



HOWARD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019



Howard County, Maryland

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Janet R. Irvin
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James M. Irvin
Director of Public Works
Gary W. Kuc
County Solicitor
Holly Sun
Budget Administrator
Craig Glendenning
County Auditor

Financial Advisor

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County Executive

Calvin Ball



County Council

Christiana Mercer Rigby
*Chair and Councilwoman
District 3*



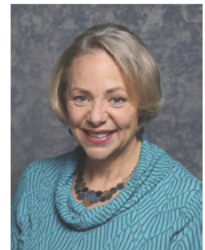
Opel Jones
*Vice Chair and
Councilman
District 2*



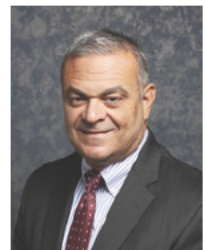
Liz Walsh
*Councilwoman
District 1*



Deb Jung
*Councilwoman
District 4*



David Yungmann
*Councilman
District 5*



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019



Prepared by the Department of Finance

Howard County, Maryland



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Listing of County Officials

County Executive and Council

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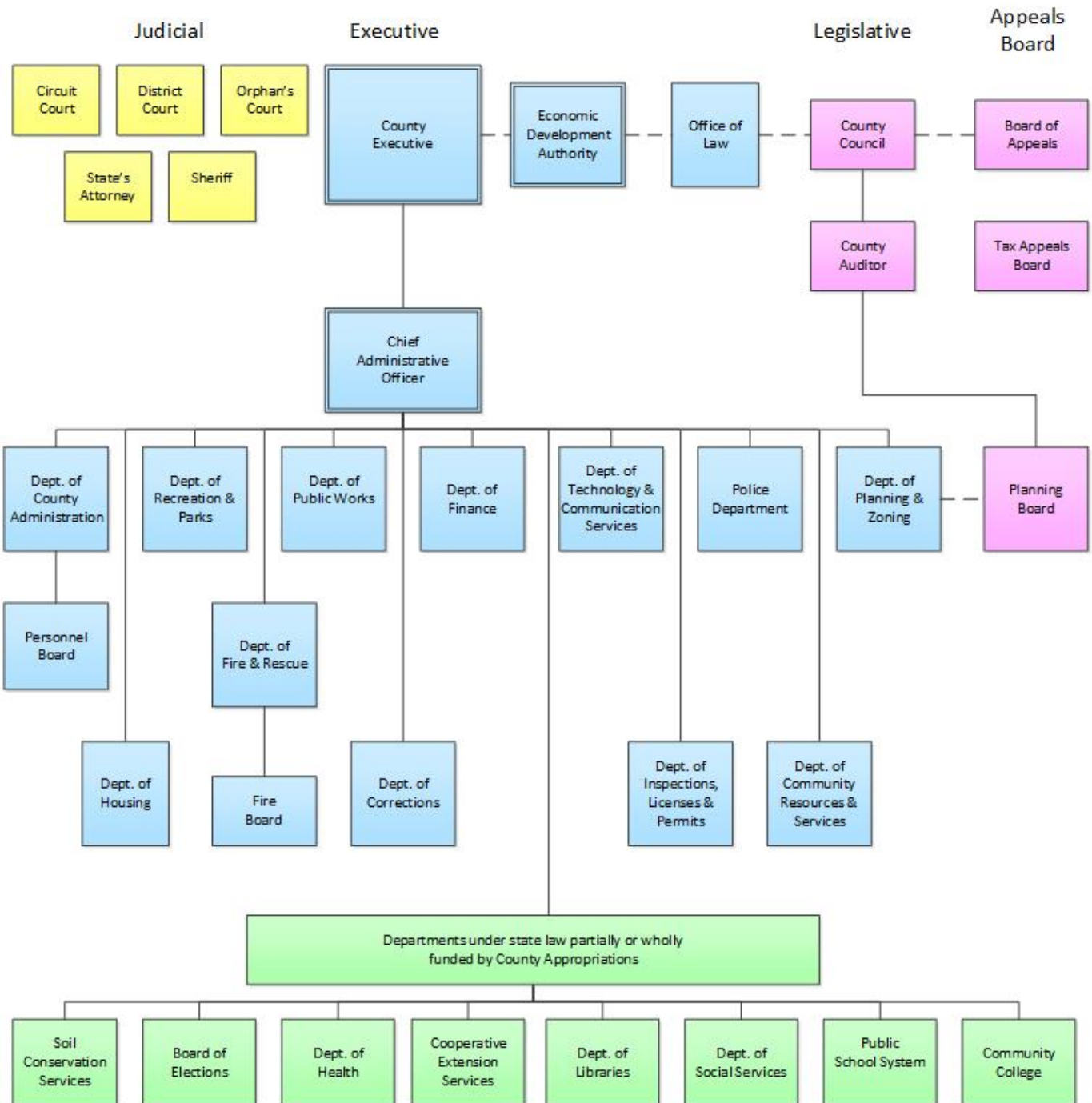
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HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





HOWARD COUNTY DEPARTMENT OF FINANCE

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November 22, 2019

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

Ladies and Gentlemen:

FORMAL TRANSMITTAL OF THE CAFR

The audited Comprehensive Annual Financial Report (CAFR) of Howard County, Maryland (the County) prepared by the Department of Finance for the fiscal year (FY) ended June 30, 2019, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the auditor's opinion issued by the independent public accounting firm of CliftonLarsonAllen LLP hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

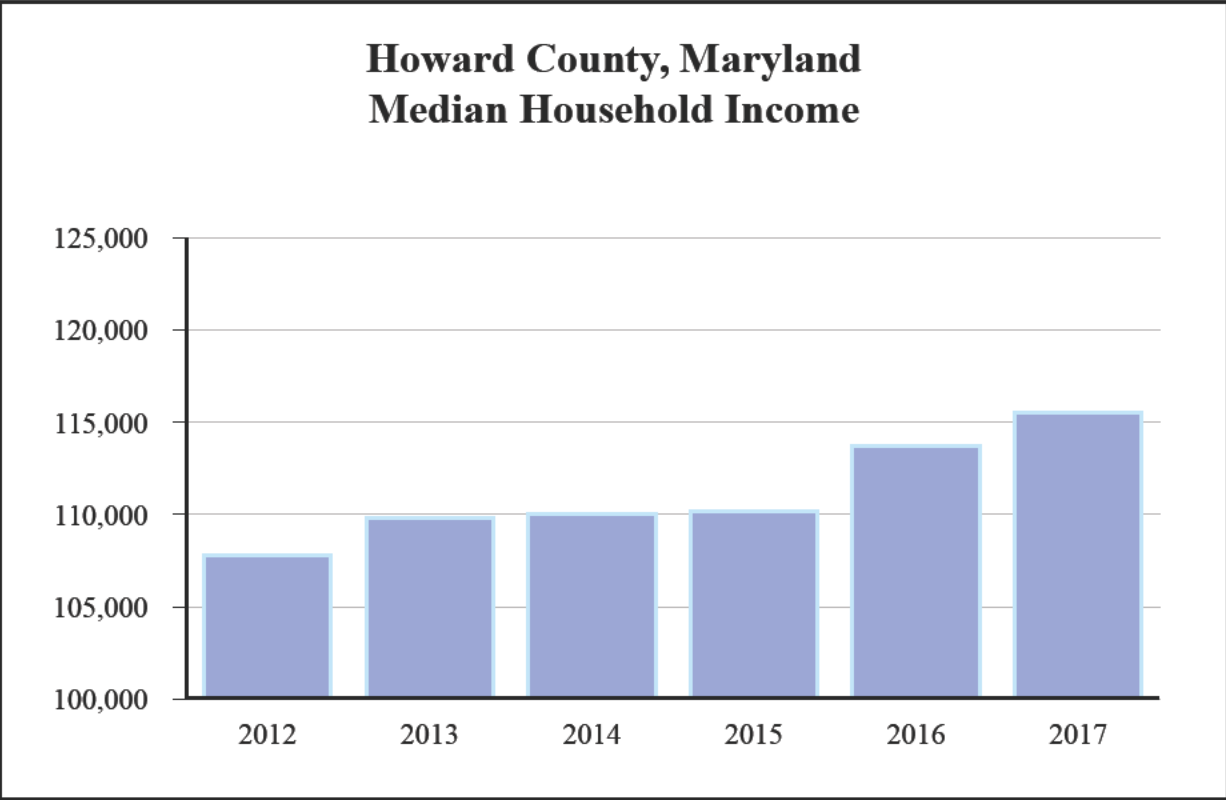
CliftonLarsonAllen LLP, licensed certified public accountants, performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2019. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Howard County, Maryland was formed in 1851 and was named for the fifth Governor of Maryland, Colonel John Eager Howard. Under a home rule charter adopted in 1968, the County's executive functions are vested in the elected County Executive. The County Council consists of five members elected by district.

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction began on the planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. Howard County is home to approximately 323,293 residents based on 2018 estimates by the Howard County Department of Planning & Zoning. The Howard County Library System (HCLS) was named one of the best Library Systems in North America by the Library Journal Index of Public Service for five straight years. Columbia/Ellicott City was named by Money Magazine as the #1 best place to live in 2016 and ranked in the top ten for the fifth time in a row. According to the U.S. Census Bureau’s American Community Survey in 2017, Howard County has both the highest median income in the State and the third highest in the nation.



Source: United States Department of Commerce, Bureau of the Census, State and County QuickFacts (5-year estimates)

COMPONENT UNITS

The County government provides all the local government services as there are no incorporated cities or towns in Howard County. Services provided by the County include police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks. In addition to general government activities, the governing body has financial accountability for the Howard County Public School System, Howard Community College, the Howard County Library System, and the Howard County Housing Commission. Therefore, the activities of these entities are included in this annual report. Additional information on all four of these legally separate entities can

be found in Note 1A in the Notes to Basic Financial Statements. The financial activities of the Howard County Economic Development Authority, which is also a component unit of the County, are excluded due to immateriality. The Volunteer Fire Districts do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

BUDGET

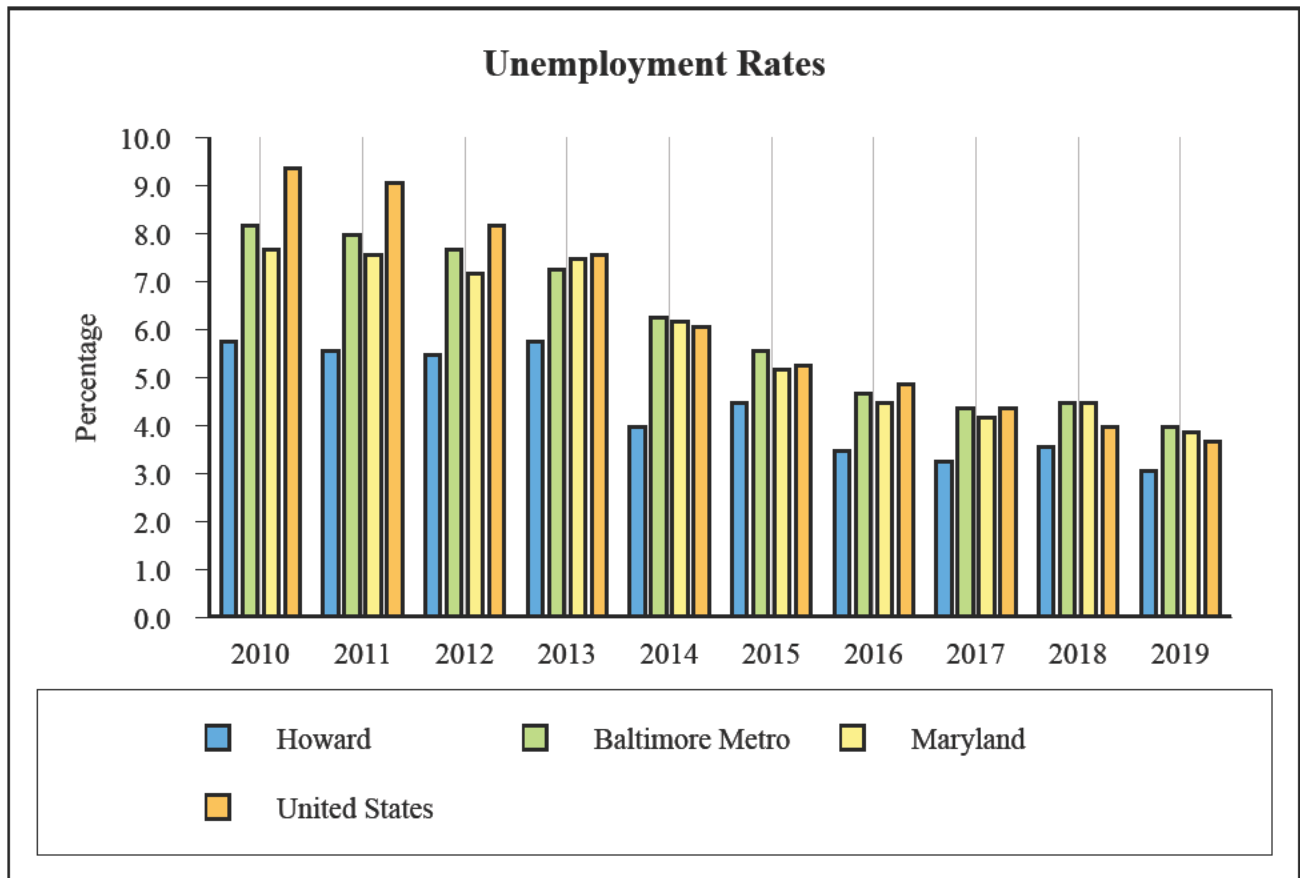
The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five-year spending projections), the capital budget and capital program, and the budget message. The annual budget includes all revenues, all expenditures and the projected surplus or deficit in the general fund and all other funds. Funds in the operating budget include appropriations for the following functional areas: education, public safety, public works, community services, general government, legislative and judicial, and capital, debt and reserves. The capital budget includes funds to construct major government facilities such as roads, bridges, schools, libraries, water and sewer infrastructure and fire stations. Capital projects usually take more than a year to complete, unlike the operating budget which covers only one year.

The budget process begins each fall when the County Executive appoints a Spending Affordability Advisory Committee to establish guidelines for determining debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in December. After a public process that involves two public hearings and a thorough review of departmental requests, the County Executive submits proposed capital and operating budgets to the County Council by April 1 and 21, respectively. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure recommended by the Executive for current or capital purposes unless expressly provided for in State law or to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the Public School's budget. The County Council may restore funds back to the level requested by the School Board. After its review, the County Council finalizes the entire budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The Annual Budget must be adopted by the County Council by the first day of the last month of the current fiscal year. Expenditure authority for the operating budget is at the fund and department level in major categories, including personnel costs, various operating expenses and capital cost. Appropriations in the capital budget are determined at the project level on an annual basis.

Once the budget is approved, the County Council can only amend it at the request of the County Executive. The operating budget is amended during the year through the use of supplemental budget appropriation ordinances (SAOs). The County Executive may request at any time during the fiscal year, the approval of an SAO by transferring funds from the County's budgeted contingency reserves. The capital budget may be amended through the use of Transfer Appropriation Ordinances (TAOs). The County Executive may request, at any time during the fiscal year that a TAO be approved by transferring funds from one capital project to another. At no time may the bottom line of the capital budget be increased. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. Employment is expected to remain stable and the unemployment rate is expected to remain below the state (3.9%) and national (3.7%) levels as evidenced by the June 2019 rate of 3.1%.



Source: Maryland Department of Labor, Licensing and Regulation

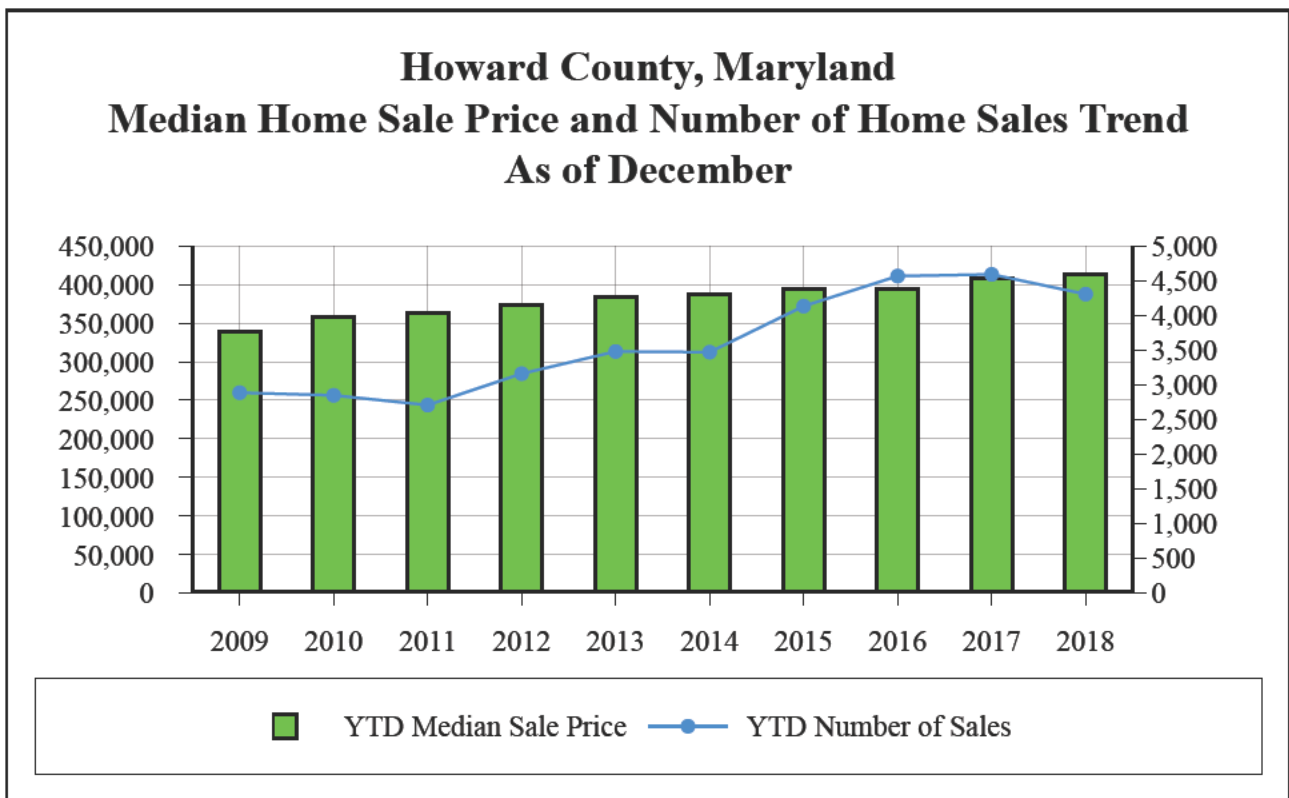
LOCAL ECONOMY

Howard County's ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. According to the Maryland Department of Labor Licensing and Regulation, over 10,161 businesses in Howard County employ 170,949 workers in industries such as information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture and in multinational corporations. The service sector is the largest industry in the County, employing 88% of the workforce. In the service industry, government contracts support cybersecurity and information technology programs and will continue to do so with the growth projected at Fort George Meade, which is less than two miles outside the County border. Although BRAC (Base Realignment and Closure) officially ended in 2011, projections indicate that the on-base workforce could grow to a total of 64,000 by 2020.

