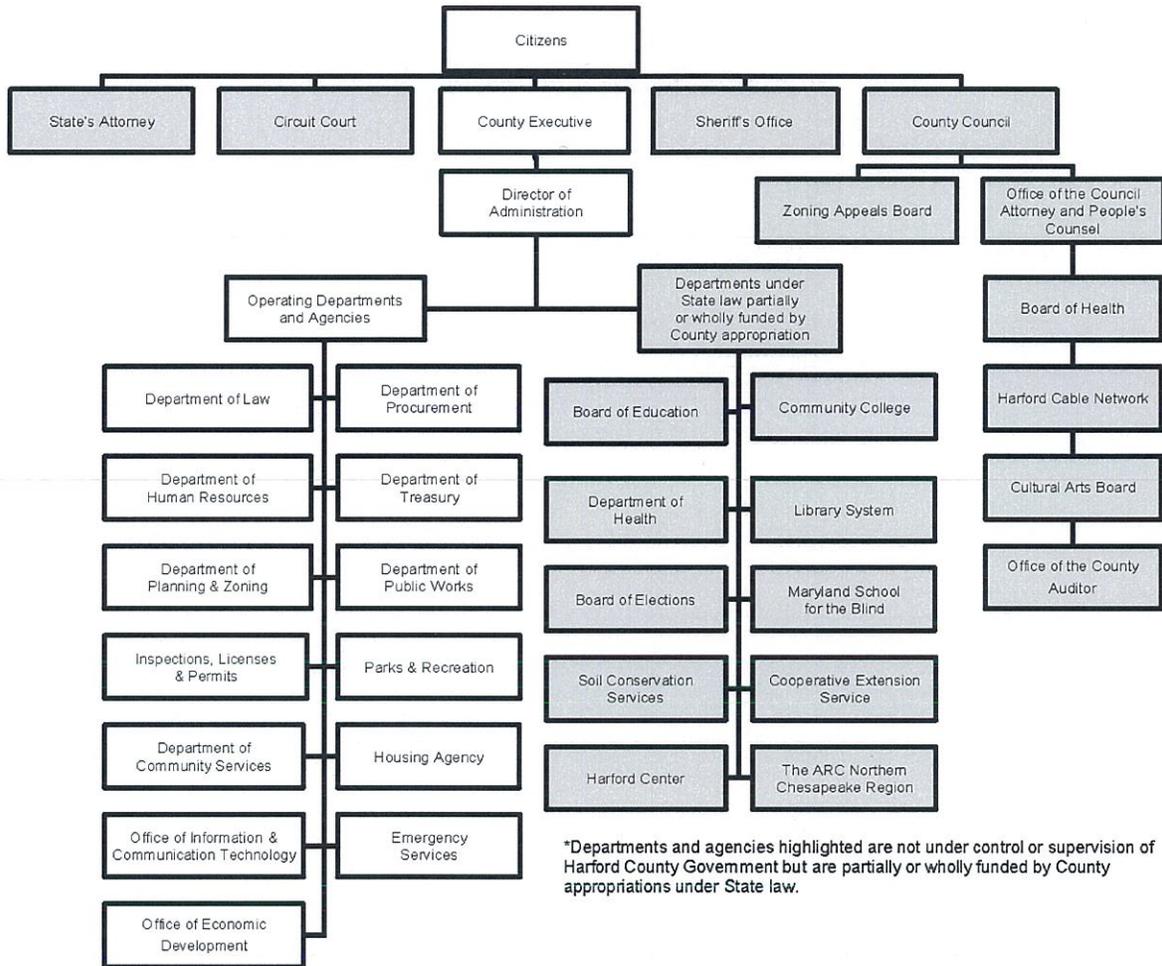
**Harford County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



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

CERTAIN ELECTED OFFICIALS

| | |
|---------------------------------|----------------------------|
| County Executive | David R. Craig |
| President of the County Council | William “Billy” Boniface |
| County Council Members | Dion F. Guthrie |
| | Joseph M. Woods |
| | James “Capt’n Jim” McMahan |
| | Chad Shrodes |
| | Richard C. Slutzky |
| | Mary Ann Lisanti |

CERTAIN APPOINTED OFFICIALS

| | |
|--|----------------------|
| Director of Administration | Mary F. Chance |
| Treasurer | Kathryn L. Hewitt |
| County Attorney | Robert S. McCord |
| Director of Community Services | Elizabeth Hendrix |
| Director of Economic Development | James C. Richardson |
| Director of Emergency Services | Russell Strickland |
| Director of Human Resources | Janet Schaub |
| Director of Information and Communication Technology | W. Ted Pibil |
| Director of Inspections, Licenses and Permits | Richard D. Lynch |
| Director of Parks and Recreation | Arden McClune |
| Director of Planning and Zoning | C. Peter Gutwald |
| Director of Procurement | Deborah L. Henderson |
| Director of Public Works | Timothy F. Whittie |

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

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

Financial Advisor
Public Advisory Consultants
Owings Mills, Maryland

Financial Section

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GRAPHICS PAGE*

Financial Section

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GRAPHICS PAGE*



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Honorable Members of the County Council
Harford County

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of Harford County, Maryland, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general, highways, and agricultural land preservation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Hunt Valley, Maryland
September 26, 2014

SB & Company, LLC



Management's Discussion and Analysis

This section of the Comprehensive Annual Financial Report of Harford County, Maryland (the County) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

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

Fund Level:

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

decisions. The governmental fund Balance Sheet including the Reconciliation to the Statement of Net Position and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities, provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The County adopts an annual appropriated budget for its General Fund, Highways Fund, Parks & Recreation Fund, Agricultural Land Preservation Fund, Beechtree Tax Increment Financing Fund and Stormwater Management Fund. A budgetary comparison statement has been provided for the General Fund, Highways Fund and Agricultural Land Preservation Fund to demonstrate compliance with this budget. The report can be found on Exhibit 6 of the Basic Financial Statement. A budgetary comparison statement for the Parks & Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund can be found on Exhibit D-1, D-2 and E-1, respectively.

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

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

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

Financial Analysis of the County as a Whole

The County's net position is divided into three categories; net investment in capital assets; restricted net position and unrestricted net position. The largest portion of the County's net position, \$768.6 million, reflects its investment in capital assets net of depreciation (e.g. land, development rights, construction in progress, buildings, machinery, equipment, intangibles, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted net position, at \$75.7 million, are resources subject to external restrictions on how they may be used. Accounting principles generally accepted in the United States of America direct that the difference between total net position and the two categories of net position just discussed be recorded as unrestricted net position regardless of any negative balances that may result. Unrestricted net position of the total primary government is a negative \$128.2 million; business-type activities have a balance of \$97.0 million unrestricted net position while the unrestricted net position for governmental activities is a negative

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

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

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

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

Harford County Government - Net Position

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

* Restated for GASB 65

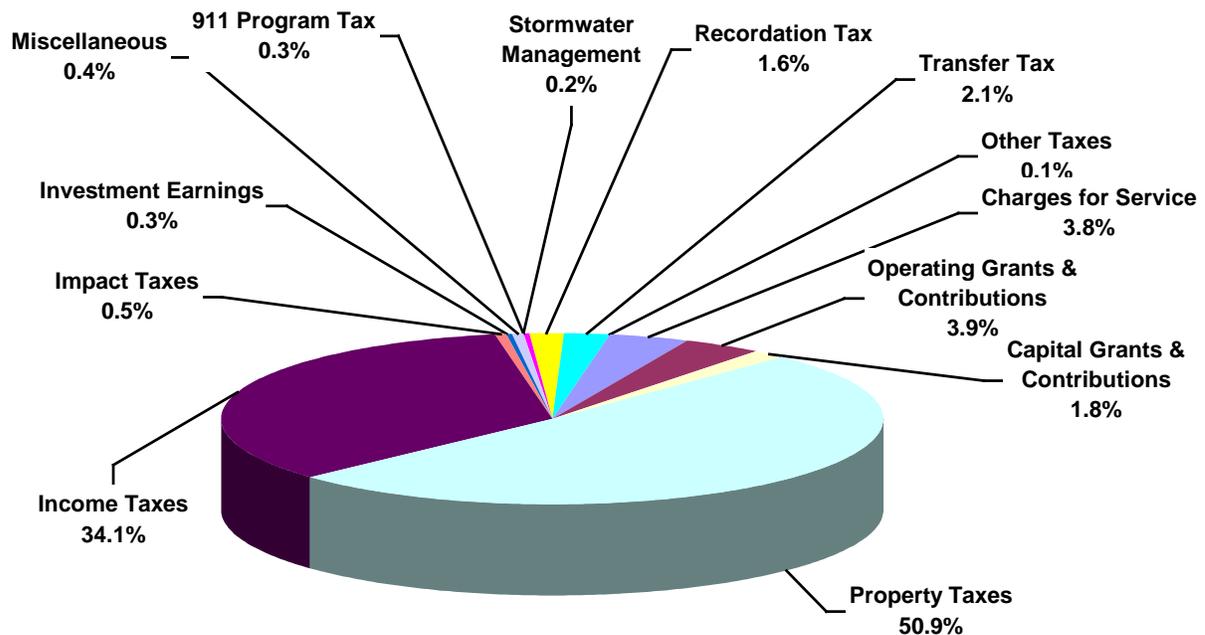
Harford County Government's Changes in Net Position

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

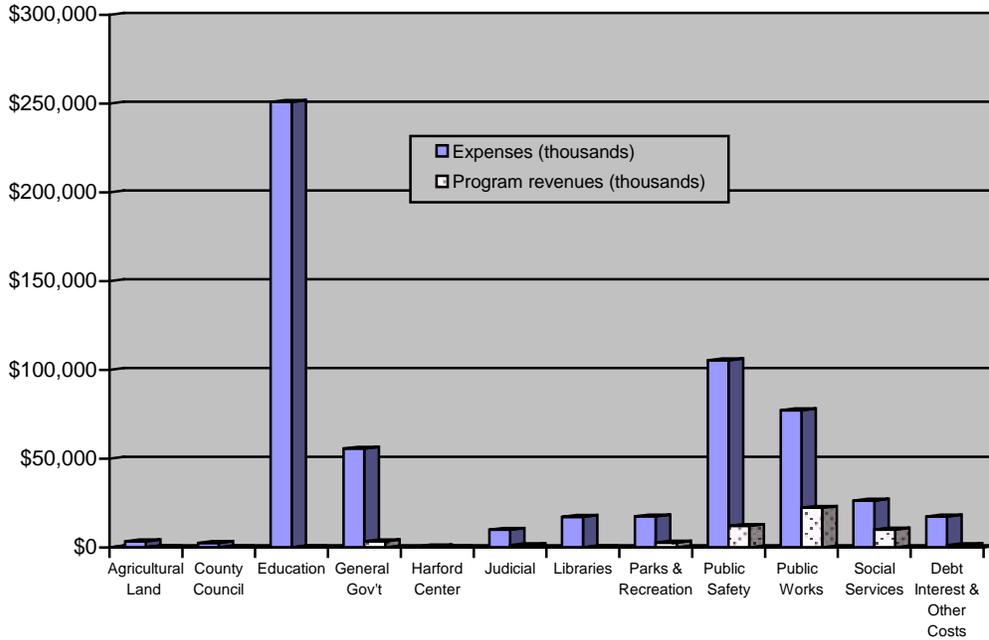
Governmental activities The net position of governmental activities decreased \$24.3 million during fiscal year 2014. Key elements are as follows:

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

Revenues by Source-Governmental Activities



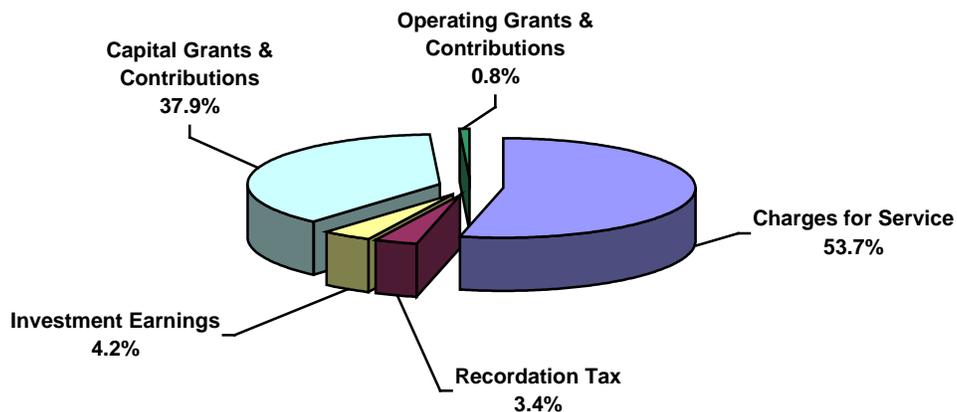
Expenses and Program Revenues-Governmental Activities



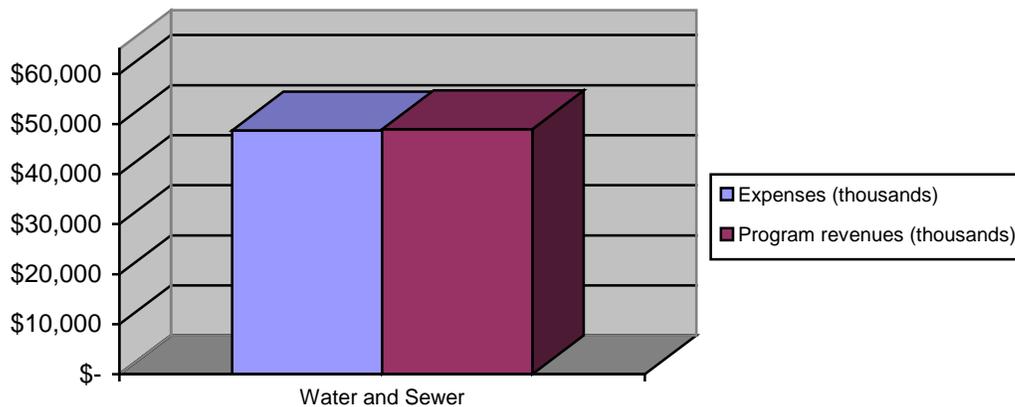
Business-type activities Business-type activities recorded an increase in net position of \$4.2 million during fiscal year 2014. Key elements are as follows:

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

Revenues by Source-Business-type Activities



Expenses and Program Revenues-Business-type Activities



Financial Analysis of the County's Funds

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

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$67.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 13.9 percent of total General Fund expenditures, while total fund balance represents 15.2 percent of that same amount.

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

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

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

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

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

The Parks and Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund have been classified as non-major governmental funds. Total fund balance for the non-major governmental funds as of June 30, 2014 was \$2.7 million. Of the total fund balance, \$2.1 million is restricted for debt service and \$0.6 million is assigned to the purpose of the funds.

Proprietary funds The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$97.0 million and unrestricted net position of the Internal Service Fund totaled \$8.6 million. Net position of the Water and Sewer Fund has increased by \$4.2 million over 2014. Factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County's business-type activities. The Internal Service Fund net position has increased by \$1.5 million.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

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

The County's Capital Assets

(Net of depreciation)

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

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

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

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

Education Capital Expenditures:

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

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

Long-term debt At the end of the current fiscal year, the County had Bonds and Notes Payable debt outstanding of \$670.9 million. Of this amount, \$132.0 million is considered self-supporting debt, funded through various surcharges and assessments related to the operation of the water and sewer systems of the County. Also considered self-supporting are \$59.0 million in installment contracts to purchase easements for agricultural land preservation, payable from special revenue funds supported through one-half of one percent of the transfer tax levy, and \$14.0 million associated with the incremental property tax revenues related to a special taxing district.

The County's Outstanding Debt

Bonds, Capital Leases and Notes Payable

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

*Restated for GASB 65

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

During fiscal year 2014, the County earned the highest bond rating possible from all three major bond rating agencies. Moody's Investors Services and Fitch Ratings both reaffirmed their credit ratings of Aaa and AAA, respectively. Standard and Poors Corp. upgraded the County to AAA. Each rating service said the County's future outlook is "stable".

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

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

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

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

Requests for Information

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

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

Basic Financial Statements

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

Exhibit 1

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

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

HARFORD COUNTY, MARYLAND
Statement of Activities
For The Year Ended June 30, 2014

Exhibit 2

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

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

HARFORD COUNTY, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2014

Exhibit 3

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

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements. 50,131

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 688,956,553

Some of the County's revenues will be collected after year-end, but not available soon enough to pay for the current period expenditures, and therefore are reported as unavailable revenues in the funds. 8,969,312

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net position. 8,584,082

Deferred outflow of resources, including loss on refunding are not financial resources and therefore are not reported in the funds. 11,896,550

Long-term liabilities, including bonds payable, compensated absences, notes payable, landfill closure and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds. (629,814,115)

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

Exhibit 4

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

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

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

Exhibit 5

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

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

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

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

Exhibit 6

| | General | | | | Highways | | | |
|--|---------------------|---------------------|----------------------|--|--------------------|---------------------|--------------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
| | Original | Final | | | Original | Final | | |
| REVENUES | | | | | | | | |
| Taxes | \$ 444,003,393 | \$ 444,003,393 | \$ 444,218,507 | \$ 215,114 | \$ 33,714,028 | \$ 33,714,028 | \$ 34,651,965 | \$ 937,937 |
| Revenues from Other Agencies | 2,908,814 | 2,908,814 | 3,751,033 | 842,219 | 1,344,855 | 1,344,855 | 1,471,274 | 126,419 |
| Investment Income | 305,800 | 305,800 | 247,092 | (58,708) | 49,000 | 49,000 | 31,092 | (17,908) |
| Charges for Current Services | 14,389,450 | 14,389,450 | 15,100,555 | 711,105 | 969,500 | 969,500 | 733,176 | (236,324) |
| Miscellaneous | 10,225,216 | 10,225,216 | 9,379,617 | (845,599) | 8,435,453 | 8,435,453 | 8,603,356 | 167,903 |
| Licenses and Permits | 3,475,450 | 3,475,450 | 3,939,672 | 464,222 | - | - | - | - |
| Fines and Forfeitures | 102,300 | 102,300 | 45,809 | (56,491) | 11,000 | 11,000 | 21,564 | 10,564 |
| Total Revenues | <u>475,410,423</u> | <u>475,410,423</u> | <u>476,682,285</u> | <u>1,271,862</u> | <u>44,523,836</u> | <u>44,523,836</u> | <u>45,512,427</u> | <u>988,591</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Agricultural Preservation | - | - | - | - | - | - | - | - |
| County Council | 2,743,901 | 2,795,944 | 2,510,443 | 285,501 | - | - | - | - |
| General Government | 46,239,850 | 48,391,342 | 45,042,587 | 3,348,755 | - | - | - | - |
| Education-Primary thru Comm. College | 236,262,341 | 236,262,341 | 236,262,341 | - | 2,000,000 | 2,000,000 | 2,000,000 | - |
| Harford Center | 553,036 | 553,036 | 553,036 | - | - | - | - | - |
| Judicial | 8,206,429 | 8,620,778 | 8,266,605 | 354,173 | - | - | - | - |
| Libraries | 16,158,310 | 16,158,310 | 16,158,310 | - | - | - | - | - |
| Parks, Recreation and Natural Resources | 10,482,780 | 10,970,072 | 10,765,441 | 204,631 | - | - | - | - |
| Public Safety | 92,284,722 | 96,377,545 | 93,038,492 | 3,339,053 | 1,292,456 | 821,129 | 821,129 | - |
| Public Works | 15,695,893 | 15,947,518 | 14,714,997 | 1,232,521 | 35,651,517 | 37,119,503 | 36,245,385 | 874,118 |
| Social Services | 12,247,327 | 12,471,793 | 11,018,536 | 1,453,257 | - | - | - | - |
| | <u>440,874,589</u> | <u>448,548,679</u> | <u>438,330,788</u> | <u>10,217,891</u> | <u>38,943,973</u> | <u>39,940,632</u> | <u>39,066,514</u> | <u>874,118</u> |
| Debt Service | 50,989,913 | 50,989,913 | 49,506,067 | 1,483,846 | 977,756 | 977,756 | 971,338 | 6,418 |
| Total Expenditures | <u>491,864,502</u> | <u>499,538,592</u> | <u>487,836,855</u> | <u>11,701,737</u> | <u>39,921,729</u> | <u>40,918,388</u> | <u>40,037,852</u> | <u>880,536</u> |
| (Deficiency)/Excess of Revenues Over Expenditures | <u>(16,454,079)</u> | <u>(24,128,169)</u> | <u>(11,154,570)</u> | <u>12,973,599</u> | <u>4,602,107</u> | <u>3,605,448</u> | <u>5,474,575</u> | <u>1,869,127</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Appropriated Fund Balance | 21,976,465 | 30,436,091 | 15,556,833 | (14,879,258) | 4,833,655 | 5,830,314 | 3,720,331 | (2,109,983) |
| Transfers In | 14,337,000 | 14,337,000 | 14,071,835 | (265,165) | 45,000 | 45,000 | 33,224 | (11,776) |
| Transfers (Out) | (19,859,386) | (20,644,922) | (20,594,922) | 50,000 | (9,480,762) | (9,480,762) | (9,480,762) | - |
| Premium on Issuance of Bonds | - | - | 2,120,824 | 2,120,824 | - | - | 252,632 | 252,632 |
| Total Other Financing Sources (Uses) | <u>16,454,079</u> | <u>24,128,169</u> | <u>11,154,570</u> | <u>(12,973,599)</u> | <u>(4,602,107)</u> | <u>(3,605,448)</u> | <u>(5,474,575)</u> | <u>(1,869,127)</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Less: Appropriated Fund Balance | | | (15,556,833) | | | (3,720,331) | | |
| Fund Balance - Beginning | | | 88,350,563 | | | 13,606,971 | | |
| Prior Year Encumbrances Cancelled | | | 221,686 | | | 23,690 | | |
| Decrease in Inventory | | | - | | | (402,931) | | |
| Fund Balance - Ending | | | <u>\$ 73,015,416</u> | | | <u>\$ 9,507,399</u> | | |

(continued)

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

Exhibit 6

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

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

Exhibit 7

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

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

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

Exhibit 8

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

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

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

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

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

Exhibit 9

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

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

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

Exhibit 10

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

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

HARFORD COUNTY, MARYLAND
Statement of Changes in Fiduciary Net Position
For Fiscal Year Ending June 30, 2014

Exhibit 11

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

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

Notes to Basic Financial Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary fund:

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

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

Non-major Governmental Funds:

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

Stormwater Management Special Revenue Fund: This fund was established to account for the stormwater remediation fees assessed against each property in the County. All funds collected will be dedicated to pay for stormwater remediation projects and related expenses. Such projects

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Internal Service Funds:

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

a. POOLED CASH AND INVESTMENTS

The County operates a cash and investment pool for all funds of the Primary Government. Each fund has been allocated its respective share of pooled cash and investments as reflected in the fund financial statements as "equity in pooled cash and investments." In addition to participating in the County's cash and investment pool, each fund may maintain their own separate cash and investments that are specific to the individual fund. Based on an average daily balance of each fund's equity in pooled cash and investments, investment income earned on the cash and investment pool is distributed monthly to the General, Highways, Grant, Agricultural Land Preservation, Capital Projects, Beechtree TIF, Stormwater Management, Parks and Recreation, Water and Sewer Enterprise, Self-Insurance, two Private Purpose Trust Funds, Sheriff's Office Pension Fund, Length of Service Award Program (LOSAP), Other Post Employment Benefits Trust (OPEB), and Agency Fund. Investment income earned on individual funds' separate cash and investments is recorded monthly in the corresponding

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

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

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

c. INVENTORIES

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

d. RESTRICTED ASSETS

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

e. CAPITAL ASSETS

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets, being depreciated or amortized:

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

The estimated useful lives are as follows:

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

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

f. COMPENSATED ABSENCES

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

g. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, non-current obligations are reported as liabilities in either governmental activities, or business-type activities, in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred gains and losses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

h. NET POSITION/FUND BALANCES

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

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

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

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

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

Assigned – This component consists of amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the County Executive or their designee. This authority is pursuant to Article III, Section 302 of the Harford County Charter.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

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

j. ESTIMATES

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

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

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

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

| | | |
|----------------------------|----|--------------|
| Purchase of Capital Assets | \$ | 44,998,619 |
| Depreciation | | (23,633,046) |
| | | 21,365,573 |
| | \$ | 21,365,573 |

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

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

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

| | | |
|--|----|------------------|
| Contributed Assets | \$ | 5,086,220 |
| Trade in Value of Assets | | 75,500 |
| Loss on Disposal of Assets | | (115,658) |
| Increase in Property Tax Deferred Revenue | | 332,264 |
| Decrease in Income Tax Deferred Revenue | | 676,272 |
| Decrease in Deferred Loans Receivable | | (441,047) |
| Decrease in Deferred Special Assessments | | (90,688) |
| Decrease in Restitution Deferred Revenue | | (2,882,957) |
| Decrease in Deferred Revenues from First Vehicle Service | | (334,659) |
| | \$ | <u>2,305,247</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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statements of activities.” The details of this difference are as follows:

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

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

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council during April. The County Council holds public hearings regarding the budget and, prior to June 15, passes an annual appropriation ordinance. The legislation becomes effective July 1 and provides the spending authority at the department level for the operations of the County Government with unexpended or unencumbered appropriation authority expiring the following June 30, except in the case of Capital Projects Funds, where appropriations lapse after three years if no expenditures occur. Under Maryland State Law, Harford County Public Schools capital projects are exempt from this provision. The appropriated budgets are prepared by fund, function, and department. Expenditures and encumbrances of the funds may not legally exceed appropriations at the department level. During the fiscal year, the County Council may adopt supplemental appropriations. For the year ended June 30, 2014, supplemental appropriations adopted in the General Fund were \$8,459,626; \$996,659 in the Highways Fund; \$16,858 in the Parks and Recreation Fund; \$85,536 in the Storm Water Management Fund; and \$927,478 in the Water and Sewer Fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers. Transfers between departments require the County Council's approval and are only completed after April 1.

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

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

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

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

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

B. RECONCILIATION OF GAAP TO BASIS OF BUDGETING

The Governmental Funds, except for Grants and Capital Project Funds, have legally adopted annual budgets. The “Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances; Budgetary Basis (Non-GAAP) vs. Actual” is prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting, where encumbrances are treated as expenditures of the current period. The “Statement of Revenues, Expenditures and Changes in Fund Balances” for all major governmental funds is prepared on a basis consistent with GAAP, where encumbrances are treated as an assigned fund balance. The other fund statements are reconciled below.

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

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS

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

a. DEPOSITS

PRIMARY GOVERNMENT

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At year-end, the carry amount of combined deposits was \$403,445 and the collected bank balance was \$1,477,997. The uninsured balances were fully collateralized by securities placed with the respective bank escrow agents and held in the County's name at the Federal Reserve. At June 30, 2014, the County's deposits were not exposed to custodial credit risk.

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

Reconciliation:

| | | | |
|---|----|---------------|--|
| Total Primary Government - Exhibit 1 | | | |
| Equity in Pooled Cash and Investments | \$ | 219,408,562 | |
| Cash and Investments | | 39,583 | |
| Restricted Assets - Cash and Investments | | 69,057,033 | |
| Pension Trust Funds - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 806,409 | |
| Total Investments | | 70,831,781 | |
| Other Post Employment Benefit Trust Fund - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 1,922,931 | |
| Total Investments | | 77,740,710 | |
| Private Purpose Trust Funds - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 1,464,539 | |
| Total Investments | | 1,003,569 | |
| Agency Funds - Exhibit 10 | | | |
| Equity in Pooled Cash and Investments | | 2,158 | |
| Total Investments | | 11,703,152 | |
| Total All Equity in Pooled Cash | | 453,980,427 | |
| Less: Investments - Primary Government, page 46 | | (453,576,982) | |
| The Carrying Amount of Combined Deposits | \$ | 403,445 | |

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$12,208,651. All of the collected bank balance was insured by the FDIC and/or by securities held by the component unit or its' agent, in the component unit's name, except for \$23,251 of the Harford County Public Library's cash which was exposed to custodial credit risk.

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

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

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

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

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

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, 2014 have a weighted average maturity of less than 2 months, they are presented as investments maturing in less than one year.

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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

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

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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

COMPONENT UNITS

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

| | <u>MLGIP</u> | <u>Other</u> <u>Investments</u> | <u>Total</u> |
|-------------------------------|----------------------|------------------------------------|----------------------|
| Harford County Public Schools | \$ 15,160,016 | \$ - | \$ 15,160,016 |
| Harford Center, Inc. | - | 559,198 | 559,198 |
| Harford Community College | 21,821,033 | 7,734,520 | 29,555,553 |
| Harford County Public Library | 5,029,784 | - | 5,029,784 |
| | <u>\$ 42,010,833</u> | <u>\$ 8,293,718</u> | <u>\$ 50,304,551</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, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

B. RECEIVABLES

a. TAXES AND OTHERS

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

b. UNAVAILABLE REVENUE

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

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

c. UNEARNED REVENUE

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

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

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

Governmental Activities:

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

Business-type Activities

| | |
|-----------------|----------------------|
| Water and Sewer | <u>\$ 10,857,260</u> |
|-----------------|----------------------|

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

COMPONENT UNITS

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

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

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

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS –CONTINUED

D. OPERATING LEASES

The County is obligated under certain leases accounted for as operating leases. All leases are subject to annual appropriations. During fiscal year 2014, rental expenditures approximated \$3,628,152. These expenditures were primarily from the General Fund. The following is a schedule, by years, of the future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014:

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

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

a. DUE FROM PRIMARY GOVERNMENT AND DUE TO COMPONENT UNITS

Interfund receivables and payables result from the time lag between the time reimbursable expenditures occur in the component units and when the payments are made. As of June 30, 2014, these interfund balances are:

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INTERFUND TRANSFERS

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

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

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

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

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. AGRICULTURAL LAND PRESERVATION INSTALLMENTS

PRIMARY GOVERNMENT

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

AGRICULTURAL LAND PRESERVATION INSTALLMENTS

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

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

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

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

c. BONDS PAYABLE

1. General Obligation Bonds

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of the County, and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds and Water Quality Loan are payable from ad valorem taxes, unlimited as to rate or amount on all real tangible, personal, and certain intangible property subject to taxation at full rates for local purposes in the County. Those portions of the Public Improvement Bonds of 2005, 2007, 2009, 2010, 2012, 2013, and 2014 allocated to school projects are payable in the first instance from recordation and transfer tax revenues and impact fees. Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Funds, area connection charges, benefit and surcharge assessments, and recordation taxes. As of June 30, 2014, general obligation bonds payable are comprised of the following individual issues:

| Governmental activities: | <u>Originally Issued</u> | <u>Outstanding as of June 30, 2014</u> |
|---|------------------------------|--|
| Water Quality Loan of 1999 - 2.52% - due serially to 2018 | \$ 4,585,000 | \$ 776,926 |
| Public Improvement Bond of 2005 - 3.0% - 5.0% - due serially to 2024 | 35,905,000 | 3,724,675 |
| Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027 | 95,900,000 | 27,500,000 |
| Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020 | 21,738,036 | 6,649,380 |
| Public Improvement Bond of 2009 - 4.0% - 5.0% - 2.25% due serially to 2029 | 96,100,000 | 84,888,333 |
| Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021 | 25,161,828 | 18,175,686 |
| Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020 | 67,486,509 | 48,945,600 |
| Public Improvement Bond of 2010 - Series B - 4.7% - 5.5% - due serially to 2030 | 76,069,620 | 76,069,620 |
| Public Improvement Bond of 2012 - 2.0% - 5.0% due serially to 2032 | 40,000,000 | 36,363,500 |
| Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024 | 6,931,393 | 6,830,988 |
| Public Improvement Bond of 2013 - 3.0% - 5.0% due serially to 2033 | 30,000,000 | 28,500,000 |
| Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028 | 59,750,398 | 59,338,244 |
| Public Improvement Bond of 2014 - 2.0% - 5.0% due serially to 2034 | <u>33,180,257</u> | <u>33,180,257</u> |
| Total Bonds Outstanding | 592,808,041 | 430,943,209 |
| Premium | <u>49,635,194</u> | <u>33,599,157</u> |
| Total | <u>\$ 642,443,235</u> | <u>\$ 464,542,366</u> |

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

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

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

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

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

Business-Type Activities:

| | <u>Originally Issued</u> | <u>Outstanding as of June 30, 2014</u> |
|--|--------------------------|--|
| State of MD Water Quality Loan dated February 1999 - 2.39% - due serially to 2019 | \$ 1,200,000 | \$ 369,362 |
| State of MD Water Quality Loan dated September 1999 - 2.52% - due serially to 2018 | 11,585,000 | 1,963,073 |
| Public Improvement Bond of 2005 - 3% - 5.0% - due serially to 2024 | 6,510,000 | 675,325 |
| Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027 | 24,695,000 | 7,000,000 |
| Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020 | 4,251,964 | 1,300,620 |
| Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029 | 23,900,000 | 21,111,667 |
| Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021 | 608,172 | 439,314 |
| Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020 | 23,513,491 | 17,054,400 |
| Public Improvement Bond of 2010 - Series B - 4.7% - 5.5% - due serially to 2030 | 26,505,380 | 26,505,380 |
| Public Improvement Bond of 2012 - 2.0% - 5.0% - due serially to 2032 | 15,000,000 | 13,636,500 |
| Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024 | 2,043,607 | 2,014,012 |
| Public Improvement Bond of 2013 - 3.0% - 5.0% - due serially to 2033 | 10,000,000 | 9,630,000 |
| Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028 | 14,909,602 | 14,806,757 |
| Public Improvement Bond of 2014 - 2.0% - 5.0% - due serially to 2034 | 6,819,743 | 6,819,743 |
| Total Bonds Outstanding | 171,541,959 | 123,326,153 |
| Premium | 11,937,345 | 8,720,493 |
| Total | <u>\$ 183,479,304</u> | <u>\$ 132,046,646</u> |

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

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

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

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

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

2. Special Obligations Bonds

PRIMARY GOVERNMENT

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

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

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

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES– CONTINUED

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

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

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

d. CAPITAL LEASE OBLIGATIONS

PRIMARY GOVERNMENT

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

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

COMPONENT UNITS

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

| | |
|--------------------------------|---------------------|
| Building Cost | \$ 10,852,395 |
| Less: accumulated depreciation | 1,844,907 |
| Net Book Value | <u>\$ 9,007,488</u> |

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

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

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Government activities:

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

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

f. LANDFILL CLOSURE/SOLID WASTE LIABILITIES

PRIMARY GOVERNMENT

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

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

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

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

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

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

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

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

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

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

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

Harford County executed an agreement with Northeast Maryland Waste Disposal Authority to operate the Harford Waste-to-Energy facility. The agreement states that Harford County will reimburse all expenditures associated with the facility. Northeast Maryland Waste Disposal Authority has a property lease with U.S. Army for the land that the facility is built upon. In accordance with terms of the property lease, when the facility is decommissioned, the land must be restored to its original state. In Fiscal Year 2014, it was determined that the facility would be decommissioned by 2016 and thus we have recorded a long term liability for the estimated cost of \$12,000,000 to restore the land to its original state.

g. PRIOR PERIOD DEFEASANCE OF DEBT

PRIMARY GOVERNMENT

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. As of June 30, 2014, \$83.2 million of bonds outstanding are considered defeased.