Commercial real estate vacancy rates continue to decline and the average remains below 7% for flex, retail, industrial, and office space as reported by Costar. The year-to-date average vacancy rate for 2019 is 5.1%. FY 2019 property tax revenues increased 3.8% above the previous fiscal year. In its FY 2020 budget, Howard County projects a modest increase in property tax revenues. One-third of property in the County is assessed each year, with increases in assessed values phased in over 3 years. This triennial assessment of property, the phasing in of assessment increases, and the County’s 5% Homestead Property Tax Credit rate help to stabilize the tax base and tax revenues.

Local income tax is the County’s other main revenue source. Income tax collection increased by 6.4% when compared to the actual for FY 2018, partially due to increased capital gains. The FY 2020 projection for income tax collections represents a 2.5% increase from what was budgeted in FY 2019.

Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate. FY 2019 revenue from recordation tax decreased 6.9% from the previous fiscal year. The FY 2020 budget projects a 6.6% decrease in recordation tax collections compared to FY 2019. The declining recordation tax is attributed to fewer refinancings. The average days on market increased to 62 days.



Source: Metropolitan Regional Information Systems Inc.

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2019. Looking forward, overall economic performance is expected to improve slightly in FY 2020. The adopted budget projects the FY 2020 gross assessable base of Howard County will increase by 3.9% from FY 2019. Due to decreasing Homestead Tax Credits, the net taxable

assessment will increase by approximately 5.2%. This is because the Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5% per year, and most residential properties have fully phased in the pre-2006 housing market increases. Approximately 13% of homeowner occupied properties in Howard County received this credit in FY 2019.

MAJOR INITIATIVES

The County will continue the strong fiscal management policies which have led to AAA rating from all three major credit rating agencies. Consultants presented findings of The Fiscal Impact of New Development in Howard County, Maryland Under Two Scenarios in July 2019. The analysis compared the projected short-term and long-term fiscal impact of growth and development in the County both before and after the passage of Council Bill 1-2018, which amended the Adequate Public Facilities Ordinance. Under both scenarios, the revenues generated by the residential and non-residential development are estimated to exceed the cost to provide County services. Construction continues on the Howard County Circuit Courthouse, which will be the 1st on the East Coast to be delivered using a Public Private Partnership (P3) model. Upon expected occupancy in June 2021, the County will pay Edgemoor-StarAmerica Judicial Partners (ESJP) \$78 million. The County will then make monthly payments to ESJP to operate and maintain the Courthouse for the next 30 years to the high standards established by the County. Howard County will focus on the following priority areas in the future: Ready and successful students; Safe and engaged communities; Clean and sustainable environment; Thriving and healthy residents; Reliable and accessible infrastructure; Strong and prosperous businesses and Innovative and efficient government.

LONG TERM FINANCIAL PLANNING

Rainy Day Fund

County voters approved an amendment to the County Charter to establish a budget stabilization account, also known as a Rainy Day Fund, to provide a financial safety net for the County effective December 3, 1992. The amendment requires all surplus funds in the County be placed in this fund until it reaches 7% of the prior year's audited expenditures. The funds may be used if an emergency exists pursuant to the County Charter, or if the County Executive determines that actual revenues will be substantially below the revenues budgeted and reasonable expenditure reduction will not offset the anticipated loss. See Note 1Q in the Notes to Basic Financial Statements for a discussion of the status of the Rainy Day Fund. The Rainy Day Fund's balance is currently at the target level.

Capital Projects and Debt Administration

The County funds its capital programs based on the requirements of the General Plan and supporting master plans for schools, recreation and parks, human services, water and sewer, solid waste, libraries, fire stations and public facilities.

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing

bond documents, and marketing bonds to investors. Bonds issued by the County mature over a term that does not exceed the economic life of the improvements that they finance.

The County consolidates general County improvements into Consolidated Public Improvement bonds with a term of up to 20 years and water and sewer improvements into Metropolitan District Bonds with a term of up to 30 years. Debt obligations are generally issued through a competitive sale. However, the County has the option to use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that a competitive sale may not be financially prudent.

Spending Affordability Advisory Committee

The Spending Affordability Advisory Committee was established by Executive Order in 1987 to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to evaluate future County revenue levels and consider the impact of economic indicators such as changes in residential personal income and assessable base growth; and to evaluate expenditure levels with consideration of County long-term obligations and the best way to pay for them.

The Committee recommends revenue projections and the amount of new County debt authorization for the upcoming fiscal year. The Committee report includes the effect its recommendations will have on future budgets. This Committee also assesses the County's ability to repay bond debt and issues an annual report defining debt capacity of the County.

FINANCIAL POLICIES

The financial policies and management practices of Howard County were recognized by all three major rating agencies with a continued Triple-A credit rating, the highest possible rating.

Debt Management Policy

The County adopted an updated debt management policy on October 7, 2009 that establishes the processes employed to manage its debt. The policy sets the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. By establishing a debt policy, the County has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that credit quality is protected.

Investment Policy

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. Investment activities are governed by State laws. Accordingly, the County invests in: certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Federal agency obligations; Treasury and other government mutual funds; and the State of Maryland investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy. The investment policy was updated and adopted by the County

Council on February 4, 2019. The Association of Public Treasurers of the United States and Canada presented the County with the Association's Investment Policy Certificate of Excellence Award in June 2019.

The investment policies for the two Howard County retirement plans establish asset allocation targets, investment manager selection, and investment performance guidelines.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 43rd consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2018. This was the 25th consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

A very special thank you to the Department of Finance, for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,



Janet R. Irvin, CPFO
Director of Finance



OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

November 26, 2019

CERTIFICATE OF THE COUNTY AUDITOR

Honorable Members of the County Council

Christiana Mercer Rigby, Chairperson
Opel Jones, Vice Chairperson
Deb Jung
Liz Walsh
David Yungmann

The Honorable Calvin Ball
County Executive

Article II, Section 212 of the Howard County Charter, requires that a complete audit of all offices, departments, institutions, boards, commissions, corporations, courts, and other agencies of the County Government be prepared for the preceding fiscal year, and submitted to the County Council and to the County Executive, no later than November 30th of each year.

The independent certified public accounting firm of CliftonLarsonAllen LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212 of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2019. Also, in accordance with the Charter Amendment approved by the voters of Howard County, I will make copies of this report available to the public at the County Auditor's Office and at the Howard County public libraries.

Respectfully submitted,



Craig Glendenning, CPA
County Auditor



MLK celebration

In 2019, Howard County's Martin Luther King, Jr. Holiday Commission honored the civil rights leader's dream with a keynote address from the first county executive of color, an awards presentation to community leaders, and countywide volunteer opportunities during a Day of Service.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Howard County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Financial Section

- Basic Financial Statements
- Notes to Financial Statements
- Combining and Individual Fund Statements and Schedules





CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Howard Community College, Howard County Public Schools, and Howard County Public Library, which represent 86 percent, 97 percent, and 96 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregately discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County'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.



A member of
Nexia
International

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, which for the Board of Education provides an unmodified opinion for the governmental and business-type activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Agricultural Land Preservation Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-17, and the required supplementary information on pages 101-108 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 22, 2019



Management's Discussion and Analysis

As management of Howard County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal (found on pages iii to x of this report). The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$612.0 million. That amount is net of a \$850.9 million unrestricted deficit. The unrestricted deficit occurs because the County issues debt to fund construction costs for the Public School System and the Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for education projects is \$474.5 million and for college projects is \$117.0 million. Public School System ownership of buildings transfers to the County if the assets are no longer needed for educational purposes. The current net book value of the Public School System's buildings and improvements and construction in progress is \$1.19 billion. Additionally, the unrestricted deficit is caused by the net pension liability of \$152.7 million and net OPEB liability of \$376.3 million.
- The \$41.4 million increase in the government's total net position is primarily due to an increase of \$57.5 million in total general revenues.
- The County's property tax revenues increased this year by \$24.0 million, or 3.8%, due to rising property values.
- Approximately 46.4% of the total governmental fund balance, \$134.5 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and is properly designated as committed, assigned and unassigned. Available fund balance for the General Fund is \$128.3 million, or 11.6% of total General Fund expenditures.
- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$289.7 million, a decrease of about \$25.7 million in comparison with the prior year. Specifically, the fund balance of the General Fund decreased by \$1.6 million primarily due to increases of \$28.8 million and \$12.0 million in the County's funding of educational and debt service expenditures, respectively, offset by an increase in revenue of \$37.6 million.
- The reserve for the budget stabilization account balance is \$74.0 million, an increase of \$2.6 million million or 6.7% of fiscal year 2019 General Fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2017 expenditures). We have reached that target and assigned \$3.7 million for subsequent years' budget stabilization. The County is committed to meeting this mandated target in future years.
- The County's total long-term debt increased by \$78.3 million, (4.5% during the current fiscal year). The major factors in this increase were the issuance of \$133.6 million Consolidated Public Improvement (CPI) Project Bonds, \$66.6 million in Metropolitan (Metro) District Project Bonds and \$2.2 million of capital leases. The County refunded \$23.6 million in CPI bonds and \$6.1 million in Metro bonds

and retired \$63.0 million, \$11.5 million and \$3.4 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$497,000 of Special Facility Revenue bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Howard County, Maryland's basic financial statements that include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The two government-wide statements are on a full accrual accounting basis, including the elimination and/or reclassification of internal activities.

The first government-wide statement is the *Statement of Net Position*. This is the Countywide statement presenting information that includes all County assets and deferred outflows of resources and County 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 of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which presents information showing how the government's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or disbursed. An important purpose of the Statement of Activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both 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 general government, public safety, public works (roads, trash collection and disposal, planning and zoning, inspections and permits), legislative and judicial, education, community services (health, housing, aging, and consumer protection), recreation and parks, and capital improvements. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection services, broadband services, and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

The government-wide financial statements include not only the County, the *primary government*, but also a legally separate school system, community college, library system, and housing commission for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are located on pages 21-23 of this report.

Fund financial statements. A *fund* is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments use 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. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in the latter section of this report.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the focus is very different with fund statements focusing 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.

Since the government-wide focus includes the long-term view and the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *government-wide activities*.

The County maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, agricultural land preservation, and general capital projects funds, all of which are major funds. Data from the other thirteen non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its non-capital governmental funds. Budgetary comparison statements are provided for the general and agricultural land preservation funds to demonstrate compliance with this budget. Budgetary statements for non-major special revenue and debt service funds are provided in the combining section of this report.

The basic governmental fund financial statements are located on pages 24-29 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County maintains two different 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 uses enterprise funds to account for its water and sewer infrastructure and operations, its watershed restoration and protection services, its broadband services, and for the operations of its public golf course. Internal service funds are an accounting structure used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, technology and communication systems, risk management self-insurance program, and employee benefits self-insurance. Because the internal service funds' services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide both long- and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is a major fund of the County, and combined fund information for the watershed restoration and protection services, broadband services, and

golf course operations, which are all non-major funds of the County. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements are located on pages 30-33 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements are located on pages 34-35 of this report.

The component unit financial statements are located on pages 36-37 of this report.

Notes to basic financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements are located immediately after the Basic Financial Statements on pages 41-99.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information is located on pages 102-109 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and are considered to be supplementary information. Combining and individual fund statements and schedules start on page 114 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 162-166. Schedules providing additional long-term debt detail start on page 169. The Statistical Section begins on page 175.

Government-Wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government's financial position. Howard County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$612.0 million at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire or construct those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Public School

System. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to state-owned roads. As of June 30, 2019, debt outstanding for education projects is \$474.5 million and for college projects is \$117.0 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities' net position of \$997.5 million reflects the imbalance of liabilities without corresponding assets as well as the governmental activities' portion of the County's Net OPEB liability of \$353.2 million and net pension liability of \$150.7 million.

An additional portion of the County's net position (\$164.1 million or 26.8%) represents resources subject to external restrictions on their usage.

Summary of Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 574,494,784	570,256,100	261,977,435	254,410,191	836,472,219	824,666,291
Capital assets	1,519,048,191	1,471,809,169	805,427,740	732,651,692	2,324,475,931	2,204,460,861
Total assets	2,093,542,975	2,042,065,269	1,067,405,175	987,061,883	3,160,948,150	3,029,127,152
Deferred outflows of resources	129,499,985	133,975,754	11,034,327	7,950,943	140,534,312	141,926,697
Total assets and deferred outflows	2,223,042,960	2,176,041,023	1,078,439,502	995,012,826	3,301,482,462	3,171,053,849
Long-term liabilities outstanding	2,041,573,904	1,970,434,368	401,129,274	347,366,753	2,442,703,178	2,317,801,121
Other liabilities	117,523,265	133,064,667	47,555,964	48,446,726	165,079,229	181,511,393
Total liabilities	2,159,097,169	2,103,499,035	448,685,238	395,813,479	2,607,782,407	2,499,312,514
Deferred inflows of resources	77,223,192	96,775,805	4,516,165	4,424,258	81,739,357	101,200,063
Total liabilities and deferred inflows	2,236,320,361	2,200,274,840	453,201,403	400,237,737	2,689,521,764	2,600,512,577
Net position						
Invested in capital assets	841,929,843	826,399,982	456,887,408	419,010,628	1,298,817,251	1,245,410,610
Restricted	142,249,607	153,326,501	21,823,966	24,709,724	164,073,573	178,036,225
Unrestricted	(997,456,851)	(1,003,960,300)	146,526,725	151,054,737	(850,930,126)	(852,905,563)
Total net position	\$ (13,277,401)	(24,233,817)	625,238,099	594,775,089	611,960,698	570,541,272

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position for the government as a whole, as well as for its separate governmental activities. Business-type activities show positive balances in all three categories.

Changes in Net Position

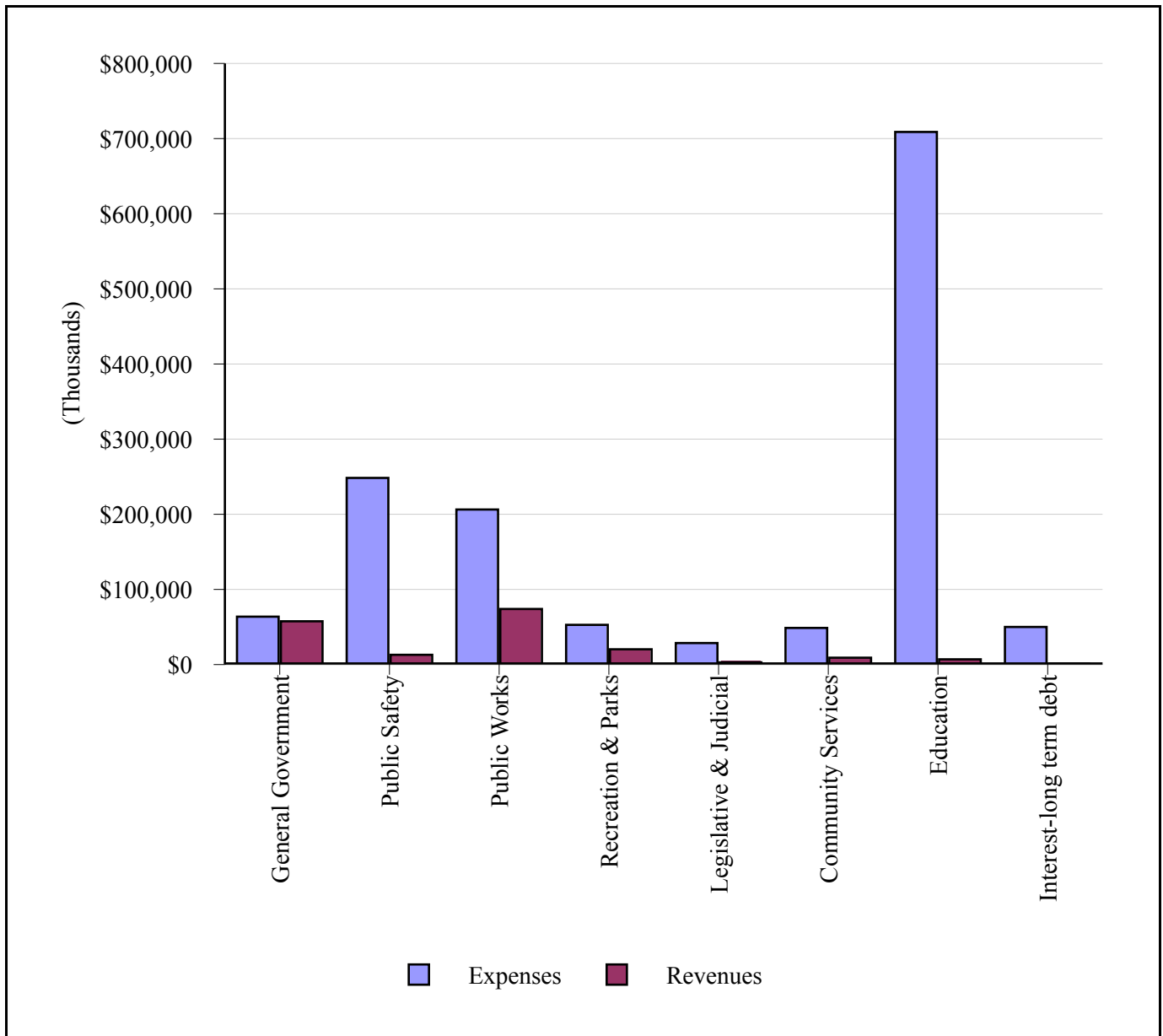
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 132,468,245	129,677,448	76,378,400	78,354,625	208,846,645	208,032,073
Operating grants and contributions	40,559,501	43,351,124	35,349,018	33,958,088	75,908,519	77,309,212
Capital grants and contributions	18,377,194	24,455,008	43,164,177	11,976,929	61,541,371	36,431,937
General revenues						
Property taxes	654,794,565	630,762,037	—	—	654,794,565	630,762,037
Local income taxes	496,679,385	466,935,173	—	—	496,679,385	466,935,173
Other taxes	69,739,135	77,122,059	—	—	69,739,135	77,122,059
Other	17,772,744	9,289,565	5,204,513	2,488,271	22,977,257	11,777,836
Total revenues	1,430,390,769	1,381,592,414	160,096,108	126,777,913	1,590,486,877	1,508,370,327
Expenses						
General government	65,241,233	58,020,097	—	—	65,241,233	58,020,097
Public safety	249,887,935	217,378,984	—	—	249,887,935	217,378,984
Public works	207,843,230	194,980,993	—	—	207,843,230	194,980,993
Recreation and parks	54,344,080	25,923,502	—	—	54,344,080	25,923,502
Legislative and judicial	30,139,996	27,484,681	—	—	30,139,996	27,484,681
Community services	50,250,870	47,215,901	—	—	50,250,870	47,215,901
State highways	9,286,446	4,934,098	—	—	9,286,446	4,934,098
Education	710,311,491	701,633,749	—	—	710,311,491	701,633,749
Interest on long-term debt	51,541,615	61,452,013	—	—	51,541,615	61,452,013
Water & Sewer	—	—	113,056,969	105,229,515	113,056,969	105,229,515
Other	—	—	7,163,586	6,585,542	7,163,586	6,585,542
Total expenses	1,428,846,896	1,339,024,018	120,220,555	111,815,057	1,549,067,451	1,450,839,075
Increase (decrease) in net position	1,543,873	42,568,396	39,875,553	14,962,856	41,419,426	57,531,252
Transfers	9,412,543	9,151,633	(9,412,543)	(9,151,633)	—	—
Total Increase (decrease) in net position	10,956,416	51,720,029	30,463,010	5,811,223	41,419,426	57,531,252
Net position beginning	(24,233,817)	(198,072,383)	594,775,089	599,911,965	570,541,272	401,839,582
Adjustment to restate net position	—	122,118,537	—	(10,948,099)	—	111,170,438
Net position ending	\$ (13,277,401)	(24,233,817)	625,238,099	594,775,089	611,960,698	570,541,272

*FY18 amounts have been restated for GASB 75

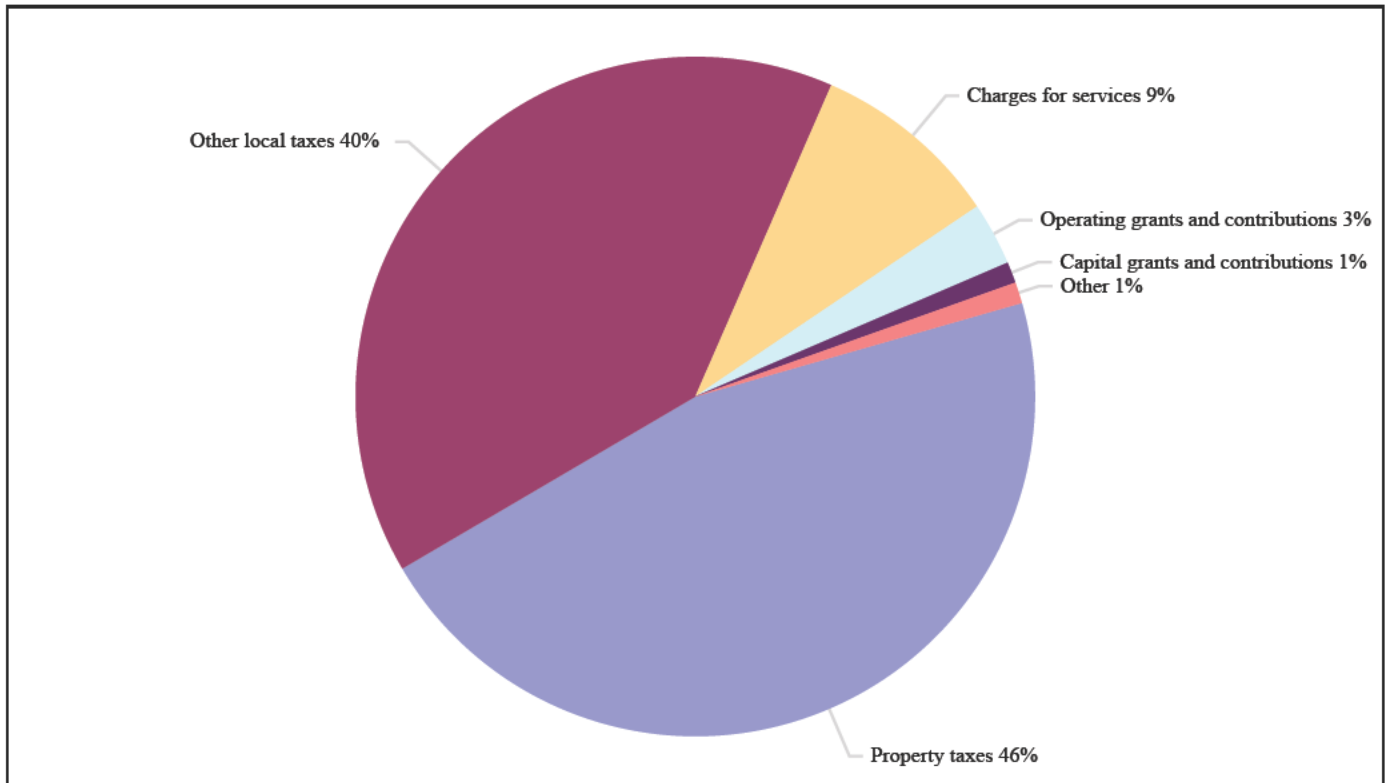
Governmental activities. Governmental activities increased the County's net position by \$11.0 million. Key elements of this increase are as follows:

- Property tax revenues increased by \$24.0 million due to rising property values.
- Income tax revenues increased by \$29.7 million due to the continued recovery of the job market.
- Recordation tax revenues decreased by \$1.6 million due to a decrease in property transfers and refinancings.
- Net OPEB liability increased by \$31.7 million and net pension liability decreased by \$2.8 million.
- Education expenses increased by \$8.7 million; \$1.3 million for the Public School System, \$5.5 million for the Community College, and \$1.8 million for the Library.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

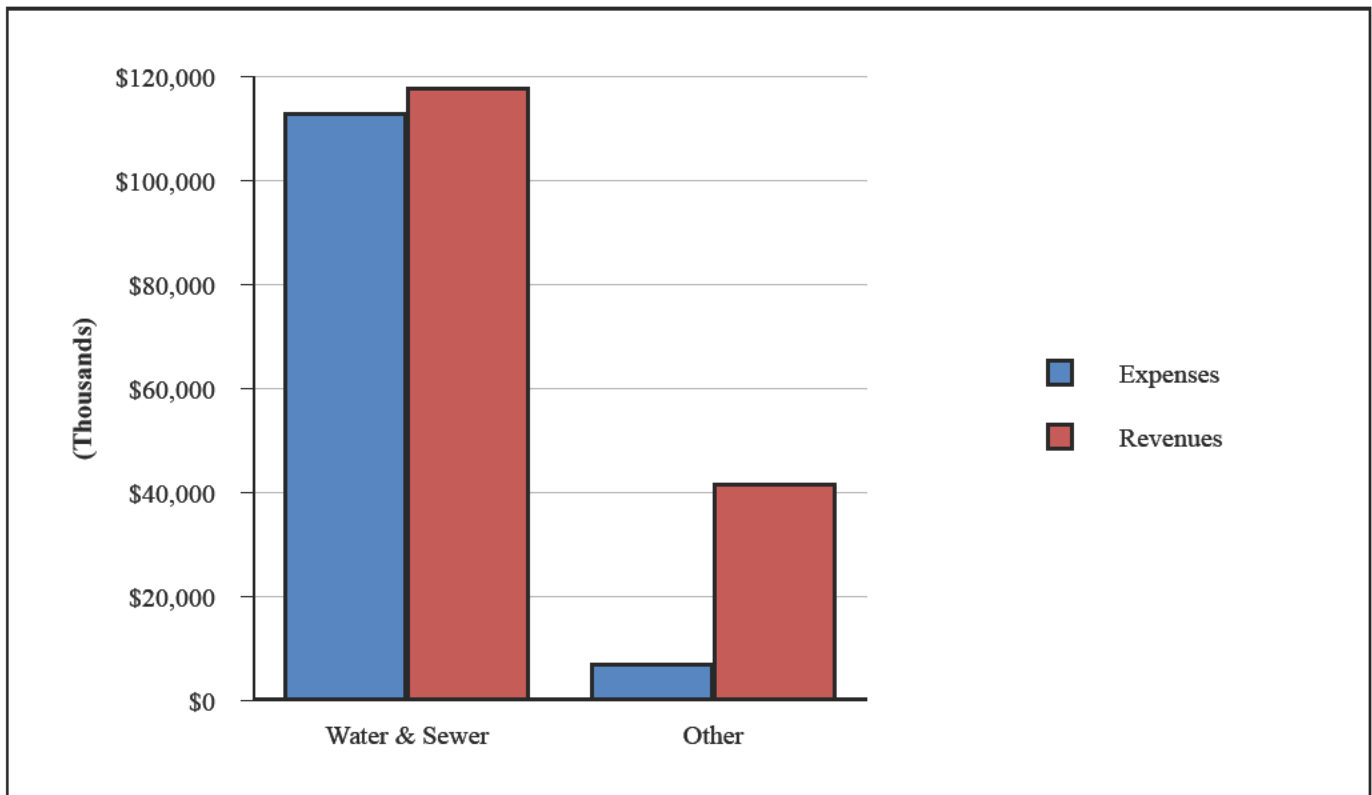


Business-type activities. Business-type activities increased the County's net position by \$30.5 million. The components of this increase are as follows:

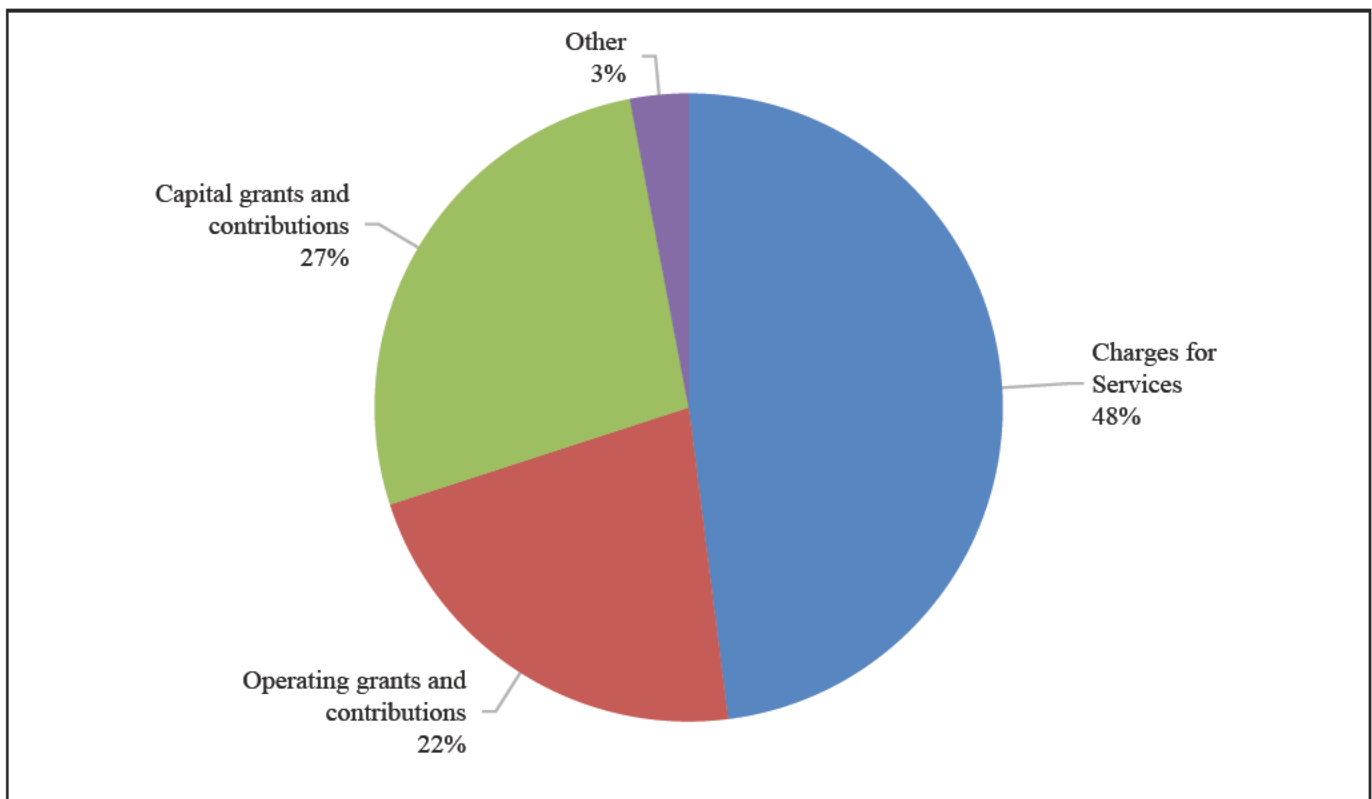
- Charges for services decreased by \$2.0 million due to a decrease in water and sewer consumption.
- Operating grants and contributions, which totaled \$35.3 million, represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used primarily to fund debt service payments and pay-as-you-go funding on capital projects.
- \$43.2 million was received in capital contributions. This revenue includes the value of water and sewer lines constructed by developers and donated at no cost to the County. The County pays for additional water and sewer lines built by developers through a rebate process. Capital contributions also include front foot revenues assessed to properties connected to the water and sewer system. These front foot revenues fund the debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate the assets to the County. Overall, capital grants and contributions increased by \$31.2 million from fiscal year 2018.

Business-type activities are shown comparing costs to revenues generated by related services. Both water and sewer and other activities, consisting of Golf Course, Broadband Services, and Watershed Protection and Restoration, are self-supporting.

Expenses and Program Revenues - Business-type activities



Revenues by Source - 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 Howard 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 County's financing requirements. In particular, unreserved fund balances 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 County's governmental funds reported combined ending fund balances of \$289.7 million, a decrease of \$25.7 million in comparison with the prior year. Of this fund balance, \$12.9 million is nonspendable, \$142.2 million is restricted by enabling legislation, \$128.4 million is committed by the County, at the highest level of authority, \$98.4 million is assigned by management, and \$92.3 million is a deficit unassigned fund balance.

The general fund is the chief operating fund of the County. At fiscal year-end, the total General Fund fund balance was \$140.6 million, \$1.6 million or 1.2% less than the prior year primarily due to an increase of the County's funding of educational and debt service expenditures.

The \$58.9 million total fund balance of the Agricultural Land Preservation Fund is a \$0.1 million increase from the prior year. The increase is the result of a decrease in debt service expenditures.

The general capital projects fund is used to track the construction of general county buildings, as well as schools, libraries, and other buildings for the community college. The fund balance is a \$33.4 million deficit. This is a timing issue due to capital project expenditures occurring before revenues from grants and bonds are recognized.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

All assets in the Water and Sewer Proprietary Fund, except those available to fund current liabilities, are considered restricted because a change in the County charter is required to allow these assets to be used for other purposes. Net position of the water and sewer operations at fiscal year-end was \$561.1 million. Net position of the Water and Sewer Proprietary Fund increased \$3.8 million due to the receipt of ad valorem fees and capital contributions.

General Fund Budgetary Highlights

The County spent \$8.1 million less than the budget as the County departments exercised caution with spending. The County experienced a favorable variance of \$2.3 million budget versus actual due to lower than anticipated expenditures within General Government. Public Safety showed a favorable variance of budget versus actual expenditures of \$2.5 million.

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019 is \$2.3 billion (net of accumulated depreciation). Capital assets include land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and stormwater management systems. The total increase in the County's investment in capital assets for the current fiscal year was 5.4% (a 3.2% increase for governmental activities and a 9.9% increase for business-type activities).