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

G. FUND BALANCE – GOVERNMENTAL ACTIVITIES

| | General | Highways | Grants | Agricultural Land Preservation | Capital Projects | Non-major Governmental Funds | Total |
|---------------------------|----------------------|----------------------|---------------------|--------------------------------------|----------------------|------------------------------------|-----------------------|
| Nonspendable: | | | | | | | |
| Inventory | \$ - | \$ 1,519,258 | \$ - | \$ - | \$ - | \$ - | \$ 1,519,258 |
| Prepaid | 872,050 | - | - | - | - | - | 872,050 |
| Long Term Rec. | 327,495 | - | - | - | - | - | 327,495 |
| Sub-total | <u>1,199,545</u> | <u>1,519,258</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,718,803</u> |
| Restricted for: | | | | | | | |
| Harf. Co. Public Schools | - | - | - | - | 1,955,920 | - | 1,955,920 |
| Bond Proceeds | 3,817,684 | 454,672 | - | - | 6,257,410 | - | 10,529,766 |
| Beechtree Debt Service | - | - | - | - | - | 2,051,207 | 2,051,207 |
| Gen. Fund Det. Ctr. | 800,569 | - | - | - | - | - | 800,569 |
| Dedicated Revenues | - | 642,710 | - | - | - | - | 642,710 |
| Parks and Rec | - | - | - | - | 403,329 | - | 403,329 |
| Grants | - | - | 6,385,091 | - | - | - | 6,385,091 |
| Sub-total | <u>4,618,253</u> | <u>1,097,382</u> | <u>6,385,091</u> | <u>-</u> | <u>8,616,659</u> | <u>2,051,207</u> | <u>22,768,592</u> |
| Committed to: | | | | | | | |
| Development Rights | - | - | - | 48,625,100 | - | - | 48,625,100 |
| Sub-total | <u>-</u> | <u>-</u> | <u>-</u> | <u>48,625,100</u> | <u>-</u> | <u>-</u> | <u>48,625,100</u> |
| Assigned to: | | | | | | | |
| Approp. of Fund Bal. | - | - | - | - | 1,948,841 | 244,323 | 2,193,164 |
| Fiscal Stabilization Fund | 25,132,432 | 2,279,504 | - | - | - | - | 27,411,936 |
| Encumbrances | 2,615,266 | 2,101,921 | - | - | 40,255,611 | 16,153 | 44,988,951 |
| Other Post Emp. Benef. | 6,428,466 | 863,729 | - | - | - | 86,662 | 7,378,857 |
| Landfill Closure Costs | 16,060,419 | - | - | - | - | - | 16,060,419 |
| WTE Plant Closure | 4,000,000 | - | - | - | - | - | 4,000,000 |
| Income Tax | 2,577,900 | - | - | - | - | - | 2,577,900 |
| Healthcare Consortium | 1,740,444 | 224,433 | - | - | - | 5,437 | 1,970,314 |
| Highways | - | 3,237,844 | - | - | - | - | 3,237,844 |
| Ag. Preservation | - | - | - | 4,526,391 | - | - | 4,526,391 |
| Capital Projects | - | - | - | - | 871,781 | - | 871,781 |
| Non-major P&R Fund | - | - | - | - | - | 267,015 | 267,015 |
| Sub-total | <u>58,554,927</u> | <u>8,707,431</u> | <u>-</u> | <u>4,526,391</u> | <u>43,076,233</u> | <u>619,590</u> | <u>115,484,572</u> |
| Unassigned: | | | | | | | |
| | <u>8,415,752</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,415,752</u> |
| Total Fund Balances | <u>\$ 72,788,477</u> | <u>\$ 11,324,071</u> | <u>\$ 6,385,091</u> | <u>\$ 53,151,491</u> | <u>\$ 51,692,892</u> | <u>\$ 2,670,797</u> | <u>\$ 198,012,819</u> |

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

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE/RISK MANAGEMENT

PRIMARY GOVERNMENT

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

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

The pending claims liability of \$5,791,247 reported in the fund as of June 30, 2014, is comprised of estimates of outstanding losses (including allocated loss adjustment expenses, which are the direct expenses to settle specific claims) and losses projected to be paid as of June 30, 2014. The estimated outstanding losses are the cost of unpaid claims, including case reserves, the development of known claims and claims incurred but not reported. The amounts are limited to the self-insured retention. No estimate was made for unpaid unallocated loss adjustment expenses. The losses projected to be paid are the claim disbursements, regardless of accident or report date. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

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

| Fiscal Year | Beginning of Year | Claims and Changes in Estimates | Payments | End of Year |
|----------------|----------------------|---------------------------------------|----------------|--------------|
| 2012 | \$ 4,489,344 | \$ 2,003,818 | \$ (1,185,463) | \$ 5,307,699 |
| 2013 | 5,307,699 | 1,476,219 | (1,082,598) | 5,701,320 |
| 2014 | 5,701,320 | 1,049,408 | (959,481) | 5,791,247 |

COMPONENT UNITS

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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

B. COMMITMENT AND CONTINGENCIES

PRIMARY GOVERNMENT

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

The County and Component Units receive significant financial assistance from the U.S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowance as a result of these audits becomes a liability of the County. As of June 30, 2014, the County estimates that no material liabilities will result from such audits.

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

C. CHANGE IN ACCOUNTING PRINCIPLE

PRIMARY GOVERNMENT

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

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

D. ARBITRAGE REBATE REQUIREMENTS

PRIMARY GOVERNMENT

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

E. CONDUIT DEBT

PRIMARY GOVERNMENT

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

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

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

NOTE 5 – OTHER INFORMATION – CONTINUED

F. RETIREMENT PLANS

a. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

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

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

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

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

b. LENGTH OF SERVICE AWARD PROGRAM – VOLUNTEER FIREMEN

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

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

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

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

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

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

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

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

Effective January 1, 2014 Harford County Government has established a plan to help its employees save for retirement. The Plan is a defined contribution plan, which qualifies under Section 401(a) of the Internal Revenue Code. Qualifying employees must work over 500 hours of service in a plan year, must be ineligible for the Maryland State Retirement System and must defer a minimum of 7% of compensation into the Harford County 457(b) Plan to receive a matching contribution under this Plan. The Plan Administrator, Harford County, Maryland, is responsible for the day to day administration and operation of the Plan and has full discretion to interpret the Plan.

e. PENSION PLANS – COMPONENT UNITS

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

G. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

| Plan Participants | |
|-------------------------|-------|
| Retirees (Pre-Medicare) | 267 * |
| Retirees (Medicare Age) | 365 * |
| Active Employees | 1,154 |
| Total | 1,786 |

*includes spouses

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

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

| | | |
|--|----|--------------------------|
| Trust Net Position as of July 1, 2013 | \$ | 61,506,497 |
| County Contribution | | 13,381,000 |
| Net Appreciation in Fair Value of Investments | | 9,408,570 |
| Interest and Dividends | | 1,156,977 |
| Retirees Contributions | | 823,286 |
| Payment for County’s Share of Premiums | | (4,609,256) |
| Payment for Retirees’ Share of Premiums | | (823,286) |
| Payment for Administrative and Investment Expenses | | (311,147) |
| Estimated Hidden Subsidy Transfer | | (869,000) |
| Trust Net Position as of June 30, 2014 | \$ | <u><u>79,663,641</u></u> |

The funding for the PEHP will be negotiated by the County and both Unions each year. The County may contribute to the employee’s accounts those amounts that the County Council appropriates based on the formula designated in the agreement. The formula to be utilized will be the annual salaries of the employees enrolled in the PEHP calculated by a percentage of those aggregate salaries that is determined by the County, AFSCME, and MCEA, which will constitute the funds to be contributed to the PEHP by the County. The funds will be equally distributed between the participants in the PEHP. There was a total of \$1,661,562 contributed to this plan and a total of 359 employees are currently enrolled as of June 30, 2014.

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

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

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

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

| Fiscal Year Ending | Annual OPEB Cost | % of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-----------------------|---------------------|---|------------------------|
| 6/30/2012 | \$ 13,132,000 | 100% | NONE |
| 6/30/2013 | 13,757,000 | 100% | NONE |
| 6/30/2014 | 13,381,000 | 100% | NONE |

Funding Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of June 30, 2014. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Three years of trend information is as follows:

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

COMPONENT UNITS

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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

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

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

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

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

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

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

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

NOTE 5 – OTHER INFORMATION– CONTINUED

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

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

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

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

Schedule 1

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) 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) |
|--------------------------------|--|--|--|---|---------------------------|---|
| 7/1/2011 | \$ 41,278,000 | \$ 163,606,000 | 25.2% | \$ 122,328,000 | \$ 90,197,076 | 135.6% |
| 7/1/2012 | 51,226,000 | 175,328,000 | 29.2% | 124,102,000 | 89,914,394 | 138.0% |
| 7/1/2013 | 59,117,000 | 180,067,000 | 32.8% | 120,950,000 | 93,886,784 | 128.8% |

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

Schedule 2

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|--------------------------|------------------------------------|---------------------------|
| 2012 | \$ 13,132,000 | 100% |
| 2013 | 13,757,000 | 100% |
| 2014 | 13,381,000 | 100% |

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

| | |
|-------------------------------|---------------------------------------|
| Valuation date | 07/01/2012 |
| Actuarial cost method | Projected Unit Credit Method |
| Amortization method | Level Percentage of Projected Payroll |
| Remaining amortization factor | 16 |
| Asset valuation method | Market Value |
| Actuarial assumptions: | |
| Discount Rate | 7.5% |
| Projected salary increases | 3.5% |

Combining and Individual Fund

Financial Statements

&

Schedules

Combining Statements

Non-major Governmental Funds

Special Revenue Funds

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

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

Debt Service Fund

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

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

Exhibit A-1

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

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

Exhibit A-2

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

Fiduciary Funds

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

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

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

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

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

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

Agency Funds

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

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

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

Exhibit B-1

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

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

Exhibit B-2

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

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

Exhibit B-3

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

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

Exhibit B-4

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

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

Exhibit B-5

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

Debt Service Fund

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

Capital Projects Fund

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

General Fund

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

Exhibit C-1

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

(continued)

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

Exhibit C-1

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

(continued)

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

Exhibit C-1

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

(continued)

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

Exhibit C-1

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

(continued)

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

Exhibit C-1

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

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

Exhibit C-2

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

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

Exhibit C-2

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

(continued)

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

Exhibit C-2

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

(continued)

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

Exhibit C-2

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

Special Revenue Fund

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

Exhibit D-1

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

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

Exhibit D-2

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

Debt Service Fund

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

Exhibit E-1

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|-----------------------------|------------------|------------------|---------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,099,000 | \$ 1,099,000 | \$ 1,116,429 | \$ 17,429 |
| Investment Income | 1,000 | 1,000 | 1,441 | 441 |
| Total Revenues | <u>1,100,000</u> | <u>1,100,000</u> | <u>1,117,870</u> | <u>17,870</u> |
| EXPENDITURES | | | | |
| Debt Service | <u>1,100,000</u> | <u>1,100,000</u> | <u>1,060,813</u> | <u>39,187</u> |
| Total Expenditures | <u>1,100,000</u> | <u>1,100,000</u> | <u>1,060,813</u> | <u>39,187</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | 57,057 | <u>\$ 57,057</u> |
| Fund Balance - Beginning | | | <u>1,994,150</u> | |
| Fund Balance - Ending | | | <u>\$ 2,051,207</u> | |

Capital Projects Fund

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

Exhibit F-1

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

(continued)

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

(continued)

Exhibit F-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|---|-------------------------|-----------------------|------------------------------|
| GENERAL COUNTY (continued) | | | |
| 45 South Main-Add Emergency Power System | 600,000 | 5,750 | 594,250 |
| Hosanna School | 240,000 | 230,343 | 9,657 |
| Underground/Aboveground Storage Tank Management | 50,000 | 27,640 | 22,360 |
| Maintenance/Repair of Dams | 95,000 | 34,433 | 60,567 |
| MD 924 Small Area Corridor Plan | 300,000 | - | 300,000 |
| Havre de Grace Opera House Renovations | 500,000 | - | 500,000 |
| Maintenance/Repair of Dams | 895,000 | 677,365 | 217,635 |
| Total General County | 168,051,416 | 101,496,024 | 66,555,392 |
| EDUCATION | | | |
| Fire Alarm/Emergency Communications | 825,000 | 607,275 | 217,725 |
| Furniture & Equipment | 955,000 | 718,653 | 236,347 |
| Joppatowne Elementary Modernization | 13,550,811 | 11,811,863 | 1,738,948 |
| Deerfield Elementary Modernization/Replacement | 22,484,525 | 21,746,665 | 737,860 |
| School Buses Fiscal Year 2002 | 8,743,198 | 8,000,483 | 742,715 |
| Athletic Fields Repair/Renovations | 277,000 | 268,883 | 8,117 |
| New High School/Middle School | 60,322,094 | 56,797,184 | 3,524,910 |
| North Harford Middle School Water System | 261,114 | 255,014 | 6,100 |
| Aberdeen High School North/Center For Career Opportunity | 665,000 | 567,053 | 97,947 |
| Backflow Prevention | 450,000 | 339,509 | 110,491 |
| Security Cameras | 1,125,000 | 682,887 | 442,113 |
| Integrated Business Systems | 403,000 | 318,394 | 84,606 |
| New Elementary Capital/Vale Rd/Red Pump Elementary | 30,325,819 | 28,001,866 | 2,323,953 |
| Textbook Refresh (Math) | 6,210,000 | 2,399,771 | 3,810,229 |
| ADA Improvements | 500,000 | 180,212 | 319,788 |
| HVAC Major Repairs | 5,752,362 | 3,927,846 | 1,824,516 |
| Edgewood High School Replacement | 83,581,790 | 81,722,940 | 1,858,850 |
| Roofing Replacement | 1,236,530 | 938,560 | 297,970 |
| Youth's Benefit Elementary School | 8,510,600 | 2,299,368 | 6,211,232 |
| North Harford Middle School Repairs | 50,000 | 32,200 | 17,800 |
| Homestead Wakefield Elementary School Modernization | 133,454 | 32,454 | 101,000 |
| Campus Hills Elementary School | 900,000 | 839,860 | 60,140 |
| Havre de Grace High School HVAC | 5,339,397 | 5,339,397 | - |
| Septic Pre-Treatment for Code Upgrade | 2,167,926 | 842,513 | 1,325,413 |
| Forest Hill Annex Electrical Upgrades | 400,000 | 344,527 | 55,473 |
| William Paca Elementary School Air Conditioning | 5,800,000 | 3,930,057 | 1,869,943 |
| Youth's Benefit Elementary School Primary Building Air Conditioning | 4,800,000 | 2,488,735 | 2,311,265 |
| Jarrettsville Elementary School Air Conditioning | 2,941,500 | 2,913,319 | 28,181 |
| Magnolia Middle School HVAC | 3,512,554 | 1,525,351 | 1,987,203 |
| Havre de Grace High School Field Facilities | 313,770 | 308,886 | 4,884 |
| Building Envelope Improvements | 200,000 | - | 200,000 |
| Edgewood Middle School Computer Lab | 115,000 | 78,217 | 36,783 |
| Energy Efficiency Initiative Projects | 114,316 | - | 114,316 |

(continued)

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

(continued)

Exhibit F-1

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

(continued)

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

(continued)

Exhibit F-1

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

(continued)

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

(continued)

Exhibit F-1

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

(continued)

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

(continued)

Exhibit F-1

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

(continued)

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

(continued)

Exhibit F-1

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

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

(continued)

Exhibit F-1

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

Enterprise Fund

Water and Sewer Fund

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

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

Exhibit G-1

| | TOTAL APPROPRIATIONS | TOTAL EXPENDITURES | UNEXPENDED APPROPRIATIONS |
|---|-------------------------|-----------------------|------------------------------|
| SEWER PROJECTS | | | |
| Church Creek Pump Station Replacement | \$ 10,074,766 | \$ 8,224,814 | \$ 1,849,952 |
| * Church Creek Pump Station Replacement | 25,234 | 25,234 | - |
| Harford Estates Pump Station Abandonment | 5,532,100 | 3,605,612 | 1,926,488 |
| Lower Bynum Run | 9,599,388 | 8,147,491 | 1,451,897 |
| * Lower Bynum Run | 40,612 | 40,612 | - |
| Plumtree Collector Parallel Phase II | 100,000 | 55,964 | 44,036 |
| Joppatowne Pump Station No.47 | 4,048,750 | 259,179 | 3,789,571 |
| * Joppatowne Pump Station No.47 | 1,250 | 1,250 | - |
| Enhanced Nutrient Removal Refinement at Sod Run | 57,500,000 | 40,657,496 | 16,842,504 |
| Bush Creek Pump Station 4th Pump | 27,381,877 | 7,225,610 | 20,156,267 |
| * Bush Creek Pump Station 4th Pump | 18,123 | 18,123 | - |
| Utility Protection/Restoration | 500,000 | 212,226 | 287,774 |
| Infiltration & Inflow | 3,400,000 | 1,374,433 | 2,025,567 |
| * Bel Air Infiltration & Inflow | 500,000 | 48,325 | 451,675 |
| Bynum Run Parallel Phase 6 & 7 | 6,863,964 | 264,929 | 6,599,035 |
| * Bynum Run Parallel Phase 6 & 7 | 35,985 | 35,985 | - |
| * Bynum Run Parallel Phase 6 & 7 | 20,051 | 20,051 | - |
| Enhanced Nutrient Removal at Joppatowne Waste Treatment Plant | 5,500,000 | 3,401,711 | 2,098,289 |
| Edgewood Interceptor Sewer Parallel | 300,000 | 85,835 | 214,165 |
| Green Ridge Pump Station Replacement | 1,500,000 | 576,463 | 923,537 |
| * Infiltration and Inflow | 350,000 | 107,499 | 242,501 |
| Bill Bass Outfall Sewer Replacement | 800,000 | 679,890 | 120,110 |
| * Chlorine Replacement Program Water Waste Treatment Plant | 660,000 | - | 660,000 |
| Sod Run Facility Improvements | 1,600,000 | 644,071 | 955,929 |
| * Sod Run Water Waste Treatment Plant - Sludge Pad Cover | 750,763 | 706,640 | 44,123 |
| Renewal and Replacement - Sewer | 600,000 | 112,071 | 487,929 |
| Bill Bass Pump Station Forcemain Replacement | 700,384 | - | 700,384 |
| * Harford Waste Water Treatment Plant Facility Improvements | 885,000 | 2,045 | 882,955 |
| Oaklyn Manor/Joppa Area Sewer Relief | 1,950,300 | 1,464,277 | 486,023 |
| Town Center Drive Pump Station | 350,000 | - | 350,000 |
| Total Sewer Projects | 141,588,547 | 77,997,836 | 63,590,711 |
| WATER PROJECTS | | | |
| * Inform Asset Management Study-Water | 400,000 | 378,508 | 21,492 |
| Abingdon Water Treatment Plant Expansion | 6,432,237 | 5,250,566 | 1,181,671 |
| * Abingdon Water Treatment Plant Expansion | 150,000 | 150,000 | - |
| * Abingdon Water Treatment Plant Expansion | 64,516,949 | 64,516,949 | - |
| * Abingdon Water Treatment Plant Expansion | 5,435,814 | 5,435,814 | - |
| * Chlorine Replacement Program Water Treatment Plant | 720,000 | 667,483 | 52,517 |

(continued)

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

(continued)

Exhibit G-1

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

Statistical Section

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GRAPHICS PAGE*

Statistical Section

*REPLACE WITH
GRAPHICS PAGE*

Statistical Section

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic & Demographic Information

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

Operating Information

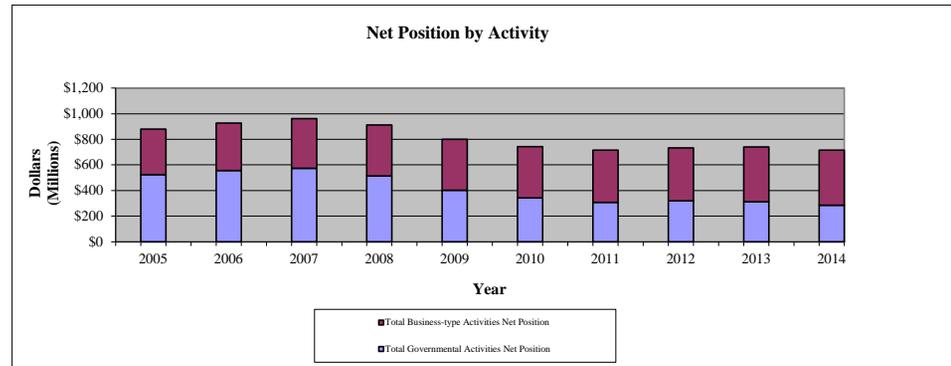
Tables 17 through 19 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Harford County, Maryland

Net Position by Component (accrual basis of accounting)

**Table 1
Last Ten Fiscal Years**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 373,728,341 | \$ 395,170,359 | \$ 412,786,546 | \$ 464,659,388 | \$ 449,571,374 | \$ 444,082,892 | \$ 422,414,425 | \$ 434,233,561 | \$ 449,378,060 | \$ 436,216,089 |
| Restricted | 60,274,990 | 63,909,160 | 76,961,572 | 76,207,751 | 78,842,512 | 77,888,816 | 91,867,107 | 93,748,598 | 78,915,495 | 75,653,146 |
| Unrestricted | 91,040,906 | 96,748,018 | 83,544,901 | (27,463,371) | ##### | (178,174,967) | (207,023,969) | (207,432,487) | (214,931,280) | (225,213,903) |
| Total Governmental Activities Net Position | \$ <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> | \$ <u>313,362,275</u> | \$ <u>286,655,332</u> |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 229,285,930 | \$ 241,947,408 | \$ 256,147,742 | \$ 264,079,863 | \$ 277,437,097 | \$ 285,389,182 | \$ 290,793,475 | \$ 303,842,266 | \$ 322,126,658 | \$ 332,396,851 |
| Unrestricted | 125,501,320 | 130,235,522 | 131,468,032 | 135,343,466 | 121,551,999 | 114,501,559 | 117,859,447 | 108,369,103 | 103,828,202 | 96,967,039 |
| Total Business-type Activities Net Position | \$ <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> | \$ <u>425,954,860</u> | \$ <u>429,363,890</u> |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 603,014,271 | \$ 637,117,767 | \$ 668,934,288 | \$ 728,739,251 | \$ 727,008,471 | \$ 729,472,074 | \$ 713,207,900 | \$ 738,075,827 | \$ 771,504,718 | \$ 768,612,940 |
| Restricted | 60,274,990 | 63,909,160 | 76,961,572 | 76,207,751 | 78,842,512 | 77,888,816 | 91,867,107 | 93,748,598 | 78,915,495 | 75,653,146 |
| Unrestricted | 216,542,226 | 226,983,540 | 215,012,933 | 107,880,095 | (5,338,552) | (63,673,408) | (89,164,522) | (99,063,384) | (111,103,078) | (128,246,864) |
| Total Primary Government Net Position | \$ <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> | \$ <u>739,317,135</u> | \$ <u>716,019,222</u> |



Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

Table 2
Last Ten Fiscal Years

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

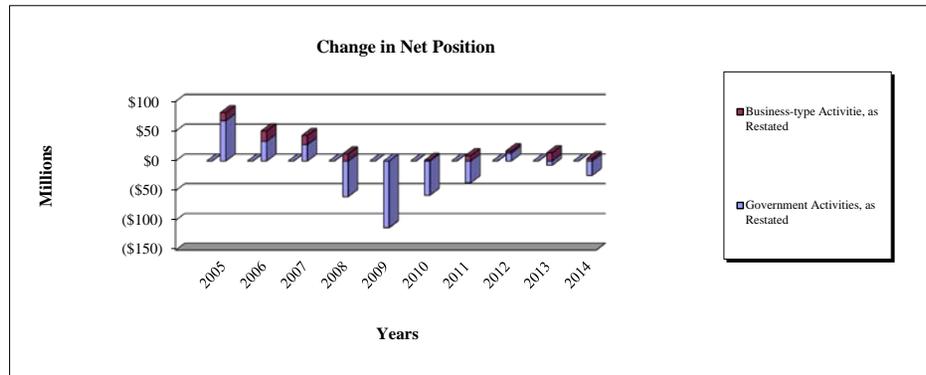
(continued)

Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

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

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



Harford County, Maryland

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

**Table 3
Last Ten Fiscal Years; Restated**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Nonspendable: | | | | | | | | | | |
| Inventory | \$ 1,262,145 | \$ 1,445,667 | \$ 1,690,366 | \$ 1,964,376 | \$ 2,079,969 | \$ 2,019,073 | \$ 2,114,574 | \$ 2,025,093 | \$ 1,922,189 | \$ 1,519,258 |
| Prepaid | 131,282 | 131,282 | 131,282 | 131,282 | 131,282 | 131,282 | 131,282 | 539,162 | 576,287 | 872,050 |
| Long-term Receivable | 1,759,653 | 803,569 | 750,852 | 695,894 | 907,399 | 1,449,301 | 538,285 | 471,561 | 398,743 | 327,495 |
| | <u>3,153,080</u> | <u>2,380,518</u> | <u>2,572,500</u> | <u>2,791,552</u> | <u>3,118,650</u> | <u>3,599,656</u> | <u>2,784,141</u> | <u>3,035,816</u> | <u>2,897,219</u> | <u>2,718,803</u> |
| Restricted for: | | | | | | | | | | |
| Health Department | 4,440,320 | - | - | - | - | - | - | - | - | - |
| Harford County Public Schools | 37,855,522 | 2,260,747 | 11,911,872 | 13,698,754 | 17,044,211 | 6,279,957 | 13,711,336 | 8,358,301 | 2,660,492 | 1,955,920 |
| Bond Proceeds | 55,868 | 9,080,695 | 6,103,211 | 30,562,023 | 32,377,981 | 83,110,584 | 35,468,418 | 18,814,860 | 23,809,815 | 10,529,766 |
| Beechtree Debt Service | - | - | - | - | - | - | - | 2,089,432 | 1,994,150 | 2,051,207 |
| General Fund Detention Center | - | 177,409 | 386,861 | 554,510 | 765,303 | 952,289 | 1,010,310 | 1,010,012 | 899,169 | 800,569 |
| Dedicated Revenues | - | - | - | - | - | - | - | - | 39,518 | 642,710 |
| Parks and Recreation | 2,131,352 | 194,914 | 729,145 | 1,662 | 129,104 | 849,988 | 594,673 | - | 457,135 | 403,329 |
| Grants | - | 2,691,037 | 3,305,701 | 4,487,913 | 4,635,607 | 8,684,777 | 8,584,742 | 6,825,412 | 7,718,401 | 6,385,091 |
| Lease Purchase Proceeds | 5,028 | - | 8,155,360 | 1,224,637 | - | 1,191,984 | - | - | - | - |
| | <u>44,488,090</u> | <u>14,404,802</u> | <u>30,592,150</u> | <u>50,529,499</u> | <u>54,952,206</u> | <u>101,069,579</u> | <u>59,369,479</u> | <u>37,098,017</u> | <u>37,578,680</u> | <u>22,768,592</u> |
| Committed to: | | | | | | | | | | |
| Development Rights | 21,181,535 | 19,920,299 | 22,756,704 | 32,953,506 | 37,983,430 | 42,038,898 | 43,308,194 | 51,212,976 | 48,873,277 | 48,625,100 |
| | <u>21,181,535</u> | <u>19,920,299</u> | <u>22,756,704</u> | <u>32,953,506</u> | <u>37,983,430</u> | <u>42,038,898</u> | <u>43,308,194</u> | <u>51,212,976</u> | <u>48,873,277</u> | <u>48,625,100</u> |
| Assigned to: | | | | | | | | | | |
| Appropriation of Fund Balance | 49,156,651 | 36,573,989 | 43,543,890 | 30,124,908 | 9,754,106 | 12,031,257 | 50,646,722 | 32,774,997 | 27,863,378 | 2,193,164 |
| Fiscal Stabilization Fund | 22,603,453 | 24,535,175 | 26,529,534 | 27,296,784 | 25,738,539 | 25,745,240 | 27,028,071 | 27,792,167 | 28,056,319 | 27,411,936 |
| Encumbrances | 22,333,991 | 16,743,241 | 21,392,723 | 20,053,621 | 20,999,378 | 34,889,776 | 18,868,628 | 36,579,261 | 47,352,361 | 44,988,951 |
| Other Post Employment Benefits | 63,350 | 63,350 | 8,573,008 | 5,099,596 | 63,350 | 7,390,878 | - | 9,529,486 | 7,643,503 | 7,378,857 |
| Landfill Closure Costs | 10,296,512 | 11,122,509 | 11,501,927 | 12,663,965 | 15,301,157 | 15,500,786 | 9,020,231 | 17,961,438 | 13,732,971 | 16,060,419 |
| WTE Plant Closure | - | - | - | - | - | - | - | - | 4,000,000 | 4,000,000 |
| Income Tax | - | - | - | - | - | - | - | - | 2,439,735 | 2,577,900 |
| Healthcare Consortium | - | - | - | - | - | - | - | - | 2,112,308 | 1,970,314 |
| Highways | 5,112,485 | 4,292,902 | 856,893 | 9,079,727 | 14,217,744 | 14,380,858 | 11,661,675 | 6,158,931 | 2,533,371 | 3,237,844 |
| Ag Preservation | 15,569,317 | 22,320,467 | 16,416,611 | 11,708,279 | 1,220,005 | 3,467,777 | 5,146,399 | 2,575,330 | 2,740,326 | 4,526,391 |
| Capital Projects | 25,036,530 | 44,014,210 | 23,554,049 | 13,693,316 | - | - | - | - | - | 871,781 |
| Non-major P&R Fund | - | 25,630 | 35,737 | 24,480 | 76,424 | 114,506 | 225,413 | 334,332 | 405,112 | 267,015 |
| | <u>150,172,289</u> | <u>159,691,473</u> | <u>152,404,372</u> | <u>129,744,676</u> | <u>87,370,703</u> | <u>113,521,078</u> | <u>122,597,139</u> | <u>133,705,942</u> | <u>138,879,384</u> | <u>115,484,572</u> |
| Unassigned: | <u>31,738,528</u> | <u>30,801,310</u> | <u>22,826,647</u> | <u>7,275,141</u> | <u>12,953,584</u> | <u>8,126,063</u> | <u>7,310,375</u> | <u>17,942,179</u> | <u>6,933,118</u> | <u>8,415,752</u> |
| Total Fund Balance | <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> | <u>\$ 235,161,678</u> | <u>\$ 198,012,819</u> |

Harford County, Maryland

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

Table 4
Last Ten Fiscal Years

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

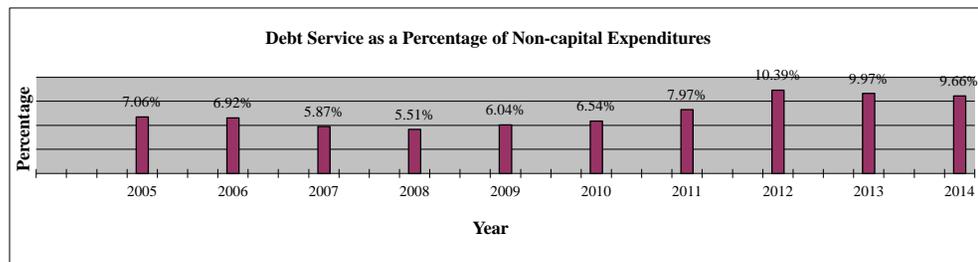
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures

Table 5
Last Ten Fiscal Years

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

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

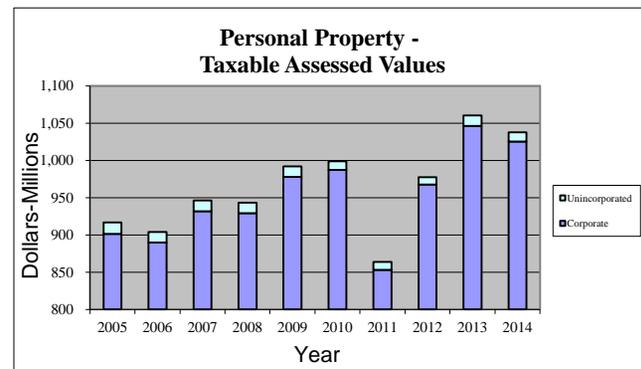
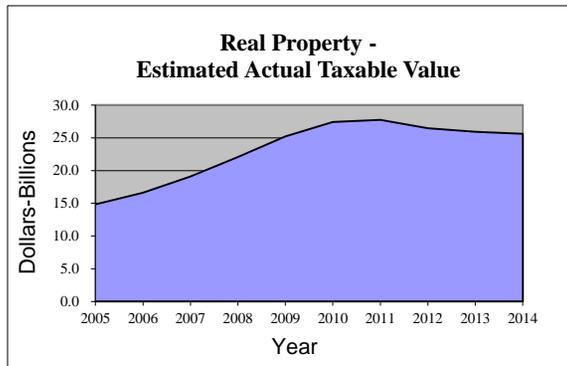


Harford County, Maryland

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

**Table 6
Last Ten Fiscal Years**

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



(1) Assessed values are established by the MD Department of Assessments and Taxation at assessed market value. A reassessment of all property is required to be completed every three years; any increase in property values is phased in over a minimum of three years. Additionally, the County has a real property tax assessment cap for residential properties of 10% for Fiscal Years 2008 and prior; 9% for Fiscal Years 2009 and 2010; and 5% for Fiscal Year 2011 forward. Personal Property tax rates are 2.5 times the real property tax rate.