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

- \$17.2 Million for construction of US 29 Water Main
- \$8.3 Million for various stream/pond renovations including Maple Dell Farm Stream and Red Cravat Pond
- \$7.6 Million for completion of Composting Facility Phase 2A
- \$5.3 Million for completion of Montevideo Rd Improvements Phase 1A
- \$4.3 Million for completion of Crescent Neighborhood Road Segment 1A
- \$4.2 Million for construction of Broken Land Parkway 30" Transmission Main
- \$2.4 Million for completion of Old Stockbridge Rd Culvert Replacement
- \$2.4 Million for completion of Mendenhall Interior Renovations Phase 2
- \$2.0 Million for construction of Little Patuxent Water Reclamation Plant Effluent Pumping Station

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land and land improvements	\$ 602,390,872	594,852,144	12,202,828	11,753,538	614,593,700	606,605,682
Construction in progress	101,613,027	70,541,932	127,333,464	95,136,036	228,946,491	165,677,968
Buildings and improvements	443,851,768	430,869,137	181,453,447	186,164,811	625,305,215	617,033,948
Machinery and equipment	76,914,875	73,597,335	10,243,651	10,246,747	87,158,526	83,844,082
Infrastructure	294,277,649	301,948,621	474,194,350	429,350,560	768,471,999	731,299,181
Total capital assets	\$ 1,519,048,191	1,471,809,169	805,427,740	732,651,692	2,324,475,931	2,204,460,861

Additional information on the County's capital assets are located in Note 6 on pages 62-63 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$1.8 billion. Of this amount, \$1.7 billion comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 1,246,382,174	1,203,277,708	351,004,168	304,153,642	1,597,386,342	1,507,431,350
State water quality loan	—	—	14,572,847	17,956,260	14,572,847	17,956,260
Tax increment financing bonds	65,100,000	65,165,000	—	—	65,100,000	65,165,000
Agricultural land preservation program	93,483,238	97,715,767	—	—	93,483,238	97,715,767
Special facility revenue bonds	—	—	2,217,000	2,714,000	2,217,000	2,714,000
Other	31,603,394	35,011,551	874,412	922,923	32,477,806	35,934,474
Total outstanding debt	\$ 1,436,568,806	1,401,170,026	368,668,427	325,746,825	1,805,237,233	1,726,916,851

The County's total long-term debt increased by \$78.3 million, (4.5% during the current fiscal year). The major factors in this increase were the issuance of \$133.6 million Consolidated Public Improvement (CPI) Project Bonds, and \$66.6 million in Metropolitan (Metro) District Project Bonds. The County refunded \$23.6 million in CPI bonds and \$6.1 million in Metro bonds and retired \$63.0 million, \$11.5 million and \$3.4 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$497,000 of Special Facility Revenue bonds. The County maintains an "AAA" rating from both Standard & Poor's and Fitch Ratings, and an "Aaa" rating from Moody's Investors Service for general obligation debt.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8% of its total assessed valuation. The current debt limitation for the County is \$2.6 billion, which is significantly more than the County's outstanding general obligation debt at fiscal year-end.

Additional information on the County's long-term debt is located in Note 7 starting on page 64 of this report.

Economic Factors and Next Year's Budgets and Rates

Howard County has a relatively low unemployment rate as evidenced by the following:

- The June 2019 unemployment rate for the County was 3.1%. This compares favorably to the state's unemployment rate of 3.9% and the national rate of 3.7% for the same period.
- The occupancy rate for commercial space as of June 2019 was 94.9% which is the same as a year ago. Howard County had an increase of 1,084,843 total rentable building area (RBA) during this fiscal year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

The fiscal year 2020 general fund budget is \$22.6 million or 2% more than the fiscal year 2019 budget. This increase is primarily the result of an \$8.9 million increase in funding of education, a \$4.1 million increase for public safety, and a \$3.1 million increase for public works.

The County's property tax and income tax rates remained the same for fiscal year 2020. There were also no changes to the Building Excise Tax (used to fund road expansion), Water and Sewer charges, recycling fees or the water and sewer ad valorem. The annual refuse fee was increased by \$100 per year for residential property and the Fire and Rescue tax increased by 6 cents per \$100 assessed value.

Currently Known Facts, Decisions and Conditions

The County is anticipating a modest surplus in fiscal year 2020 based on year-to-date performance. All other major revenue sources are on budget for fiscal year 2020.

Requests for Information

This financial report is designed to provide a general overview of Howard 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 can be addressed to the:

Department of Finance
3430 Court House Drive
Ellicott City, Maryland 21043
(410) 313-2195
jairvin@howardcountymd.gov.

Complete financial reports are also available on our website: www.howardcountymd.gov.



50th Anniversary of the County Charter

In January of 2019, Former County Executives Ken Ulman, James Robey and Ed Cochran joined with County Executive Calvin Ball to mark the 50th anniversary of Charter Government and shared their reflections and advice.

Basic Financial Statements

Government-wide financial statements combine all of Howard County's governmental and business-type activities, as well as its discretely presented component units.

Fund financial statements show the financial position and the operating results by fund.



Howard County, Maryland
Statement of Net Position
June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash	\$ 287,339,777	58,175,522	345,515,299	62,784,448
Cash and securities with fiscal agents	20,410,337	—	20,410,337	—
Investments	42,810,778	—	42,810,778	85,609,970
Receivables:				
Property taxes, net	5,376,769	341,177	5,717,946	—
Due from other governments	169,095,033	93,497	169,188,530	39,811,986
Service billings	—	11,917,268	11,917,268	—
Due from component units	26,583,676	—	26,583,676	—
Other	18,308,784	674,241	18,983,025	3,008,999
Materials and supplies	2,760,221	1,293,239	4,053,460	1,313,579
Prepays	17,882	—	17,882	2,089,697
Restricted assets:				
Cash and cash equivalent and equity in pooled cash	—	167,524,190	167,524,190	7,809,892
Investments	—	—	—	8,636,903
Water and sewer assessments receivable	—	3,561,977	3,561,977	—
Other receivables	—	—	—	6,573,992
Internal balances	(568,864)	568,864	—	—
Other non-current receivables	2,360,391	17,827,460	20,187,851	—
Capital Assets:				
Land and land improvements	602,390,872	12,202,828	614,593,700	117,860,689
Construction in progress	101,613,027	127,333,464	228,946,491	51,835,597
Buildings and improvements, net	443,851,768	181,453,447	625,305,215	1,593,081,998
Machinery and equipment, net	76,914,875	10,243,651	87,158,526	11,804,896
Infrastructure, net	294,277,649	474,194,350	768,471,999	—
Other capital assets	—	—	—	2,890,977
Other non-current assets	—	—	—	186,923
Total assets	2,093,542,975	1,067,405,175	3,160,948,150	1,995,300,546
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	2,176,511	4,418,962	6,595,473	—
Retirement plans	82,622,915	1,213,221	83,836,136	17,005,235
Other post employment benefits	43,942,015	5,402,144	49,344,159	73,415,144
Length of service award program	758,544	—	758,544	—
Derivative instruments - interest rate swap	—	—	—	624,012
Total deferred outflows of resources	129,499,985	11,034,327	140,534,312	91,044,391
Total assets and deferred outflows of resources	2,223,042,960	1,078,439,502	3,301,482,462	2,086,344,937
LIABILITIES				
Accounts payable and other current liabilities	31,965,455	24,086,312	56,051,767	103,166,500
Accrued interest payable	19,348,004	4,484,828	23,832,832	—
Accrued wages and benefits	17,782,956	715,097	18,498,053	2,613,891
Deposits	7,381,157	1,607,739	8,988,896	851,955
Short-term loans and notes payable	29,798,579	15,677,570	45,476,149	—
Due to primary government	—	—	—	26,583,676
Unearned revenues	11,247,114	984,418	12,231,532	10,954,342

(Continued)

Howard County, Maryland
Statement of Net Position
June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities:				
Due within one year	105,227,935	17,365,827	122,593,762	8,581,429
Due in more than one year, net	1,936,345,969	383,763,447	2,320,109,416	1,106,325,966
Total liabilities	2,159,097,169	448,685,238	2,607,782,407	1,259,077,759
DEFERRED INFLOWS OF RESOURCES				
Retirement plans	15,925,132	748,098	16,673,230	4,104,740
Other post employment benefits	57,611,261	3,768,067	61,379,328	145,832,335
Length of service award program	3,686,799	—	3,686,799	—
Total deferred inflows of resources	77,223,192	4,516,165	81,739,357	149,937,075
Total liabilities and deferred inflows of resources	2,236,320,361	453,201,403	2,689,521,764	1,409,014,834
NET POSITION				
Net investment in capital assets	841,929,843	456,887,408	1,298,817,251	1,507,176,298
Restricted:				
Business-type operations	—	—	—	15,796,103
Catalyst loan program	1,024,177	—	1,024,177	—
Economic development initiatives	741,484	—	741,484	—
Fee in lieu	469,647	—	469,647	—
Fire & rescue services	11,927,046	—	11,927,046	—
Forest conservation	1,964,542	—	1,964,542	—
Middle Patuxent environmental area program	44,511	—	44,511	—
Open space	576,876	—	576,876	—
Parkland watershed facilities	13,602,040	—	13,602,040	—
Permanent public improvement	1,157,451	—	1,157,451	—
Program revenue	568,509	—	568,509	—
Public road facilities	61,223,169	—	61,223,169	—
Public school facilities	20,944,530	—	20,944,530	12,987,811
Speed enforcement	805,201	—	805,201	—
Tax increment financing project	27,200,424	—	27,200,424	—
Debt Services	—	21,823,966	21,823,966	—
Unrestricted	(997,456,851)	146,526,725	(850,930,126)	(858,630,109)
Total net position	\$ (13,277,401)	625,238,099	611,960,698	677,330,103

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2019

Programs	Expenses	Program Revenues			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 65,241,233	48,266,394	10,666,705	168,700	(6,139,434)	—	(6,139,434)	—
Public safety	249,887,935	8,285,012	6,190,580	—	(235,412,343)	—	(235,412,343)	—
Public works	207,843,230	49,166,390	16,826,813	9,476,991	(132,373,036)	—	(132,373,036)	—
Recreation and parks	54,344,080	20,905,820	652,004	255,730	(32,530,526)	—	(32,530,526)	—
Legislative and judicial	30,139,996	868,699	586,545	—	(28,684,752)	—	(28,684,752)	—
Community services	50,250,870	4,975,930	5,636,854	—	(39,638,086)	—	(39,638,086)	—
State highways	9,286,446	—	—	—	(9,286,446)	—	(9,286,446)	—
Education	710,311,491	—	—	8,475,773	(701,835,718)	—	(701,835,718)	—
Interest on long-term debt	51,541,615	—	—	—	(51,541,615)	—	(51,541,615)	—
Total governmental activities	1,428,846,896	132,468,245	40,559,501	18,377,194	(1,237,441,956)	—	(1,237,441,956)	—
Business-type activities:								
Water and sewer	113,056,969	64,833,505	35,349,018	12,779,321	—	(95,125)	(95,125)	—
Other	7,163,586	11,544,895	—	30,384,856	—	34,766,165	34,766,165	—
Total business-type activities	120,220,555	76,378,400	35,349,018	43,164,177	—	34,671,040	34,671,040	—
Total primary government	1,549,067,451	208,846,645	75,908,519	61,541,371	(1,237,441,956)	34,671,040	(1,202,770,916)	—
Component units:								
Housing commission	49,078,184	21,860,202	763,968	11,180,962	—	—	—	(15,273,052)
Public school system	1,085,224,351	21,997,083	175,495,114	42,744,155	—	—	—	(844,987,999)
Library	25,850,569	817,278	—	—	—	—	—	(25,033,291)
Community college	121,417,907	36,666,657	516,596	21,990,363	—	—	—	(62,244,291)
Total component units	\$ 1,281,571,011	81,341,220	176,775,678	75,915,480	—	—	—	(947,538,633)
General revenues:								
Property taxes					\$ 654,794,565	—	654,794,565	—
Local income taxes					496,679,385	—	496,679,385	—
Transfer tax					31,367,019	—	31,367,019	—
Recordation tax					21,142,956	—	21,142,956	—
Building excise tax					7,328,571	—	7,328,571	—
Hotel / motel tax					5,538,425	—	5,538,425	—
Admission tax					3,361,722	—	3,361,722	—
County development tax					314,891	—	314,891	—
Mobile home tax					685,551	—	685,551	—
Appropriations from primary government					—	—	—	657,135,569
Intergovernmental, unrestricted					1,673,415	—	1,673,415	265,944,561
Unrestricted investment income					13,585,602	5,998,775	19,584,377	3,534,259
Miscellaneous					2,513,727	(794,262)	1,719,465	23,835,463
Transfers					9,412,543	(9,412,543)	—	—
Total general revenues					1,248,398,372	(4,208,030)	1,244,190,342	950,449,852
Change in net position					10,956,416	30,463,010	41,419,426	2,911,219
Net position - beginning					(24,233,817)	594,775,089	570,541,272	675,831,166
Adjustment to restate beginning net position					—	—	—	(1,412,282)
Net position - beginning of year, as restated					(24,233,817)	594,775,089	570,541,272	674,418,884
Net position - ending					\$ (13,277,401)	625,238,099	611,960,698	677,330,103

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash	\$ 93,323,456	15,262,349	—	125,943,374	234,529,179
Cash with fiscal agent	—	—	14,667,797	5,742,540	20,410,337
Investments	—	42,810,778	—	—	42,810,778
Receivables:					
Property taxes, net	4,518,964	—	—	857,805	5,376,769
Due from other governments	151,072,305	829,492	1,153,110	16,040,126	169,095,033
Due from other funds	19,821,488	—	—	22,862,545	42,684,033
Due from component units	11,632,263	—	9,268,869	5,682,544	26,583,676
Housing loans	—	—	—	13,588,326	13,588,326
Other	1,570,361	—	—	838,023	2,408,384
Prepaid Items	8,104	—	—	2,704	10,808
Economic development loans	—	—	—	351,633	351,633
Materials and supplies	624,672	—	—	668,338	1,293,010
Total assets	282,571,613	58,902,619	25,089,776	192,577,958	559,141,966
LIABILITIES					
Due to other funds	—	—	16,478,013	22,440,545	38,918,558
Accounts payable / accrued liabilities	5,543,928	7,361	8,156,487	13,298,302	27,006,078
Accrued wages and benefits	11,677,071	6,221	63,650	5,327,086	17,074,028
Short-term loans and notes payable	—	—	23,259,381	6,539,198	29,798,579
Deposits and connection fees	7,033,645	—	—	256,072	7,289,717
Unearned revenue	85,943	—	995,362	10,165,809	11,247,114
Total liabilities	24,340,587	13,582	48,952,893	58,027,012	131,334,074
DEFERRED INFLOWS OF RESOURCES					
Unavailable income taxes	112,047,048	—	—	—	112,047,048
Unavailable property taxes	3,299,267	—	—	711,410	4,010,677
Unavailable fees	2,219,049	—	—	7,167,322	9,386,371
Unavailable grant revenues	57,745	—	9,583,906	3,004,592	12,646,243
Total deferred inflows	117,623,109	—	9,583,906	10,883,324	138,090,339
Total liabilities and deferred inflows	141,963,696	13,582	58,536,799	68,910,336	269,424,413
FUND BALANCES					
Nonspendable	12,265,039	—	—	671,042	12,936,081
Restricted	—	—	36,769,778	105,479,829	142,249,607
Committed	73,958,202	1,162,093	—	53,312,092	128,432,387
Assigned	35,997,183	57,726,944	—	4,660,775	98,384,902
Unassigned	18,387,493	—	(70,216,801)	(40,456,116)	(92,285,424)
Total fund balances (deficits)	140,607,917	58,889,037	(33,447,023)	123,667,622	289,717,553
Total liabilities, deferred inflows and fund balances	\$ 282,571,613	58,902,619	25,089,776	192,577,958	559,141,966

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position (page 22) are different because:

Total fund balances - governmental funds (page 24)	\$	289,717,553
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		60,380,107
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and notes payable	\$ (1,265,608,716)	
Capital leases	(21,216,421)	
Deferred refunding gain/loss and premium	(137,155,669)	
Other noncurrent liabilities	(9,132,931)	
Accrued interest payable	(19,348,003)	
Compensated absences	(25,454,432)	
Landfill closure and post-closure	(23,430,000)	(1,501,346,172)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,473,344,886
The net pension, LOSAP and OPEB liabilities are not due and payable in the current period and related deferred inflows and outflows are not an available resource and, therefore, are not reported in the funds.		(475,707,226)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows in the funds.		140,333,451
Net position of governmental activities (page 22)	\$	<u>(13,277,401)</u>

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 552,123,621	—	—	102,102,956	654,226,577
Other local taxes	494,141,081	8,156,646	7,841,755	23,012,081	533,151,563
State shared taxes	1,673,415	—	—	—	1,673,415
Revenues from other governments	9,666,904	—	10,774,536	23,049,357	43,490,797
Charges for services	13,775,589	—	—	45,762,142	59,537,731
Investment income:					
Interest on investments	5,427,798	3,002,004	491,736	4,645,767	13,567,305
Decrease in fair value of investments	—	(496,321)	—	—	(496,321)
Installment interest from housing loans	—	—	—	60,540	60,540
Licenses and permits	6,641,437	—	—	—	6,641,437
Fines and forfeitures	3,018,280	—	—	1,053,027	4,071,307
Developer fees	—	—	—	852,987	852,987
Payments from component units	1,546,337	—	—	—	1,546,337
Miscellaneous program revenues	2,139,487	6,000	6,778,364	7,956,241	16,880,092
Total revenues	1,090,153,949	10,668,329	25,886,391	208,495,098	1,335,203,767
EXPENDITURES					
Current:					
General government	46,348,699	—	10,363,285	3,917,786	60,629,770
Legislative & judicial	27,881,384	—	—	639,007	28,520,391
Public works	74,745,429	1,013,484	2,984,222	34,693,526	113,436,661
Public safety	129,734,600	—	—	106,217,400	235,952,000
Recreation and parks	22,773,852	—	—	20,397,611	43,171,463
Community services	37,380,452	—	—	10,011,335	47,391,787
Education	655,977,569	—	51,268,431	—	707,246,000
Capital improvements	—	—	76,358,310	64,102,437	140,460,747
Debt service:					
Principal	65,121,048	4,232,529	—	374,920	69,728,497
Interest	46,853,007	5,077,092	2,102,219	3,023,665	57,055,983
Total expenditures	1,106,816,040	10,323,105	143,076,467	243,377,687	1,503,593,299
Excess (deficiency) of revenues over expenditures	(16,662,091)	345,224	(117,190,076)	(34,882,589)	(168,389,532)
OTHER FINANCING SOURCES (USES)					
Bond premium	—	—	10,165,667	2,054,325	12,219,992
Capital lease	—	—	—	2,223,000	2,223,000
Capital-related issuance of debt	793,086	—	88,394,770	19,522,621	108,710,477
Refunding bonds issued	—	—	20,272,862	2,312,138	22,585,000
Payment to bond refunding escrow agent	—	—	(21,617,153)	(2,407,405)	(24,024,558)
Transfers in	26,946,081	—	13,203,236	24,657,113	64,806,430
Transfers out	(12,713,690)	(203,633)	(10,741,677)	(20,201,518)	(43,860,518)
Total other financing sources (uses)	15,025,477	(203,633)	99,677,705	28,160,274	142,659,823
Net change in fund balances	(1,636,614)	141,591	(17,512,371)	(6,722,315)	(25,729,709)
Fund balances (deficit) - beginning	142,244,531	58,747,446	(15,934,652)	130,389,937	315,447,262
Fund balances (deficit) - ending	\$ 140,607,917	58,889,037	(33,447,023)	123,667,622	289,717,553