Harford County, Maryland

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

**Table 7
Last Ten Fiscal Years**

| Fiscal Year Ending June 30 | County Direct Real Property Tax Rate | | | Overlapping Real Property Tax Rates | | |
|----------------------------------|--------------------------------------|--------------------------------|-----------------------------|-------------------------------------|----------------------------|----------------------------------|
| | General Fund (2) | Special Revenue Fund (3) | Total Direct Tax Rate | Town of Bel Air (4) | City of Aberdeen (4) | City of Havre de Grace (4) |
| 2005 | 0.936 | 0.156 | 1.092 | 0.500 | 0.5500 | 0.720 |
| 2006 | 0.926 | 0.156 | 1.082 | 0.500 | 0.5500 | 0.700 |
| 2007 | 0.926 | 0.156 | 1.082 | 0.500 | 0.7350 | 0.680 |
| 2008 | 0.926 | 0.156 | 1.082 | 0.500 | 0.7150 | 0.650 |
| 2009 | 0.926 | 0.156 | 1.082 | 0.500 | 0.7000 | 0.630 |
| 2010 | 0.908 | 0.156 | 1.064 | 0.500 | 0.6875 | 0.610 |
| 2011 | 0.896 | 0.146 | 1.042 | 0.500 | 0.6875 | 0.600 |
| 2012 | 0.896 | 0.146 | 1.042 | 0.500 | 0.6800 | 0.590 |
| 2013 | 0.896 | 0.146 | 1.042 | 0.500 | 0.6800 | 0.580 |
| 2014 | 0.896 | 0.146 | 1.042 | 0.500 | 0.6800 | 0.560 |

| Fiscal Year Ending June 30 | County Direct Personal Property Tax Rate | | | Overlapping Personal Property Tax Rates | | |
|----------------------------------|--|--------------------------------|-----------------------------|---|----------------------------|----------------------------------|
| | General Fund (2) | Special Revenue Fund (3) | Total Direct Tax Rate | Town of Bel Air (4) | City of Aberdeen (4) | City of Havre de Grace (4) |
| 2005 | 2.340 | 0.390 | 2.730 | 1.160 | 1.400 | 1.705 |
| 2006 | 2.315 | 0.390 | 2.705 | 1.160 | 1.400 | 1.705 |
| 2007 | 2.315 | 0.390 | 2.705 | 1.160 | 1.700 | 1.705 |
| 2008 | 2.315 | 0.390 | 2.705 | 1.160 | 1.700 | 1.705 |
| 2009 | 2.315 | 0.390 | 2.705 | 1.160 | 1.700 | 1.705 |
| 2010 | 2.270 | 0.390 | 2.660 | 1.160 | 1.700 | 1.705 |
| 2011 | 2.240 | 0.365 | 2.605 | 1.160 | 1.700 | 1.705 |
| 2012 | 2.240 | 0.365 | 2.605 | 1.160 | 1.700 | 1.705 |
| 2013 | 2.240 | 0.365 | 2.605 | 1.160 | 1.700 | 1.705 |
| 2014 | 2.240 | 0.365 | 2.605 | 1.160 | 1.700 | 1.705 |

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

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

(2) Assessed against all property within Harford County.

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

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

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

Harford County, Maryland

Principal Taxpayers

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

| Fiscal Year | | 2014 | | |
|--|-------------------------|--|----------------------|---|
| Taxpayer | Type of Business | Taxable Assessed Valuations (1) | County Taxes | Percentage of Total Assessed Valuation |
| Baltimore Gas & Electric Company | Public Utility | \$ 336,192,690 | \$ 8,637,458 | 1.26% |
| Exelon Generation Company | Non-Utility Generator | 94,266,460 | 2,455,641 | 0.35% |
| Verizon - Maryland | Public Utility | 65,236,540 | 1,616,625 | 0.24% |
| PEPCO Energy Power Company | Non-Utility Generator | 123,442,200 | 1,286,267 | 0.46% |
| Constellation Power Source Generation Inc. | Non-Utility Generator | 54,824,087 | 1,219,777 | 0.21% |
| MCI Communication Services | Public Utility | 42,183,220 | 1,098,740 | 0.16% |
| Kohl's Department Stores, Inc. | Retailer | 49,610,477 | 693,551 | 0.19% |
| Festival at Bel Air LLC | Shopping Center | 59,865,467 | 623,798 | 0.22% |
| Comcast of Harford County LLC | Cable Provider | 22,248,571 | 555,799 | 0.08% |
| Harford Mall Business Trust | Shopping Center | 54,340,300 | 486,889 | 0.20% |
| | | <u>902,210,012</u> | <u>\$ 18,674,545</u> | <u>3.37%</u> |
| Total Taxable Assessed Valuation | | <u>\$ 26,650,449,393</u> | | |

| Fiscal Year | | 2005 | | |
|---|-------------------------|--|----------------------|---|
| Taxpayer | Type of Business | Taxable Assessed Valuations (1) | County Taxes | Percentage of Total Assessed Valuation |
| Baltimore Gas & Electric Company | Public Utility | \$ 276,506,030 | \$ 7,481,719 | 1.76% |
| Susquehanna Power Company | Public Utility | 88,500,688 | 2,156,455 | 0.56% |
| Verizon - Maryland | Public Utility | 86,621,720 | 2,243,974 | 0.55% |
| MCI WorldCom | Public Utility | 52,736,650 | 1,439,048 | 0.33% |
| Wells Fargo Northwest | Office/Industrial Ctr | 48,000,000 | 495,317 | 0.30% |
| Harford Mall Business Trust | Shopping Center | 46,019,010 | 436,138 | 0.29% |
| Festival at Bel Air LLC | Shopping Center | 45,693,100 | 451,318 | 0.29% |
| State of Wisconsin Investment Board | Office/Industrial Ctr | 39,989,300 | 415,236 | 0.25% |
| Columbia Gas Transmission | Public Utility | 18,008,440 | 491,591 | 0.11% |
| GPS Maryland, Inc. | Office/Industrial Ctr | 17,622,780 | 481,102 | 0.11% |
| | | <u>719,697,718</u> | <u>\$ 16,091,898</u> | <u>4.55%</u> |
| Total Taxable Assessed Valuation | | <u>\$ 15,746,624,573</u> | | |

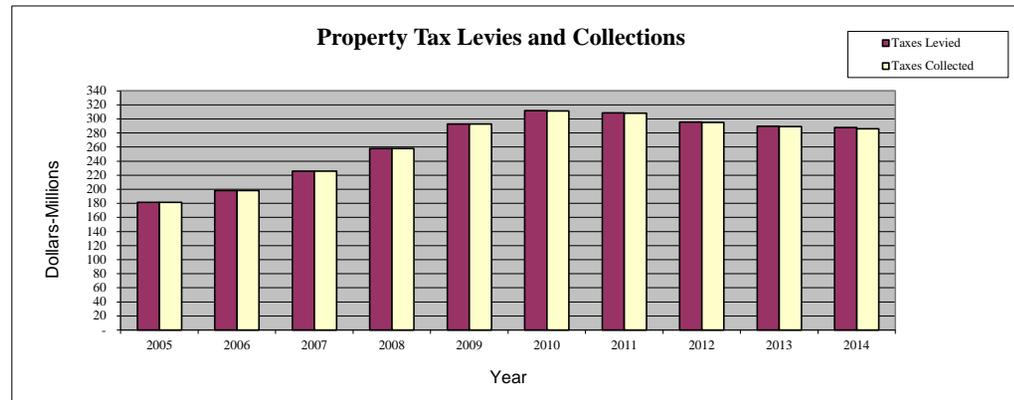
SOURCE: Harford County Department of the Treasury
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

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



Harford County, Maryland

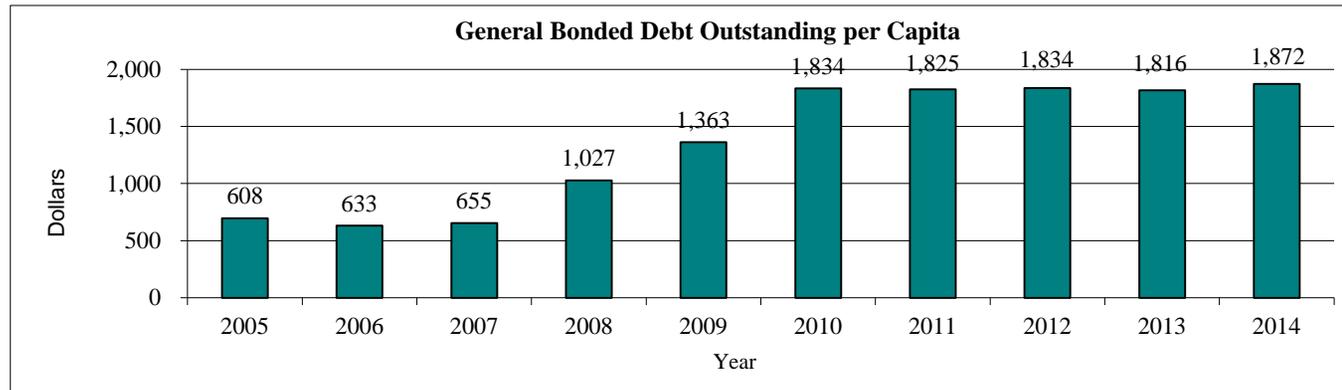
Ratios of General Bonded Debt Outstanding ⁽¹⁾

Table 10
Last Ten Fiscal Years

| Year Ending June 30 | Governmental General Obligation Debt ⁽²⁾ | Business-type General Obligation Debt | Less Amounts to be Paid with Restricted Resources ⁽³⁾ | Net General Bonded Debt | Percentage of Actual Assessed Value of Property ⁽⁴⁾ | Per Capita ⁽⁴⁾ |
|----------------------------|--|--|---|--------------------------------|---|----------------------------------|
| 2005 | \$ 204,436,901 | \$ 82,783,768 | \$ 121,158,041 | \$ 166,062,628 | 1.05% | 697 |
| 2006 | 191,290,866 | 68,994,713 | 107,627,411 | 152,658,168 | 0.87% | 633 |
| 2007 | 198,511,893 | 60,545,635 | 100,736,470 | 158,321,058 | 0.79% | 655 |
| 2008 | 301,845,832 | 74,514,748 | 126,944,354 | 249,416,226 | 1.08% | 1,027 |
| 2009 | 390,165,496 | 88,379,669 | 146,485,275 | 332,059,890 | 1.27% | 1,363 |
| 2010 | 506,690,179 | 128,412,388 | 185,512,510 | 449,590,057 | 1.58% | 1,834 |
| 2011 | 506,315,389 | 125,771,843 | 181,951,421 | 450,135,811 | 1.57% | 1,825 |
| 2012 | 518,004,780 | 131,616,764 | 193,675,340 | 455,946,204 | 1.66% | 1,834 |
| 2013 | 513,699,874 | 132,469,669 | 193,574,381 | 452,595,162 | 1.68% | 1,816 ⁽⁵⁾ |
| 2014 ⁽⁶⁾ | 524,885,655 | 132,046,646 | 191,075,915 | 465,856,386 | 1.75% | 1,872 ⁽⁵⁾ |

- (1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included here because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments, surcharges and recordation taxes. See Table 11 for specific information on business-type bonded debt.
- (2) All Notes Payable and the 2009 Lease Purchase are backed by the full faith and credit and unlimited taxing authority of the County.
- (3) Agricultural Land Preservation debt and Water and Sewer debt are subtracted from the bonded debt because Agricultural Land Preservation debt is paid from dedicated revenues in the Agricultural Land Preservation Special Revenue Fund and Water and Sewer debt is paid from the Water and Sewer Enterprise Fund.
- (4) Information from Tables 6 and 15.
- (5) Personal income and population information were estimated for fiscal years 2013 and 2014 because data was unavailable.
- (6) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to liabilities and reclass as a deferred outflow/inflow of resources.

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



Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

Table 11
Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Governmental Activities | | | | | Business-type Activities | | | | | Total Primary Government | Percentage of Personal Income ⁽²⁾ | Per Capita ⁽²⁾ |
|----------------------------|----------------------------------|--------------------------|---------------|--------------------------------|-------------------------------|--------------------------|---------------|--------------------------|--------------------------------|----------------|--------------------------|--|---------------------------|
| | General/Special Obligation Bonds | Capital Lease Obligation | Notes Payable | Agricultural Land Preservation | Total Governmental Activities | General Obligation Bonds | Notes Payable | Capital Lease Obligation | Total Business-type Activities | | | | |
| 2005 | \$ 161,388,248 | \$ 14,885,073 | \$ 15,814,155 | \$ 38,179,497 | \$ 230,266,973 | \$ 82,783,768 | \$ 194,776 | \$ - | \$ 82,978,544 | \$ 313,245,517 | 3.40% | 1,314 | |
| 2006 | 150,076,668 | 8,955,750 | 12,511,500 | 38,632,698 | 210,176,616 | 68,994,713 | 171,238 | - | 69,165,951 | 279,342,567 | 2.87% | 1,158 | |
| 2007 | 138,106,697 | 22,584,599 | 11,870,000 | 40,508,347 | 213,069,643 | 60,228,123 | 138,950 | 317,512 | 60,684,585 | 273,754,228 | 2.65% | 1,133 | |
| 2008 | 221,313,649 | 17,406,894 | 10,590,000 | 52,535,289 | 301,845,832 | 74,150,409 | 105,683 | 258,656 | 74,514,748 | 376,360,580 | 3.46% | 1,550 | |
| 2009 | 301,480,584 | 20,325,901 | 10,181,999 | 58,177,012 | 390,165,496 | 88,110,699 | 71,406 | 197,564 | 88,379,669 | 478,545,165 | 4.30% | 1,964 | |
| 2010 | 425,205,736 | 14,801,760 | 9,582,561 | 57,100,122 | 506,690,179 | 128,242,149 | 36,089 | 134,150 | 128,412,388 | 635,102,567 | 5.53% | 2,590 | |
| 2011 | 447,558,610 | 8,590,078 | 7,987,123 | 56,179,578 | 520,315,389 | 125,140,703 | - | 631,140 | 125,771,843 | 646,087,232 | 5.31% | 2,619 | |
| 2012 | 462,132,841 | 2,941,940 | 4,871,422 | 62,058,577 | 532,004,780 | 131,235,775 | - | 380,989 | 131,616,764 | 663,621,544 | 5.10% | 2,670 | |
| 2013 | 462,229,857 | 1,294,584 | 3,070,721 | 61,104,712 | 527,699,874 | 132,276,225 | - | 193,444 | 132,469,669 | 660,169,543 | 4.94% | 2,649 ⁽³⁾ | |
| 2014 ⁽⁴⁾ | 478,542,366 | - | 1,314,020 | 59,029,269 | 538,885,655 | 132,046,646 | - | - | 132,046,646 | 670,932,301 | 4.89% | 2,697 ⁽³⁾ | |

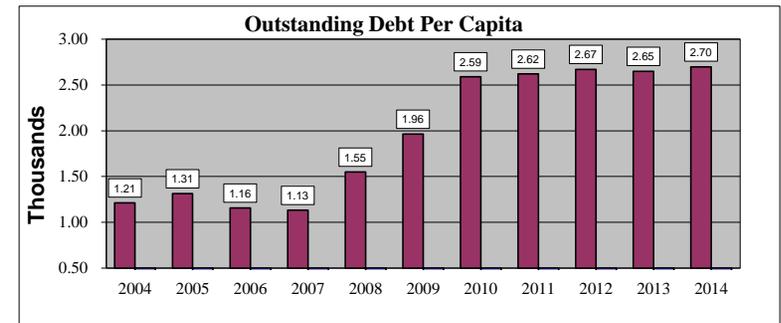
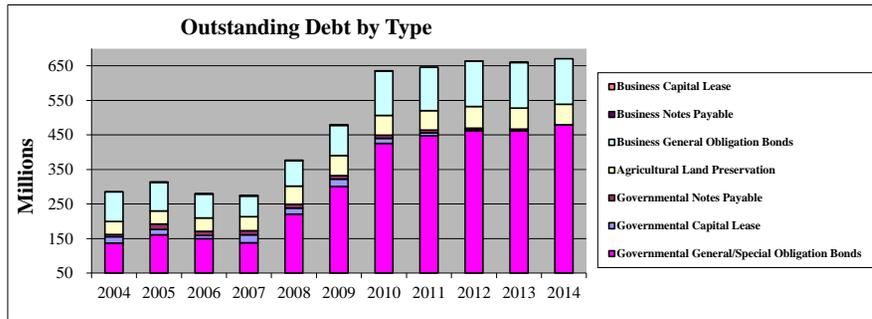
(1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.

(2) Information from Table 15.

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

(4) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to reclass as a deferred outflow/inflow of resources.

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Harford County, Maryland

Legal Debt Margin Information

**Table 12
Last Ten Fiscal Years**

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

Legal Debt Margin Calculation for Fiscal Year 2014

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

(1) Table 6

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

(3) Table 11

Harford County, Maryland

Direct and Overlapping Governmental Activities Debt

Table 13
Current Fiscal Year

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

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

(2) Table 6.

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

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

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

Harford County, Maryland

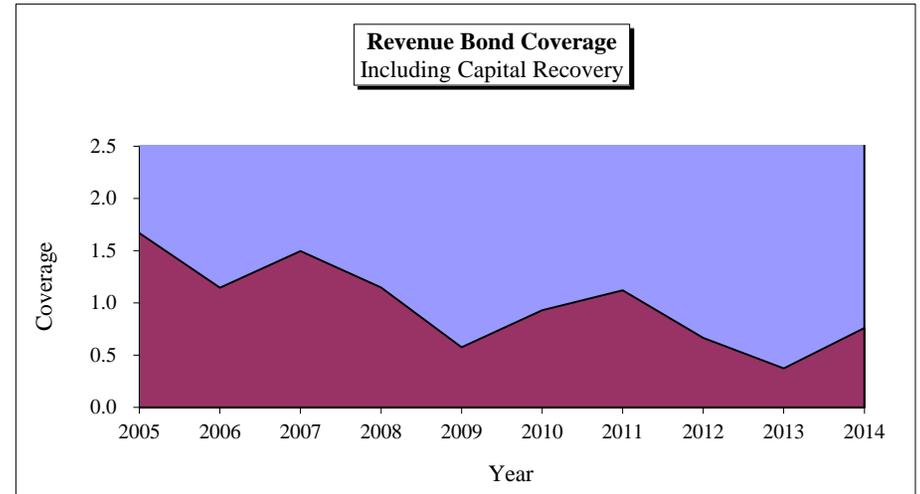
**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**Table 14
Last Ten Fiscal Years**

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

- (1) Harford County Water and Sewer Enterprise Fund shown in Exhibit 8.
- (2) Includes Total Operating Revenue, Interest Income, Recordation Tax, Federal Grant and Transfer revenues.
- (3) Includes Total Operating Expenses exclusive of Depreciation plus Other Income (Expense).
- (4) Includes principal and interest on Water and Sewer bonds net of refunded bonds.

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



Harford County, Maryland

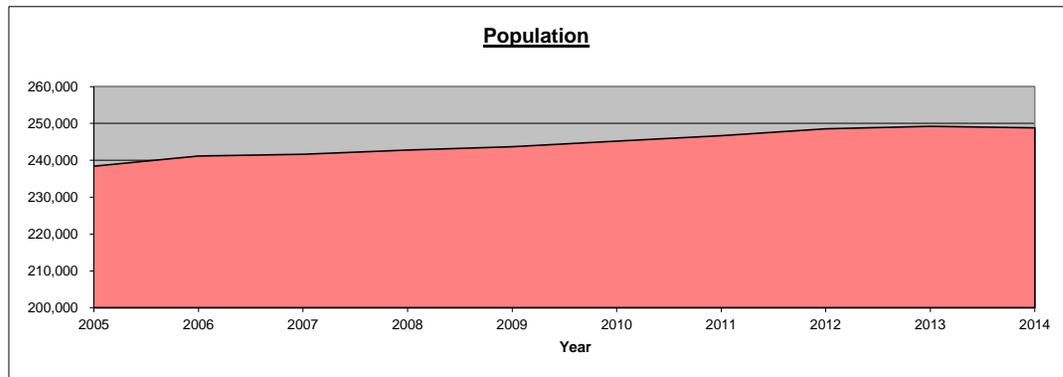
Demographic Statistics

Table 15
Last Ten Fiscal Years

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

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2014 provided population estimates for FY2005 thru FY2013. Harford County Department of Planning and Zoning provided population estimates for FY2014.
- (2) U.S. Bureau of Economic Analysis Table CAO4, 2012
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information
- (4) Harford County Public Schools
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning and Zoning



Harford County, Maryland

Principal Employers

Table 16
Current Fiscal Year and Ten Years Ago

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

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

Source:

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

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Agricultural Preservation | | | | | | | | | | |
| Acres of Farm Land in Preservation Program | 23,390 | 24,078 | 25,007 | 32,623 | 34,387 | 34,723 | 35,024 | 36,563 | 37,195 | 37,443 |
| General Government | | | | | | | | | | |
| Office Buildings | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Garage | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 40 | 39 | 40 | 40 | 30 | 34 | 42 | 36 | 36 | 27 |
| Education-Primary thru Community College (1) | | | | | | | | | | |
| Administration Building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Alternative Education Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community College | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Elementary Schools | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 33 | 33 | 33 |
| High Schools | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Middle Schools | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Public Charter School | - | - | 1 | 1 | 1 | - | - | - | - | - |
| Special Education | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vocational/Technical High School | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Harford Center--Rehabilitation Center for Disabled | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Judicial | | | | | | | | | | |
| Courthouse | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Libraries | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Parks and Recreation | | | | | | | | | | |
| Number of Parks | 79 | 80 | 83 | 88 | 89 | 91 | 91 | 93 | 93 | 96 |
| Acres of Land | 4,001 | 4,068 | 4,150 | 4,588 | 4,612 | 4,640 | 4,640 | 4,594 | 4,473 | 4,608 |
| Vehicles | 91 | 93 | 100 | 100 | 86 | 88 | 86 | 52 | 57 | 50 |
| Public Safety | | | | | | | | | | |
| Detention Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Number of Patrol Vehicles | 171 | 178 | 194 | 197 | 210 | 196 | 191 | 191 | 193 | 217 |
| Number of Other Vehicles | 139 | 137 | 145 | 145 | 148 | 157 | 176 | 174 | 176 | 158 |
| Firing Range | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mobile Communications Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Emergency Operations Vehicles | 12 | 12 | 10 | 10 | 6 | 6 | 9 | 9 | 11 | 16 |
| Hazmat Vehicles | 6 | 8 | 12 | 12 | 10 | 11 | 10 | 10 | 11 | 11 |
| DILP Vehicles | 24 | 27 | 30 | 30 | 29 | 23 | 27 | 25 | 25 | 18 |
| Animal Control Vehicles | 15 | 15 | 16 | 16 | 13 | 10 | 7 | 7 | 6 | 4 |

(continued)

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 17
Last Ten Fiscal Years

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

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

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

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

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

Harford County, Maryland

Operating Indicators by Function

Table 18
Last Ten Fiscal Years

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

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 19
Last Ten Fiscal Years

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

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