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities (page 23) are different because:

Net change in fund balances - total governmental funds (page 26) \$ (25,729,709)

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 the amount by which capital outlays exceed depreciation in the current period is as follows:

Capital outlays	\$ 109,726,546	
Less: Depreciation expense	<u>(46,826,274)</u>	62,900,272

In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land and buildings sold. (3,097,920)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 11,600,114

Revenues to governmental funds that relate to prior periods are not reported in the statement of activities. Similarly, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. The details are as follows:

Revenues related to prior periods	(96,672,185)	
Revenues that do not provide current financial resources	<u>138,090,339</u>	41,418,154

Long-term debt proceeds (i.e., bonds, leases, installment purchase agreements) provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction has any 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 deferred and amortized in the statement of activities. (40,689,097)

In the statement of activities, some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (31,600,473)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The new revenue (expense) of certain internal service funds is reported with governmental activities. (3,844,925)

Change in net position of governmental activities (page 23)	<u>\$ 10,956,416</u>	
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The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 550,177,993	550,177,993	552,098,523	1,920,530
Other local taxes	486,547,544	486,547,544	494,141,082	7,593,538
State shared taxes	1,620,478	1,620,478	1,673,415	52,937
Revenues from other governments	8,370,696	8,370,696	9,666,906	1,296,210
Charges for services	14,794,584	14,794,584	13,775,591	(1,018,993)
Interest on investments	2,020,000	2,020,000	7,262,415	5,242,415
Licenses and permits	7,177,314	7,177,314	6,662,734	(514,580)
Recoveries for inter-fund services	16,903,716	16,703,716	16,520,981	(182,735)
Fines and forfeitures	3,108,514	3,108,514	3,018,279	(90,235)
Component units return of funding	2,861,374	2,861,374	1,546,337	(1,315,037)
Miscellaneous	16,596,833	1,951,761	2,293,758	341,997
Total revenues	1,110,179,046	1,095,333,974	1,108,660,021	13,326,047
EXPENDITURES				
Current:				
General government	48,927,267	49,782,345	47,482,351	2,299,994
Legislative & judicial	28,869,795	28,869,795	27,944,728	925,067
Public works	82,689,684	83,854,037	83,091,822	762,215
Public safety	138,183,479	138,183,479	135,696,195	2,487,284
Recreation and parks	24,550,738	24,550,738	24,547,220	3,518
Community services	37,842,319	26,380,821	25,709,591	671,230
Education	655,977,569	655,977,569	655,977,569	—
Health Department	13,211,498	12,920,789	11,930,892	989,897
Debt service:				
Principal	65,386,547	65,121,056	65,121,048	8
Interest	46,837,027	46,853,005	46,853,007	(2)
Total expenditures	1,142,475,923	1,132,493,634	1,124,354,423	8,139,211
Excess (deficiency) of revenues over expenditures	(32,296,877)	(37,159,660)	(15,694,402)	(21,465,258)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	24,132,758	24,132,758	1,128,017	(23,004,741)
Capital related debt issued	—	—	793,086	793,086
Transfers in	19,507,515	34,061,878	33,918,275	(143,603)
Transfers out	(11,343,396)	(21,034,976)	(20,144,976)	890,000
Total other financing sources (uses)	32,296,877	37,159,660	15,694,402	(21,465,258)
Net change in fund balance	—	—	—	—
Plus prior year encumbrances lapsed			2,510,564	
Less appropriation from fund balance			(1,128,017)	
Fund balances - beginning			126,430,852	
Fund balances - ending			\$ 127,813,399	

Health Department's fund balance is combined with the General Fund for the budgetary basis statement only.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 7,150,000	7,150,000	8,156,646	1,006,646
Investment income	1,500,000	1,500,000	2,502,050	1,002,050
Miscellaneous	5,000	5,000	6,000	1,000
Total revenues	8,655,000	8,655,000	10,664,696	2,009,696
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	858,369	859,669	855,414	4,255
Agricultural land preservation board	1,300	—	—	—
Debt service:				
Principal	4,232,529	4,232,529	4,232,529	—
Interest	5,077,092	5,077,092	5,077,092	—
Total expenditures	10,169,290	10,169,290	10,165,035	4,255
Excess (deficiency) of revenues over expenditures	(1,514,290)	(1,514,290)	499,661	2,013,951
OTHER FINANCING SOURCES				
Appropriation from fund balance	1,714,290	1,714,290	—	(1,714,290)
Transfers out	(200,000)	(200,000)	(200,000)	—
Total other financing sources	1,514,290	1,514,290	(200,000)	(1,714,290)
Net change in fund balance	—	—	299,661	299,661
Fund balance - beginning			58,747,446	
Fund balance - ending			\$ 59,047,107	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities			Governmental Activities
	Water and Sewer Fund	Other Enterprise Funds	Total	Internal Services Funds
ASSETS				
Current assets:				
Equity in pooled cash	\$ 40,176,845	17,998,677	58,175,522	52,810,598
Receivables:				
Property taxes	341,177	—	341,177	—
Due from other governments	93,497	—	93,497	—
Service billings	11,760,834	156,434	11,917,268	—
Other receivables	674,241	—	674,241	2,077,717
Prepaid Expenses	—	—	—	7,074
Materials and supplies	1,293,239	—	1,293,239	1,467,211
Restricted assets:				
Equity in pooled cash and cash equivalents	166,964,190	560,000	167,524,190	—
Water and sewer assessments	3,561,977	—	3,561,977	—
Total current assets	224,866,000	18,715,111	243,581,111	56,362,600
Noncurrent assets:				
Restricted assets:				
Receivables:				
Water and sewer assessments	17,701,989	—	17,701,989	—
Other receivables	—	125,471	125,471	—
Capital assets:				
Land and land improvements	3,068,642	9,134,186	12,202,828	—
Construction in progress	127,333,464	—	127,333,464	—
Buildings and improvements, net	177,622,414	3,831,033	181,453,447	1,968,153
Machinery and equipment, net	8,795,219	1,448,432	10,243,651	43,735,152
Infrastructure, net	434,584,890	39,609,460	474,194,350	—
Total noncurrent assets	769,106,618	54,148,582	823,255,200	45,703,305
Total assets	993,972,618	72,863,693	1,066,836,311	102,065,905
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	4,407,029	11,933	4,418,962	—
Retirement plans	1,213,221	—	1,213,221	—
Other post employment benefits	5,402,144	—	5,402,144	—
Total deferred outflows of resources	11,022,394	11,933	11,034,327	—
Total assets and deferred outflows of resources	1,004,995,012	72,875,626	1,077,870,638	102,065,905
LIABILITIES				
Current liabilities:				
Due to other funds	—	3,765,475	3,765,475	—
Accounts payable	23,839,978	246,334	24,086,312	4,959,377
Accrued wages and benefits	639,493	75,604	715,097	708,928
Compensated absences	19,804	—	19,804	12,733
Short-term loans and notes payable	15,677,570	—	15,677,570	—
Deposits and connection fees	—	—	—	91,440
Unpaid insurance claims	—	—	—	7,518,251
Current portion capital lease obligation	—	—	—	1,643,192
Current liabilities	40,176,845	4,087,413	44,264,258	14,933,921

(Continued)

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities			Governmental Activities
	Water and	Other	Total	Internal Services
	Sewer	Enterprise Funds		Funds
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,607,739	—	1,607,739	—
Developer agreement rebates and deposits	49,000	—	49,000	—
Other debt payable	3,457,397	—	3,457,397	—
Bonds and note payable	13,085,000	608,400	13,693,400	—
Loan payable	—	146,226	146,226	—
Interest payable	4,484,828	—	4,484,828	—
Current liabilities payable from restricted assets	22,683,964	754,626	23,438,590	—
Total current liabilities	62,860,809	4,842,039	67,702,848	14,933,921
Noncurrent liabilities:				
Developer agreement rebates and deposits	825,412	—	825,412	—
Net OPEB liability	23,102,908	—	23,102,908	—
Net pension liability	2,037,339	—	2,037,339	—
Compensated absences	796,429	74,960	871,389	976,158
Unpaid insurance claims	—	—	—	12,697,599
Long-term capital lease obligation	—	—	—	8,743,781
Refunding revenue note payable	—	1,707,000	1,707,000	—
Metropolitan district bonds payable	337,682,647	—	337,682,647	—
Long-term bonds payable	—	5,007,644	5,007,644	—
Loans payable	—	1,413,658	1,413,658	—
Unearned revenue	984,418	—	984,418	—
Other long-term debt	11,115,450	—	11,115,450	—
Total noncurrent liabilities	376,544,603	8,203,262	384,747,865	22,417,538
Total liabilities	439,405,412	13,045,301	452,450,713	37,351,459
DEFERRED INFLOWS OF RESOURCES				
Retirement plans	748,098	—	748,098	—
OPEB	3,768,067	—	3,768,067	—
Total deferred inflows of resources	4,516,165	—	4,516,165	—
Total liabilities and deferred inflows of resources	443,921,577	13,045,301	456,966,878	37,351,459
NET POSITION				
Net investment in capital assets	411,735,292	45,152,116	456,887,408	35,316,332
Restricted:				
For debt service	21,263,966	560,000	21,823,966	—
Unrestricted	128,074,177	14,118,209	142,192,386	29,398,114
Total net position	561,073,435	59,830,325	620,903,760	64,714,446
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			4,334,339	
Net position of business-type activities			\$ 625,238,099	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
User charges	\$ 60,910,861	11,217,442	72,128,303	114,066,093
Insurance recoveries	—	—	—	306,224
Miscellaneous sales and services	2,004,526	327,453	2,331,979	1,947,398
Total operating revenues	62,915,387	11,544,895	74,460,282	116,319,715
Operating expenses:				
Salaries and employee benefits	13,651,019	1,545,551	15,196,570	14,353,343
Contractual services	16,508,475	2,717,779	19,226,254	13,685,565
Supplies and materials	3,323,452	358,470	3,681,922	3,714,971
Business and travel	94,155	2,022	96,177	626,988
Vehicle fuels and supplies	1,879,978	—	1,879,978	3,786,519
Purchased water and transmission charges	30,403,169	—	30,403,169	—
Sewage treatment charges	8,032,473	—	8,032,473	—
Share of county administrative expenses	5,681,387	1,095,684	6,777,071	831,049
Insurance claims	1,219,571	—	1,219,571	62,304,714
Other administrative	—	82,293	82,293	2,395,772
Depreciation expense	23,014,627	1,136,282	24,150,909	8,880,414
Less: house connection and capitalized overhead costs	(9,000)	—	(9,000)	—
Total operating expenses	103,799,306	6,938,081	110,737,387	110,579,335
Operating income (loss)	(40,883,919)	4,606,814	(36,277,105)	5,740,380
Nonoperating revenues (expenses):				
Ad valorem charges	35,349,018	—	35,349,018	—
Water and sewer assessment charges	1,123,856	—	1,123,856	—
Interest on investments	5,341,200	657,575	5,998,775	1,235,399
Interest expense	(9,038,792)	(202,590)	(9,241,382)	(194,957)
Gain (loss) on sale of capital assets	(794,262)	—	(794,262)	—
Grant	1,298,667	—	1,298,667	—
Revenue from other government	—	—	—	34,944
Other, net	(31,609)	(22,915)	(54,524)	—
Total nonoperating revenues (expenses)	33,248,078	432,070	33,680,148	1,075,386
Net income (loss) before contributions and transfers	(7,635,841)	5,038,884	(2,596,957)	6,815,766
Capital contributions	11,480,654	30,384,856	41,865,510	1,479,682
Transfers in	—	556,841	556,841	—
Transfers out	—	(9,969,384)	(9,969,384)	(11,533,369)
Change in net position	3,844,813	26,011,197	29,856,010	(3,237,921)
Net position - beginning of year, as restated	557,228,622	33,819,128	—	67,952,367
Net position - ending	561,073,435	59,830,325	620,903,760	64,714,446
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			607,000	
Change in net position of business - type activities			<u>\$ 30,463,010</u>	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental
	Water and Sewer	Other Enterprise Funds	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 65,701,165	11,245,804	76,946,969	116,707,273
Cash paid to suppliers	(53,088,250)	(2,875,500)	(55,963,750)	(73,112,497)
Cash paid to / for employees	(13,824,275)	(1,503,266)	(15,327,541)	(15,051,619)
Cash paid for inter-fund services used	(6,434,111)	(487,834)	(6,921,945)	(10,716,612)
Other operating cash receipts	110,000	—	110,000	—
Other operating disbursements	—	(480,630)	(480,630)	(515,474)
Net cash provided by (used for) operating activities	(7,535,471)	5,898,574	(1,636,897)	17,311,071
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Inter-fund payable	—	1,051,578	1,051,578	—
Inter-fund operating transfers in (out)	—	(9,412,543)	(9,412,543)	(10,886,865)
Net cash (used for) noncapital financing activities	—	(8,360,965)	(8,360,965)	(10,886,865)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	58,697,746	2,563,999	61,261,745	—
Cash receipts from assessments & connection charges	36,542,396	1,646,000	38,188,396	—
Proceeds from grant	2,114,791	—	2,114,791	—
Proceeds from capital lease	—	—	—	9,716,783
Acquisition and construction of capital assets	(57,733,664)	(49,900)	(57,783,564)	(10,025,088)
Capital contribution	1,925,957	—	1,925,957	—
Payment of long-term debt principal	(21,008,413)	(583,116)	(21,591,529)	(906,225)
Interest paid on long-term debt	(8,296,751)	(146,413)	(8,443,164)	(216,157)
Net cash provided by (used for) capital and related financing activities	12,242,062	3,430,570	15,672,632	(1,430,687)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	4,736,759	484,041	5,220,800	1,270,344
Net cash provided by investing activities	4,736,759	484,041	5,220,800	1,270,344
Net increase (decrease) in cash and cash equivalents	9,443,350	1,452,220	10,895,570	6,263,863
Cash and cash equivalents -beginning of the year	197,697,685	17,106,457	214,804,142	46,546,735
Cash and cash equivalents - end of the year	207,141,035	18,558,677	225,699,712	52,810,598
Reconciliation of operating (loss) income to net cash (used for) provided by operating activities				
Operating (loss) income	(40,883,919)	4,606,814	-36,277,105	5,740,380
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	23,014,627	1,136,282	24,150,909	8,880,414
Effect of changes in operating assets and liabilities:				
Accounts and other receivables	(1,160,815)	92,441	(1,068,374)	312,555
Prepaid expenses	—	—	—	(2,029)
Inventories	(271,429)	—	(271,429)	(59,615)
Accounts payable	6,520,179	18,597	6,538,776	790,532
Accrued wages and benefits	—	5,526	5,526	(37,306)
Compensated absences	(37,360)	38,914	1,554	(34,085)
Deposits and connection fees	—	—	—	23,200
Unpaid insurance claims	—	—	—	1,704,527
Unearned revenue	—	—	—	(7,502)
Increase in net OPEB obligation and net pension liability	5,283,246	—	5,283,246	—
Total adjustments	33,348,448	1,291,760	34,640,208	11,570,691
Net cash provided by (used in) operating activities	\$ (7,535,471)	5,898,574	(1,636,897)	17,311,071

Noncash investing, capital, and financing activities:

In Fiscal Year 2019, \$9,554,697 was contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines and \$1,925,957 was posted as cash receipt.

In Fiscal Year 2019, \$18,052 of capital assets were contributed to the Broadband Fund from the governmental Capital Projects Fund.

In Fiscal Year 2019, \$30,366,804 of capital assets were contributed to the Watershed Protection Fund from the General Fund.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Fiduciary Net Position
Pension and Other Post Employment Benefits Trust Funds and Agency Funds
June 30, 2019

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ —	\$ 7,242,780
Receivables:		
Property tax	—	534,227
Interest and dividends	1,214,106	—
Employer contributions	2,644,804	—
Member contributions	752,143	—
Sale of investments	186,253	—
Other	15,246	3,845
Investments, at fair value:		
Cash	336,048	—
Equities	462,432,977	—
Alternative investments	270,113,695	—
Mutual funds	154,445,416	—
Money market funds	20,936,932	—
Fixed income securities	307,599,448	—
Real assets	37,911,182	—
Prepaid insurance	43,758	—
Total assets	1,258,632,008	7,780,852
LIABILITIES		
Accounts payable	57,556	1,935,896
Investments purchased	5,460,439	—
Deposits	1,328,446	5,842,649
Other	—	2,307
Total liabilities	\$ 6,846,441	\$ 7,780,852
NET POSITION		
Net position restricted for pension and OPEB benefits	\$ 1,251,785,567	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Changes in Fiduciary Net Position
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2019

ADDITIONS	
Contributions:	
Employer	\$ 80,256,200
Member	12,502,973
Total contributions	92,759,173
Investment income:	
Net change in fair value of investments	50,434,717
Interest	5,094,965
Dividends	27,922,584
Other	155,436
Investment expense	(3,328,359)
Net investment (loss) income	80,279,343
Total additions	173,038,516
DEDUCTIONS	
Benefits	69,338,784
Administrative expenses	1,000,746
Total deductions	70,339,530
Change in net position	102,698,986
Net position - beginning	1,149,086,581
Net position - ending	\$ 1,251,785,567

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2019

	Community College	Housing Commission	Library	Public School System	Total
ASSETS					
Cash and cash equivalents	\$ 43,127,521	\$ 6,544,748	\$ 2,006,015	\$ 11,106,164	\$ 62,784,448
Investments	4,651,215	2,974,889	1,362,224	76,621,642	85,609,970
Receivables:					
Due from other governments	13,008,977	—	—	26,803,009	39,811,986
Other	403,474	628,797	69,699	1,907,029	3,008,999
Materials and supplies	—	—	—	1,313,579	1,313,579
Prepaid items	1,028,673	305,065	516,495	239,464	2,089,697
Restricted assets:					
Cash and cash equivalents	—	7,749,528	60,364	—	7,809,892
Investments	8,459,498	—	177,405	—	8,636,903
Mortgage receivable	—	6,573,992	—	—	6,573,992
Capital Assets:					
Land and land improvements	620,547	82,779,404	—	34,460,738	117,860,689
Construction in progress	27,306,647	16,562,559	—	7,966,391	51,835,597
Buildings and improvements, net	247,418,807	159,131,523	—	1,186,531,668	1,593,081,998
Machinery and equipment, net	3,937,328	—	213,681	7,653,887	11,804,896
Other capital assets	364,196	139,307	2,387,474	—	2,890,977
Other non-current assets	186,923	—	—	—	186,923
Total assets	350,513,806	283,389,812	6,793,357	1,354,603,571	1,995,300,546
DEFERRED OUTFLOWS					
Retirement plans	779,251	235,166	—	15,990,818	17,005,235
Other post employment benefits	2,348,125	221,556	2,212,831	68,632,632	73,415,144
Derivative instruments - interest rate swap	—	624,012	—	—	624,012
Total deferred outflows	3,127,376	1,080,734	2,212,831	84,623,450	91,044,391
Total assets and deferred outflows	353,641,182	284,470,546	9,006,188	1,439,227,021	2,086,344,937
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	7,467,825	2,640,542	885,454	92,172,679	103,166,500
Accrued salaries and benefits	1,755,860	—	858,031	—	2,613,891
Deposits	63,345	788,610	—	—	851,955
Due to primary government	20,901,132	5,682,544	—	—	26,583,676
Unearned revenue	2,855,911	1,189,865	460,857	6,447,709	10,954,342
Long-term liabilities:					
Due within one year	2,496,599	2,030,128	—	4,054,702	8,581,429
Due in more than one year, net	36,790,135	249,043,720	18,027,082	802,465,029	1,106,325,966
Total liabilities	72,330,807	261,375,409	20,231,424	905,140,119	1,259,077,759
DEFERRED INFLOWS					
Retirement plans	273,396	190,554	—	3,640,790	4,104,740
Other post employment benefits	6,601,449	267,782	2,754,323	136,208,781	145,832,335
Total deferred inflows	6,874,845	458,336	2,754,323	139,849,571	149,937,075
Total liabilities and deferred inflows	79,205,652	261,833,745	22,985,747	1,044,989,690	1,409,014,834
NET POSITION					
Net investment in capital assets	265,841,551	4,718,173	2,601,155	1,234,015,419	1,507,176,298
Restricted for:					
Business-type operations	401,388	6,934,325	—	8,460,390	15,796,103
Education	11,474,677	—	—	1,275,365	12,750,042
Restricted for deferred support	—	—	237,769	—	237,769
Unrestricted	(3,282,086)	10,984,303	(16,818,483)	(849,513,843)	(858,630,109)
Total net position	\$ 274,435,530	\$ 22,636,801	\$ (13,979,559)	\$ 394,237,331	\$ 677,330,103

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Activities
Component Units
For the Year Ended June 30, 2019

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Community College	Housing Commission	Library	Public School System	Total
Component units:									
Community college	\$ 121,417,907	\$ 36,666,657	\$ 516,596	\$ 21,990,363	\$ (62,244,291)	\$ —	\$ —	\$ —	\$ (62,244,291)
Housing commission*	49,078,184	21,860,202	763,968	11,180,962	—	(15,273,052)	—	—	(15,273,052)
Library	25,850,569	817,278	—	—	—	—	(25,033,291)	—	(25,033,291)
Public school system	1,085,224,351	21,997,083	175,495,114	42,744,155	—	—	—	(844,987,999)	(844,987,999)
Total component units	\$ 1,281,571,011	\$ 81,341,220	\$ 176,775,678	\$ 75,915,480	(62,244,291)	(15,273,052)	(25,033,291)	(844,987,999)	(947,538,633)
General revenues:									
Appropriations from primary government					36,143,816	—	20,937,872	600,053,881	657,135,569
Intergovernmental, unrestricted					39,799,165	—	3,652,024	222,493,372	265,944,561
Investment income					1,567,400	321,314	33,540	1,612,005	3,534,259
Miscellaneous					—	10,935,907	—	12,899,556	23,835,463
Total general revenues					77,510,381	11,257,221	24,623,436	837,058,814	950,449,852
Change in net position					15,266,090	(4,015,831)	(409,855)	(7,929,185)	2,911,219
Net position as previously stated					259,169,440	28,064,914	(13,569,704)	402,166,516	675,831,166
Adjustment to restate beginning balance					—	(1,412,282)	—	—	(1,412,282)
Net position - beginning, as restated					259,169,440	26,652,632	(13,569,704)	402,166,516	674,418,884
Net position - end of year					\$ 274,435,530	\$ 22,636,801	\$ (13,979,559)	\$ 394,237,331	\$ 677,330,103

*Financial statements for the Housing Commission are reported on a calendar year basis.

The accompanying notes are an integral part of these financial statements.



Farm Academy

Howard County supports the county's agriculture economy through farm academies for the community, neighborhood farmer's markets, the HoCo Fresh program for restaurants and the Agricultural Land Preservation Program.

Notes to Basic Financial Statements

The Notes are an integral part of the financial statements.



Notes to Basic Financial Statements Index

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Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. The Reporting Entity

Howard County, Maryland (the County), was formed in 1851 under a commission form of government. Under home rule charter since 1968, the County is governed by an elected County Executive and a five-member County Council serving separate executive and legislative functions.

The basic financial statements include Howard County, Maryland as the primary government and its significant component units, entities for which the County is considered to be financially accountable. The component units include the activities of the Howard County Public School System, the Library, the Community College, and the Housing Commission. The Volunteer Fire Districts have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary requests and provides a significant amount of funding.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government. They are reported in a separate column to emphasize that they are legally separate from the County. The following are the County's component units that are included in the reporting:

The Howard County Public School System is responsible for the operation of special education, elementary, middle and high schools. The Board of Education is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

The Howard County Library System operates various library branches throughout the County. The Library is governed by a seven-member board nominated by the County Executive and approved by the County Council. The County approves the Library's annual budget and provides substantial funding to the Library.

The Howard Community College provides educational services to County citizens by offering two-year associate degrees and a continuing education program. The Community College is governed by a seven-member board appointed by the governor of Maryland. The County approves the College's annual budget and provides substantial funding to the College.

The Howard County Housing Commission is a public corporation established by Maryland and Howard County law to act as builder, developer, owner, and manager of housing for eligible participants. The Commission is comprised of seven commissioners appointed by the County Executive and approved by the County Council. The County provides substantial funding to the Commission and approves its annual budget.

Financial information regarding the component units is included in the component units combining statements. Annual financial reports for individual component units can be obtained from their respective administrative offices:

Howard County Public School System
10910 Route 108
Ellicott City, Maryland 21042

Howard County Library System
9411 Frederick Road
Ellicott City, MD 21042

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

Howard County Housing Commission
9770 Patuxent Woods Drive, Suite 100
Columbia, Maryland 21046

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities present financial information on all of the non-fiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used. Government activities, which primarily are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities displays the extent to which direct expenses are offset by program revenues for each function of governmental activities and for each segment of business-type activities. Direct expenses are those that can be attributed to 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 instead as general revenues.

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 individual governmental funds and major individual 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Agency funds do not have a measurement focus and are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are 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 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 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. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within sixty days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due.

Property taxes, other local taxes, state shared taxes, fines and forfeitures, 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 County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Health Department Fund is included for reporting purposes.

The *Agricultural Land Preservation Fund* accounts for 25% of the local transfer tax and the County development tax which are dedicated to preserving the agricultural use of land through the purchase of development rights of property owners.

The *General Capital Projects Fund* is used to account for the construction of general capital projects such as senior centers, community centers, and administrative buildings, in addition to public schools and buildings for the Community College.

The County reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the County's water and sewer operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

The County reports the following fund types:

Special Revenues Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. This definition establishes that at least one restricted or committed revenue source must be the foundation of the special revenue fund. The following revenue sources are included in special revenue funds: local transfer tax, fire and rescue tax, forest conservation developer fees, residential trash collection and disposal fees, grants, registration fees for recreational programs and fines for speed enforcement.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those accounted for in the General Capital Projects Fund and proprietary fund types.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Enterprise Funds are used to account for the activities of the Special Recreation Facility Fund, Watershed Protection and Restoration Fund and Broadband Fund. The Special Recreation Facility Fund accounts for the operations and related debt service costs of a public golf course, the Watershed Protection and Restoration Fund accounts for the maintenance, operations, and improvement of the local stormwater management system and the Broadband Fund accounts for broadband services to private sector businesses as well as non-County government agencies and County departments and component units. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized vehicle fleet services; technology and communication operation; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; and County employee health benefit costs.

Agency Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents for State property tax, bay restoration fees, surety bonds held on construction work, and multifarious funds donated to be used by the Law Library, the Revenue Authority and the Domestic Violence Center.

Pension Trust Funds are used to account for the activities of the County's single-employer public employee retirement plans. These include the Police and Fire Employees' Retirement Plan and the General Employees' Plan. The plans account for employee contributions, County contributions and the earnings and profits from investments. They also account for the disbursements made for employee retirements, withdrawals, disability, and death benefits as well as administrative expenses. Annual Financial Reports for both pension trust funds can be obtained from their administrative office at Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland, 21043 or from the website at www.howardcountymd.gov.

Other Post-Employment Benefits (OPEB) Trust Fund was established to account for the other post employment benefits of the County and its component units. The trust fund acts as a funding mechanism for employers' cost of retiree benefits.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between water and sewer operations and other County departments because the elimination of those 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 Enterprise Funds and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses, and depreciation on capital assets. 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 County's policy to use restricted resources first and then unrestricted resources as they are needed.

D. Budgetary Process

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the unexpended or unencumbered appropriation authority of the operating budget expiring the following June 30. Transfer of appropriations between general classifications of expenditures in the current expense budget within the same office or department and within the same fund may be authorized by the Executive. Transfers between offices, departments, institutions, boards, commissions or other agencies of the County government and within the same fund of the current expense budget may be made during the last quarter of the fiscal year and then only on the recommendation of the Executive and with the approval of the Council. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from un-appropriated funds only in emergencies affecting "life, health, and property." Additionally, the County Executive has the authority to make transfers within a department at any time during the year without approval of the County Council. During fiscal year 2019, the Council approved one operating budget supplement and two capital budget transfers.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Agricultural Land Preservation Funds. Outstanding encumbrances are included in the final budget as actual expenditure amounts in those statements because they remain in force and do not lapse until the end of the subsequent fiscal year. Lapsed appropriations are reported as additions to fund balance on a budgetary basis.

E. Deposits and Investments

Cash Equivalents

The County considers all demand deposits and investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The County follows Governmental Accounting Standards Board (GASB) Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. The County has an internal investment pool that is available for use by all funds.

The investments of the Pension Trust Funds are reported at fair value or net asset value, as further described in note 2. The securities of the Pension Trust Funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in the Governmental Funds represent stripped-coupon U.S. Treasury securities stated at fair value in the Agricultural Land Preservation Fund. They are also reported in aggregate as part of U.S. Government Securities in the Equity in Pooled Cash and Cash Equivalents and Investments note.

Also, in accordance with investment policy, the Pension Trust Funds may invest in collateralized mortgage obligations (CMO) and putable bonds. These investments are reported as part of U.S. Government Agency notes in the Equity in Pooled Cash and Cash Equivalents and Investments note disclosure.

F. Loans Receivable

For purposes of the fund financial statements, housing loans in the Community Renewal Fund are charged to the budget upon funding, and the loans are recorded with an offset to a committed fund balance account. A receivable, "due from component units," along with an offset to non-spendable fund balance, is recorded in the General Fund as the Howard Community College has an agreement to reimburse the County for bond issues related to construction costs of a parking deck and the Horowitz Visual and Performing Arts Center. For purposes of the government-wide financial statements, neither housing loans nor the receivable from the College are offset by restricted Net Position accounts.

G. Inventory

Materials and supplies are valued at cost, using the weighted average method. Materials and supplies are recorded as assets when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting. The County also has some materials and supplies that are expensed off directly when purchased, as they are consumable items purchased for the use within County, examples include office supplies, paper towels and cleaning materials.

H. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). The threshold for capital assets as defined by Howard County was raised to include assets with an initial, individual cost of \$10,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value at the date donated.

Capital assets are depreciated using the straight-line method over the estimated useful lives (in years) as follows:

Buildings	50	Computer Software	5
Infrastructure	15-40	Vehicles	5-10
Water and sewer lines	50-100	Furniture and equipment	5-20

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized; they are charged to operations when incurred. Betterments and major improvements that significantly increases values, change capacities or extend useful lives are capitalized.

I. Compensated Absences

County employees are granted vacation, personal, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees are limited to an accrual of one hundred days. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation benefits at year-end are recorded as obligations in the Statement of Net Position and Proprietary Fund Statements.

J. Self-Insurance

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses, and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported and claims incurred but not reported (IBNR) as of fiscal year-end.

K. Water and Sewer Assessments

Water and sewer assessments are charged to property owners on a 30-year basis to recover the debt service on bonds used to construct main and lateral water and sewer lines which benefit such properties. A water and sewer assessments receivable (restricted assets) is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to Net Position and the portion representing interest is recognized as revenue when billed.

From 1980 to 2004, the receivable increased as the water and sewer system was being built. The receivable is now declining and will continue to do so as debt is retired and there are minimal new assessments. The Water and Sewer ad valorem charge (billed annually to all property within the Metropolitan District) is sufficient to fund the debt service related to the cost of infrastructure.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred *outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The government has several items that qualify for reporting in this category. The first is the deferred refunding amount reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The remaining line items are related to the pension, OPEB, and Length Of Service Award Program (LOSAP) plans reported in the government-wide statement of net position and encompass the following: changes in actuarial assumptions are amortized over the average expected remaining service life of employees, and the difference between expected and actual experience and the difference between projected and actual earnings on pension plan investments are amortized over five years. The final item is for pension, OPEB, and LOSAP contributions made subsequent to the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred *inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several types of deferred inflows of resources that qualify for reporting in this category. In the government-wide statement of net position the government reports the following items related to the pension, OPEB, and LOSAP plans. Changes in actuarial assumptions and changes in actuarial experience study are amortized over the average expected remaining service life of employees. Investment earnings greater than projected are amortized over five years.

Under the modified accrual basis of accounting, several deferred inflows of resources are reported as unavailable revenues. In the governmental balance sheet the government reports deferred inflows of resources from: income and property taxes, fees, grant revenues and prepaid taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

N. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Fund Balance

In the fund financial statements, fund balance is classified based on the extent to which the County is bound to observe constraints on the specific purposes for which the amounts can be spent. Fund balance is reported within one of the five fund balance categories listed below:

Nonspendable – Includes fund balance amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact such as a permanent fund. Not in spendable form includes items that are not expected to be converted to cash, such as inventories and prepaid items.

Restricted – Includes fund balance amounts that are restricted to specific purposes when constraints are placed on the use of resources by external parties, constitution provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation.

Committed – Includes fund balance amounts for which constraints have been imposed by the government itself, using the highest level of decision-making authority via County ordinances. In addition, these constraints can only be removed or changed through formal action by the Council.

Assigned – Includes fund balance amounts intended to be used for specific purposes. It is County policy that the County Executive assigns fund balance amounts in the General Fund at the recommendation of both the Director of Finance and the Budget Administrator. In addition, GASB 54 requires all residual amounts in special revenue funds to be reported as assigned.

Unassigned - Represents the residual fund balance of the General Fund (cannot be reported in other Governmental Funds unless amount is reported negative) after the above fund balance categories are reported.

P. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The “Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis” of both the General Fund and Agricultural Land Preservation Fund are prepared on a basis consistent with their budgets and are reported within the basic financial statements. The “Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis” for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets and are presented as supplementary information. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as expenditures of the current period, including certain contractual services. Also, the budgets include appropriations of prior year fund balances as other sources in the current year. The "Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds" is prepared on a basis consistent with GAAP wherein encumbrances are treated only as an assignment of fund balance, prior year fund balances are not included as other sources, and contractual services/ expenditures are recorded on a modified accrual basis.

The financial statements are reconciled below:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - revenues and other sources over expenditures and other uses	\$ —	299,661
Appropriation from fund balance	(1,128,017)	—
Current year encumbrances outstanding	9,003,069	—
Prior year encumbrances expended this year	(7,818,394)	—
Effect of recording contractual service expenditures modified accrual basis	(167,272)	—
Unbudgeted transfers	(1,375,527)	
Other	(150,473)	(158,070)
GAAP basis - net change in fund balances	\$ (1,636,614)	141,591

The ending fund balances are reconciled as follows:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - ending fund balance	\$ 127,813,399	59,047,107
Adjustments:		
Elimination of encumbrances outstanding	16,525,513	—
Accruals	(1,162,308)	—
Unbudgeted transfers	(1,375,527)	—
Other	(1,193,160)	(158,070)
GAAP basis - ending fund balance	\$ 140,607,917	58,889,037

Q. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in cases of revenue shortfalls, which would not include anticipated revenue shortfalls unless the shortfall was quantified, and was of a magnitude that would distinguish it from other shortfalls that regularly occur during the normal course of governmental operation or emergency situations affecting life, health, or property. The County Charter sets a goal of maintaining the account at seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2019 budget was prepared, the fiscal year 2017 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2017 audited expenditures. An increase of \$2,619,263 was made to the fund in fiscal year 2019, which resulted in achieving the charter target of \$73,958,202.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2019	2017	\$ 1,056,545,745	7%	\$ 73,958,202
2020	2018	\$ 1,083,504,317	7%	\$ 75,845,302
2021	2019	\$ 1,109,325,749	7%	\$ 77,652,802

*Budgetary expenditures and encumbrances less pay-as-you-go expenditures.

R. Net Position Restricted

Net Position restricted by enabling legislation represents accumulated Net Position attributed to revenue sources, such as taxes and fees, which are restricted for specified purposes by State enabling legislation in the County Code. These amounts, which are included with restricted Net Position in the government-wide Statement of Net Position, were as follows at year-end:

Governmental activities	\$ 142,249,607
Business-type activities	21,823,966
Component units activities	28,783,914
Total	\$ 192,857,487

S. Fair Value Measurements

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

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

T. Implementation of New Accounting Principles

Statement No. 83, "*Certain Asset Retirement Obligations*," effective for reporting periods beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (ARO), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life to the associated tangible capital assets. The County does not own any types of tangible capital assets that has a legal obligation to perform future asset retirement activities related to this Statement.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*", effective for reporting periods beginning after June 15, 2018. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash or in lieu of cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement also requires that additional essential information related to debts be disclosed in notes to financial statements. For notes to financial statements related to debts, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The required changes are reflected in the County's financial statements.

Statement No. 89, "*Accounting for Interest Incurred Before the End of a Construction Period*", effective for reporting periods beginning after December 15, 2019. The requirement of this Statement will improve financial reporting by providing more relevant information about capital assets and the cost of borrowing. This Statement requires the interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type or enterprise fund. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The Statement requires that the provisions be applied prospectively. The required changes currently have no impact on the County's financial statements and notes to the statements.

2. Equity in Pooled Cash and Cash Equivalents and Investments

The County's cash and cash equivalents and investments are managed separately from the Pension and Other Post-Employment Benefits Trust funds and each are discussed separately below.

A. County's Cash and Cash Equivalents and Investments

The County maintains a cash, cash equivalents, and investment pool that is available for use by all funds except the Pension and Other Post-Employment Benefits Trust funds. Each County fund is allocated interest income based on its share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits. The carrying amount of total deposits, including certificates of deposit, for the County was 53,161,843 and the bank balance was \$57,009,870, at fiscal year-end. The bank balance was covered by federal depository insurance or by collateral held by the County's agent in the County's name. Petty cash was \$14,224 at June 30, 2019.

The County's component units had a combined bank balance of \$40,384,301, of which \$304,532, reported by the Housing Commission, was not collateralized. All other bank balances were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name. The component units do not have a policy covering deposits.

The table below reconciles the County's deposits and investments to the government-wide Statement of Net Position and the Statement of Fiduciary Net Position – Pension and Other Post-Employment Benefits Trust Funds and Agency Funds:

	Primary Government	Fiduciary Funds	Component Units
Statement of Net Position Amounts:			
Equity in pooled cash and investments	\$ 345,515,299	7,242,780	62,784,448
Cash with fiscal agent	20,410,337	—	—
Restricted equity in pooled cash and cash equivalents	167,524,190	—	7,809,892
Investments	42,810,778	1,253,775,698	94,246,873
Total	576,260,604	1,261,018,478	164,841,213
Deposits and Investment Summary:			
Carrying value of cash deposits	45,919,063	7,242,780	70,594,340
Investments	530,341,541	1,253,775,698	94,246,873
Total	\$ 576,260,604	1,261,018,478	164,841,213

Investments: The County has adopted an investment policy that is designed to provide maximum safety and liquidity of funds while providing a reasonable rate of return. Permissible investments include U.S. Treasury Obligations, U.S. Government Agency and U.S. Government-Sponsored Enterprises, repurchase agreements, collateralized certificates of deposit, bankers' acceptances, commercial paper, the Maryland Local Government Investment Pool, and mutual funds dealing in government securities. The County's policy and State law require that the underlying collateral for repurchase agreements and certificates of deposit must have a market value of at least 102% of the investment's cost plus accrued interest.

The County's policy is more restrictive than State law, limiting the percentage of total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Treasury Obligations – 100%, U.S. Government Agency and U.S. Government-Sponsored Enterprises – 90%, repurchase agreements – 90%, collateralized certificates of deposit – 5%, bankers' acceptances – 30%, commercial paper – 10%, mutual funds – 60% and supranational issuers - 40%. State law places no limits on these types of investments. Another restriction the County has is to limit the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. In addition, all component units have investment policies.

Investments of the County and its Component Units at fiscal year-end:

Investment Type	Fair Value		
	Primary Government	Component Units	Total Reporting Entity
U.S. Government Securities	\$ 42,810,778	—	42,810,778
U.S. Government - Sponsored Enterprises	266,755,000	—	266,755,000
Maryland Local Govt. Investment Pool	191,296,460	77,426,320	268,722,780
Money market funds	29,479,303	—	29,479,303
Fixed income	—	2,877,196	2,877,196
Mutual funds	—	5,093,739	5,093,739
Interest in external investment pool	—	5,006,807	5,006,807
Interest in irrevocable trust	—	132,971	132,971
Treasury bills	—	734,951	734,951
Equity in properties under home ownership	—	2,974,889	2,974,889
Total	\$ 530,341,541	94,246,873	624,588,414

Fair Value Measurement

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

The County has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level:	Total	Primary Government Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
U.S. Government Securities	\$ 42,810,778	42,810,778	—	—
U.S. Government - Sponsored Enterprises	266,755,000	—	266,755,000	—
Total investments by fair value level	309,565,778	42,810,778	266,755,000	—
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	191,296,460			
Money market funds	29,479,303			
Investments measured at amortized cost	220,775,763			
Total investments	\$ 530,341,541			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Fixed income securities are priced on a daily basis, market to market, using a variety of third party pricing sources, market data and methodologies.

	Total	Component Units		
		Fair Value Measurements Using		
Investments by fair value level:		(Level 1)	(Level 2)	(Level 3)*
Treasury bills	\$ 734,951	734,951	—	—
Fixed income	2,877,196	2,877,196	—	—
Mutual funds	5,093,739	5,093,739	—	—
Interest in external investment pool	5,006,807	—	—	5,006,807
Interest in irrevocable trust	132,971	—	132,971	—
Total investments by fair value level	13,845,664	8,705,886	132,971	5,006,807
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	77,426,320			
Investments measured at amortized cost	77,426,320			
Investments measured at the net asset value (NAV):				
Equity in properties under home ownership	2,974,889			
Total investments measured at the NAV	2,974,889			
Total investments	\$ 94,246,873			

* The Howard Community College Educational Foundation's interest in an external investment pool have no readily determined market value and are valued at fair value as estimated by the University System of Maryland Foundation (USMF). USMF's management estimates fair value of the underlying market values of the investments. Because of the inherent uncertainty of the valuation, it is reasonably possible that such estimated values may differ from the values that would have been used had a ready market for the securities existed.

Interest Rate Risk: The County's investment policy requires that the majority of investments have a maturity of one year or less, except for U.S. Treasury stripped coupon securities purchased as part of the Agricultural Land Preservation Program (see Note 7). These securities have no coupon and have long-term maturity lengths; therefore, they are very interest-rate sensitive. If market interest rates were to rise, the market value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the market value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

At fiscal year-end, the County had a \$25,245,000 callable investment. The call date was 9 months before final maturity. In calculating weighted average maturity, we made the assumption that the investment would be called.

The following is a list of County investments included in the computation of weighted average maturities:

Investment Type	Fair Value/ Amortized Cost	Weighted Average Maturity (in years)
U.S. Government Securities	\$ 42,810,778	2.92
U.S. Government - Sponsored Enterprises	266,755,000	0.46
Total	\$ 309,565,778	
Portfolio weighted average maturity		0.80

The Maryland Local Government Investment Pool (MLGIP) was created under the Annotated Code of Maryland. The intent of the pool is to provide a safe investment vehicle for short-term investments. The MLGIP is administrated by the Maryland State Treasurer. Participation is voluntary and eligibility is regulated by MLGIP Local Government Article.

The MLGIP and the money market funds used by the County are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940 and not registered with the Securities and Exchange Commission (SEC). The County's investments in these pools are not included in the computation of weighted average maturity. The unit value is at amortized cost with a \$1 per share value.

Credit Risk: State law limits investments in bankers' acceptances and commercial paper to the highest short-term debt letter and numerical rating by at least one nationally recognized statistical rating organization. All investments in U.S. Government Sponsored Enterprises are rated AA+ by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated AAAm by Standard & Poor's. Investments in short-term commercial paper is rated P-1 by Moody's Investor Services.

Concentration of Credit Risk: The County's investment policy places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Bank, Federal Farm Credit Bank and the Federal Agricultural Mortgage Corporation. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 86.17% of the County's total investments.

B. Pension Trust Funds' Cash and Investments

The County's Pension Trust funds, the Howard County Police and Fire Employees' Retirement Plan, and the Howard County Retirement Plan (the Plans), share commingled funds that are allocated based on each Plan's percentage of ownership. The Plans have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Plans employ State Street Bank as trustee for their assets.

Investments: The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	30.0%	40.0%	50.0%
Fixed income	20.0%	30.0%	40.0%
Alternative investments	18.0%	23.0%	28.0%
Real assets	2.0%	7.0%	12.0%

Investments of the Plans at fiscal year-end:

Investments	Fair Value/NAV
Equities	\$ 462,432,977
Fixed income	307,599,448
Alternative investments	270,113,695
Real assets	37,911,182
Money market funds	20,808,171
Total	\$ 1,098,865,473

Interest rate risk: The Plans' investment policy does not place any limits on the professional investment managers with respect to the duration of investments managed for the Plans. Following is a list of County Plan investments included in the computation of weighted average maturities.

Investment Type	Fair Value/ NAV	Weighted Average Maturity (in years)
Corporate bonds	\$ 54,960,762	11.93
U.S. Government - Sponsored Enterprises	41,911,945	25.13
Government Issued / Treasuries	11,375,089	7.04
Other asset backed securities	6,831,038	22.78
Collateralized mortgage obligations	4,964,122	39.77
Municipal securities	2,350,916	16.40
Alternative investments, mutual funds and TIPS identified as fixed income for reporting purposes	185,205,576	N/A
Total	\$ 307,599,448	
Portfolio weighted average maturity		17.82

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. At fiscal year-end, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable	Fair Value
AAA to A-	\$ 18,205,054
BBB to BB-	45,579,038
Not rated	243,815,356
Total	\$ 307,599,448

Custodial Credit Risk: State Street Bank invests in Government Short-Term Investment Fund (GSTIF) on behalf of the Plans. At fiscal year-end, the amount in this fund at fair value was \$18,583,966 which was partially used for settlement of open purchases of \$5,460,439. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk - Currency Forward Contract: One of the Plans' investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plans have participated in a mutual fund that holds three-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. At fiscal year-end, there were no hedges in place.

Foreign Currency Risk: The Plans' exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 37.0% at any given time. The Plans were exposed to foreign currency risk through the Pool's investments in Euro denominated alternative investments. The Pool total of these investments were \$17,753,986 and \$19,054,279 in 2019 and 2018, respectively.

Pension Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Debt securities:				
Collateralized Mortgage Obligations (Fannie Mae and Freddie Mac)	\$ 4,964,122	—	4,964,122	—
Corporate bonds	54,960,763	—	54,960,763	—
Commingled funds (fixed income)	115,749,970	—	115,749,970	—
FHLMC and FNMA bonds	41,911,945	—	41,911,945	—
U.S. Treasury Securities	11,375,089	—	11,375,089	—
Municipals bonds	2,350,916	—	2,350,916	—
Other asset backed securities	6,831,038	—	6,831,038	—
Preferred stock	1,310,525	1,310,525	—	—
Total debt securities	239,454,368	1,310,525	238,143,843	—
Equity securities:				
Common Stocks	236,766,214	236,766,214	—	—
Small Company Portfolio	22,809,550	22,809,550	—	—
Emerging Markets Value Portfolio	95,276,505	95,276,505	—	—
Real Estate Investment Trusts (REITS)	4,389,970	4,389,970	—	—
Total equity securities	359,242,239	359,242,239	—	—
Total investment by fair value level	598,696,607	360,552,764	238,143,843	—
Investments measured at the net asset value (NAV):				
Private equity funds	148,138,133			
Equity hedge funds	121,975,562			
Real assets funds	37,911,182			
International equity funds	60,521,468			
Commingled fund within international equities	42,669,270			
Commingled fund within international fixed income	45,609,054			
Commingled fund within domestic fixed income	22,536,026			
Total investments measured at the NAV	479,360,695			
Total investments measured at fair value/NAV*	\$ 1,078,057,302			

*Does not include money market funds totaling \$20,808,171, of which \$18,583,966 represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Fixed income securities are priced on a daily basis, market to market, using a variety of third party pricing sources, market data and methodologies.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented below:

	Fair Value	Unfunded Commitments	Frequency (if Currently Eligible)	Notice Period
Private equity funds	\$ 148,138,133	43,992,324	Illiquid	N/A
Equity Hedge fund 1	60,318,661	—	Quarterly	65 days
Equity Hedge fund 2	61,656,901	—	Semi Annually	95 days
Real assets funds	37,911,182	39,424,314	Illiquid	N/A
International equity funds	60,521,468	—	Monthly	15 days
Commingled fund within international equities	42,669,270	—	Weekly	4 days
Commingled fund within international fixed income	45,609,054	—	Bi-monthly	5 days
Commingled fund within domestic fixed income	22,536,026	—	Daily	2 days
	<u>\$ 479,360,695</u>			

Private Equity Funds: This represents investments through fund of funds (“FOF”) vehicles and invest in both debt and equity strategies. Exposures are diversified by manager, region, strategy and vintage year. Managers retained pursue distressed debt, venture, or buyout strategies. This type also includes investment in the private equity secondary market. The FOF investments have 10 – 40 underlying managers/funds building broad exposures for diversified performance. These funds have liquidity restrictions for the life of the investment, 7 – 10 years. Options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure.

Equity Hedge Funds: This represents investments in two Hedge Fund of Fund (“FOF”) managers. Each FOF manager invests in underlying hedge funds to provide a broadly diversified portfolio. One invests with 90 – 100 underlying managers/funds to execute its global market strategy. The other invests in 20 – 40 underlying managers/funds in a relative value mandate. The hedge fund strategy is designed to diversify by manager/fund to reduce single manager/fund risk while offering portfolio diversification and provide a return profile that is uncorrelated to the rest of the assets in the portfolio. The fair values of the investments are determined using the NAV per share (or its equivalent) of the investments. These funds have liquidity restrictions of 3 to 6 months.

Real Assets Funds: This represents funds that invest in institutional real estate (office, multi-family, industrial, and retail) and natural resources strategies. The fair values of the investments in these strategies are determined using the NAV per share (or its equivalent) of the Plan’s ownership interest in partnership’s capital. The real estate strategies deployed include a US focused property strategy (core to core plus) and a global fund of funds (“FOF”) strategy. The global FOF manager invests in 20 – 30 underlying managers/funds. The natural resources investments are through FOF strategies. The natural resource managers invest in 10 – 25 underlying relationships as they build a diversified portfolio with exposure to oil, natural gas, agriculture, timber and other natural resources. Capital commitments are made to these types of investments and funds are invested through a call down structure. These funds have liquidity restrictions for the life of the investment, 7 – 10 years. Options for exit are limited to sale on the secondary market.

International Equity Funds: This represents investments primarily in value oriented equity securities of international developed markets (non-U.S. issuers; e.g. MSCI/EAFE) with the objective of achieving a long term return above a passive benchmark (EAFE). This manager focuses on a dividend discount model value based philosophy for publicly traded equity. All securities are recorded at fair value. Foreign securities are valued on the basis of quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Fund may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities.

Commingled Fund within International Equities: This represents investments made in predominantly listed large and mega capitalization securities in emerging markets. The objective of this fund is to achieve a long-term return above a passive benchmark (e.g. MSCI EM Index). The manager employs a flexible, research intensive investment approach to own high

quality businesses over the long term. NAVs are normally calculated as of 4:00pm Eastern Time for each business day the relevant exchange is open. Securities for which market quotations are readily available and reliable are to be valued using the applicable market quotations.

Commingled Fund within International Fixed Income: This represents investments primarily in a globally diversified portfolio of high quality sovereign bonds and currencies in emerging markets (non U.S. issuers; e.g. MSCI EM). The objective of this fund is to generate income, preserve capital, and enhance principal above a passive benchmark (JP Morgan GBI-EM Global Diversified Index). NAV for the Fund is only calculated twice a month on the last business day and the 15th (or next business day if the 15th is a non-business day).

Commingled Fund within Domestic Fixed Income: The Strategy is managed using an "indexing" investment approach, by which the manager attempts to approximate, before expenses, the performance of the Index (e.g. Bloomberg Barclays U.S. Treasury Inflation Protected Securities Index) over the long term. The manager expects that it will typically seek to replicate Index returns for the Portfolio through investments in the "cash" markets - actual holdings of debt securities and other instruments - rather than through "notional" or "synthetic" positions achieved through the use of derivatives, such as futures contracts or swap transactions (except in the unusual case where the manager believes that use of derivatives is necessary to achieve an exposure that is not readily available through the cash markets). NAVs are normally calculated as of 4:00pm Eastern Time for each business day the relevant exchange is open. Securities for which market quotations are readily available and reliable are to be valued using the applicable market quotations.

Other Post-Employment Benefits (OPEB) Trust Funds’ Cash, Cash Equivalents and Investments

The County’s OPEB Trust funds have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans’ assets. The Trust employs U.S. Bank as the custodian of its assets.

Investments: The Plans’ investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	39.0%	65.0%	99.0%
Fixed income	20.0%	35.0%	60.0%

Investments of the Plans at fiscal year-end:

Investments	Fair Value/Amortized Cost
Cash	\$ 336,048
Mutual Funds	154,445,416
Money market funds	128,761
Total	\$ 154,910,225

Credit Risk: The Maryland Local Government Investment Pool, included in Money Market Funds in the above schedule, is rated AAAM by Standard & Poor’s. The money market funds used by U.S. Bank are unrated, as are the mutual funds used by the Plans.

Other Post Employment Benefits (OPEB) Trust Funds’ Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual Funds:				
Mutual Funds - Equity	\$ 100,582,025	100,582,025	—	—
Mutual Funds - Fixed Income	53,863,391	53,863,391	—	—
Total Mutual Funds	154,445,416	154,445,416	—	—
Total investment by fair value level *	\$ 154,445,416	154,445,416	—	—

*Does not include cash and money market funds totaling \$220,451, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

3. Receivables

Receivables at fiscal year-end of the County's major individual funds and other aggregate remaining funds (including non-major governmental funds, non-major proprietary funds, internal service funds, and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	General Fund	Agricultural Land Pres. Fund	General Capital Project Fund	Water and Sewer Fund	Fiduciary Funds	Non-Major and Other Funds	Total
Property taxes	\$ 5,808,086	—	—	341,177	534,227	857,805	7,541,295
Due from other governments	151,072,305	829,492	1,153,110	93,497	—	16,040,126	169,188,530
Due from component units	11,632,263	—	9,268,869	—	—	5,682,544	26,583,676
Housing loans	—	—	—	—	—	13,588,326	13,588,326
Other	1,570,361	—	—	674,241	4,816,397	3,392,844	10,453,843
Service billings	—	—	—	11,760,834	—	156,434	11,917,268
Water and sewer assessments	—	—	—	21,263,966	—	—	21,263,966
Gross receivables	170,083,015	829,492	10,421,979	34,133,715	5,350,624	39,718,079	260,536,904
Less: Allowance for uncollectibles	(1,289,122)	—	—	—	—	—	(1,289,122)
Total Receivables	\$ 168,793,893	829,492	10,421,979	34,133,715	5,350,624	39,718,079	259,247,782

Property tax, services billings and water and sewer assessments receivables in the proprietary funds are liens on real property that will be sold via the annual tax sale process if not paid, therefore, an allowance has not been established. Due from other governments consists of uncollected tax and grant revenues from Federal and State governments.

4. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables:

The composition of interfund balances (Due to/from other funds) at fiscal year-end is as follows:

Due from other funds	Due to other funds	Amount
General Fund	General Capital Projects	\$ 16,478,013
	Special Recreation Facility	3,343,475
		<u>19,821,488</u>
Highway Fund	Storm Drain Capital Projects	22,440,545
Recreation Program Fund	Special Recreation Facility	422,000
		<u>22,862,545</u>
Total Inter-fund Receivable/Payable		\$ 42,684,033

The balances are cash deficits related to normal operations.

Transfers:

Interfund transfers for the year consisted of the following:

Fund	General Fund	Non-Major Governmental Funds							Total In
		General Capital Projects Fund	Agricultural Land Pres. Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	
Major Funds									
General Fund	\$ —	7,311,346	203,633	3,472,316	170,439	15,173,434	—	614,913	26,946,081
General Capital Projects	2,767,274	—	—	—	—	—	72,676	10,363,286	13,203,236
Non-Major Funds									
Special Revenue	515,608	—	—	—	175,000	—	—	—	690,608
Debt Service	2,210,094	—	—	—	—	—	—	—	2,210,094
Capital Projects	7,219,043	4,731,759	—	1,200,000	—	10,329	9,896,708	—	23,057,839
Enterprise Funds	1,671	—	—	—	—	—	—	555,170	556,841
Total Out	\$12,713,690	12,043,105	203,633	4,672,316	345,439	15,183,763	9,969,384	11,533,369	66,664,699

The transfers from the General Fund are the disbursement of pay-as-you-go funding to various capital projects, funding of bond anticipation note, debt service expenditures in excess of interest income, and interest allocation to various funds. Transfer tax revenue is dedicated to various functions in the Capital Projects and Non-Major Special Revenue Funds. Part of that revenue is then transferred to the General Fund to cover each function's share of debt service costs for the year. Transfers from the Non-Major Enterprise Funds are to pay for watershed protection related capital projects.

5. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed value certified as of that date for all taxable real property located in the County. Assessed values are established by the Maryland State Department of Assessments and Taxation at 100 percent of estimated market value. The State uses January 1 as the date of finality and processes additions, deletions and corrections throughout the year. A revaluation of all property is required to be completed every three years. County taxes are due and payable, and become a lien on the property, on July 1 of each fiscal year. A discount of ½ percent is allowed if payment is made in July. Property taxes are billed and payable semi-annually on properties designated as "principal residence" unless a taxpayer makes an election to pay annually. The first installment is due by September 30 while the second installment is due December 31. If delinquent, taxes are charged a penalty and interest (1.5 percent) each month that they remain unpaid. If the annual payment election is made, taxes become delinquent October 1 and are charged a penalty and interest (1.5 percent) each month that taxes remain unpaid. Tax lien certificates are sold at a public auction in May or June for properties with delinquent taxes. Property taxes levied during the current year are recorded as receivables and revenue, net of estimated uncollectible amounts of personal property tax. The net receivables uncollected 60 days after year-end are recorded as deferred inflows of resources as described in Note 3.

The Howard County Code imposes a transfer tax upon every instrument of writing conveying title to real or leasehold property offered for sale or lease and recorded in Howard County. The Code specifies that the proceeds shall be distributed to the School Construction Fund (25 percent), the Recreation and Parks Fund (25 percent), the Agricultural Land Preservation Fund (25 percent), the Community Renewal Fund (12-1/2 percent), and the Fire Service Building and Equipment Fund (12-1/2 percent).

6. Capital Assets

Capital asset activity for governmental activities for the fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 594,852,144	7,988,018	449,290	602,390,872
Construction in progress	70,541,932	127,351,645	96,280,550	101,613,027
Total capital assets, not being depreciated	665,394,076	135,339,663	96,729,840	704,003,899
Capital assets being depreciated:				
Buildings	405,562,714	5,867,535	1,560,050	409,870,199
Improvements other than buildings	260,918,061	35,922,232	4,601,402	292,238,891
Machinery and equipment	199,660,114	19,055,431	7,343,784	211,371,761
Infrastructure	534,834,905	32,365,670	24,937,439	542,263,136
Total capital assets, being depreciated	1,400,975,794	93,210,868	38,442,675	1,455,743,987
Less accumulated depreciation for:				
Buildings	112,958,950	8,064,878	458,034	120,565,794
Improvements other than buildings	122,652,690	17,009,104	1,970,266	137,691,528
Machinery and equipment	126,062,779	15,074,615	6,680,508	134,456,886
Infrastructure	232,886,284	15,932,127	832,924	247,985,487
Total accumulated depreciation	594,560,703	56,080,724 *	9,941,732	640,699,695
Total capital assets, being depreciated, net	806,415,091	37,130,144	28,500,943	815,044,292
Governmental activities capital assets, net	\$ 1,471,809,167	172,469,807	125,230,783	1,519,048,191

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental activities:	Amount
General government	\$ 1,620,210
Public safety	5,140,306
Public facilities	30,148,373
Legislative and judicial	25,244
Community services	302,951
Recreation and parks	7,013,718
Education	2,575,472
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	8,880,415
Total depreciation expense - governmental activities	\$ 55,706,689 *

* Transfer of assets are processed via the gross method, wherein the original acquisition cost and accumulated depreciation amounts are transferred separately. Among transfers between governmental and enterprise business type activities, the related depreciation expense does not transfer with the asset resulting in a variance between increases to accumulated depreciation and depreciation expense.

Capital asset activity for business-type activities for the fiscal year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 11,753,538	449,290	—	12,202,828
Construction in progress	95,136,036	63,602,848	31,405,420	127,333,464
Total capital assets, not being depreciated	106,889,574	64,052,138	31,405,420	139,536,292
Capital assets being depreciated:				
Buildings	238,062,093	—	—	238,062,093
Improvements other than buildings	84,015,815	3,542,719	91,754	87,466,780
Machinery and Equipment	17,169,581	2,179,690	1,135,826	18,213,445
Infrastructure	741,431,449	60,298,590	—	801,730,039
Total capital assets, being depreciated	1,080,678,938	66,020,999	1,227,580	1,145,472,357
Less accumulated depreciation for:				
Buildings	88,110,302	4,684,796	—	92,795,098
Improvements other than buildings	47,802,795	3,569,287	91,754	51,280,328
Machinery and Equipment	6,922,834	1,420,997	374,037	7,969,794
Infrastructure	312,080,889	15,454,800	—	327,535,689
Total accumulated depreciation	454,916,820	25,129,880 *	465,791	479,580,909
Total capital assets, being depreciated, net	625,762,118	40,891,119	761,789	665,891,448
Business-type activities capital assets, net	\$ 732,651,692	104,943,257	32,167,209	805,427,740

Depreciation expense was charged to functions/programs of business-type activities as follows:

Business-type activities:	Amount
Water and sewer system	\$ 23,014,627
Golf course	147,141
Inter-County Broadband	876,907
Watershed	112,234
Total depreciation expense - business-type activities	\$ 24,150,909 *

* Transfer of assets are processed via the gross method, wherein the original acquisition cost and accumulated depreciation amounts are transferred separately. Among transfers between governmental and enterprise business type activities, the related depreciation expense does not transfer with the asset resulting in a variance between increases to accumulated depreciation and depreciation expense.

Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were \$115,463,939.

7. Long-Term Obligations

A. Primary Government

A summary of long-term liabilities outstanding for the primary government at fiscal year-end is as follows:

	Due Dates at Fiscal Year Ending	Interest Rates	Amount Outstanding
Governmental Activities			
Consolidated public improvement bonds	2020 - 2039	3.00% to 5.00%	\$ 1,107,025,478
Total debt subject to statutory limit			<u>1,107,025,478</u>
Tax increment financing bonds	2020 - 2048	4.00% to 6.10%	65,100,000
Capital leases	various	1.639% to 2.880%	31,603,394
Agricultural land preservation program	2019 - 2037	2.19% to 8.60%	93,483,238
Total Governmental Activities			(1) \$ <u>1,297,212,110</u>
Business Type Activities:			
Metropolitan district bonds	2020 - 2049	2.00% to 5.00%	\$ 326,560,000
State water quality revolving loan	2019 - 2031	1.00% to 2.40%	14,572,847
Consolidated Public Improvement Bonds - Watershed Protection	2020 - 2039	3.00% to 5.00%	2,334,523
Special facility revenue bonds	2019 - 2022	2.475%	2,217,000
MDE Loan	2019 - 2028	2.95%	1,559,884
Broadband Bonds	2021 - 2023	2.00% to 3.00%	2,535,000
Total Business Type Activities			(2) \$ <u>349,779,254</u>
Total			<u>\$ 1,646,991,364</u>

Note (1): Does not include deferred refunding premium liability of \$139,356,696, compensated absences of \$26,443,323, net OPEB liability of \$353,228,214, net pension liability of \$150,671,742, LOSAP liability of \$21,907,552, landfill closure liability of \$23,430,000 unpaid claims of \$20,215,850 other non-current liabilities of \$9,132,933 and unamortized bond discount of (\$24,516) included in the Statement of Net Position.

Note (2): Does not include compensated absences liability of \$891,193, net OPEB liability of \$23,102,908, net pension liability of \$2,037,339, major water and sewer agreements \$874,412 and deferred refunding premium of \$24,444,168 included in the Statement of Net Position.

The County is subject to State and County law which limits the amount of applicable General County debt outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was \$2,563,805,580, providing a debt margin of \$1,360,076,708. The authorized, unissued General County Bonds, Metropolitan District Bonds and Tax Increment Finance Bonds at fiscal year-end were \$446,618,476, \$222,646,214 and \$71,775,000, respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with debt agreement provisions.

The changes in long-term obligations for the primary government for the fiscal year are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Consolidated public improvement bonds	\$ 1,062,345,001	131,295,477	86,615,000	1,107,025,478	69,771,600
Tax increment financing bonds	65,165,000	—	65,000	65,100,000	90,000
Compensated absences	26,336,346 *	3,845,962	3,738,985	26,443,323	273,037
Capital leases	35,011,551	2,223,000	5,631,157	31,603,394	4,521,335
Landfill closure obligation	23,085,000	345,000	—	23,430,000	5,994,184
Agricultural land preservation program	97,715,767	—	4,232,529	93,483,238	17,059,529
Deferred refunding premium	140,958,111	—	1,601,415	139,356,696	—
Unpaid Claims	18,511,322	1,704,528	—	20,215,850	7,518,250
Net OPEB liability	321,573,764	31,654,450	—	353,228,214	—
Net pension liability	153,482,520	—	2,810,778	150,671,742	—
Length of service award program liability	22,648,821	—	741,269	21,907,552	—
Total Governmental Activities	\$ 1,966,833,203	171,068,417	105,436,133	2,032,465,487	105,227,935
Business Type Activities:					
Metropolitan district bonds	\$ 277,580,000	66,605,000	17,625,000	326,560,000	13,085,000
State water quality revolving loan	17,956,260	—	3,383,413	14,572,847	3,457,397
Consolidated Public Improvement Bonds - Watershed Protection	—	2,334,523	—	2,334,523	98,400
Broadband bonds	2,535,000	—	—	2,535,000	—
MDE Loan	—	1,646,000	86,116	1,559,884	146,226
Special facility revenue bonds	2,714,000	—	497,000	2,217,000	510,000
Compensated absences	889,638	84,319	82,764	891,193	19,804
Major water and sewer agreements	922,923	49,000	97,511	874,412	49,000
Deferred refunding premium	24,038,642	405,526	—	24,444,168	—
Net OPEB liability	18,409,093	4,693,815	—	23,102,908	—
Net pension liability	2,321,197	—	283,858	2,037,339	—
Total Business Type Activities	\$ 347,366,753	75,818,183	22,055,662	401,129,274	17,365,827
Total	\$ 2,314,199,956	246,886,600	127,491,795	2,433,594,761	122,593,762

Note (1): Does not include other non-current liabilities of \$9,132,933 and unamortized bond discount of (\$24,516) included in the Statement of Net Position.

*Restated by \$12,789 to correct prior year's compensated absences.

Funding Source for Other Non-debt Related Liabilities

Net other post-employment benefit (OPEB) liabilities are liquidated with Employee Benefit Fund resources. Net pension liabilities are liquidated with General Fund resources. Compensated absences are liquidated by the governmental funds that incurred the associated personnel cost.

Metropolitan District bonds and their related interest charges are being financed from front foot benefit assessment charges, ad valorem taxes and in-aid-of-construction charges. In the event such revenues and charges are insufficient to finance the debt service, the full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of these bonds.

On May 29, 2019, the County issued \$133,630,000 in Consolidated Public Improvement Project and Refunding Bonds 2019 Series A and \$66,605,000 in Metropolitan District Project and Refunding Bonds 2019 Series B. The true interest costs were 2.47% and 2.84% for the Series A and B respectively. The County issued these bonds to pay off \$181,167,650 of outstanding Consolidated Public Improvement Bond Anticipation Notes, 2017 Series (BANs); refund \$23,605,000 and \$6,115,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively and reimburse the County for costs related to capital projects; and to pay bond issuance costs. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was \$1,066,188 and from refunding Metropolitan District Bonds was \$671,207.

The County issues debt to finance the construction of certain capital facilities of its component units and to finance major water and sewer projects done in conjunction with the City of Baltimore (the "City") and Baltimore County, which affects the "unrestricted" net position component in the statement of net position.

The following summarizes these situations in which the County is reporting the debt in its financial statements, while the corresponding assets are reported by the other reporting entity.

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had approximately \$592 million of its net Consolidated Public Improvement general obligation bonds outstanding that are related to capital facilities of the component units at fiscal year end.
- The Metropolitan District Act requires Baltimore City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. Since 2004, the County has contributed approximately \$83 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 7.3% of its net Metropolitan District general obligation bonds outstanding or \$23.8 million is related to these facilities at fiscal year-end.

Since 1993, the County has participated in the State Water Quality Revolving Loan Program. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax exempt financing. As of fiscal year-end, the County has borrowed \$91,255,779, of which \$77,045,779 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation. The outstanding balances of these loans are \$14,572,847.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 9).

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District 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 as long-term obligations of the County. At fiscal year-end, \$302,466,000 of Consolidated Public Improvement Bonds and \$57,554,700 of Metropolitan District Bonds were considered defeased.

Under its Agricultural Land Preservation Program, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. The County acquires the development rights to the land in perpetuity. Historically, under the terms of the agreement, the County paid the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price until maturity. The remaining amount of the purchase price was paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (see Note 2). Under the current program, the County pays five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest.

Direct Placements

On May 30, 2012, the County refunded the balance of the 2003 Golf Course Refunding Bonds, which was \$5,775,000, and issued a Taxable Golf Course Refunding Note in the amount of \$5,400,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility was pledged to pay debt service on the bonds and to establish a Debt Service Reserve Fund (DSRF) equal to the greatest amount of debt service payable in a fiscal year. The balance in the DSRF at fiscal year-end is \$560,000. The reserve funds will not be available for other purposes until the maturity of the notes on August 15, 2022. If a deficiency exists in the debt service reserve fund securing the note, the County is obligated to restore the amount in the DSRF to \$560,000 not later than 30 days after the beginning of first fiscal year following such deficiency. The note does not constitute a pledge of the County's full faith and credit or taxing power, but the County's covenant to restore the amount in the DSRF is a general contractual obligation of the County. For fiscal year 2019, the net available revenue and debt service payments were (\$525,765) and \$558,570 respectively.

The County issues tax-exempt bond anticipation notes (BANs) in order to provide interim financing for a portion of the costs of on-going capital projects. On May 26, 2017 the County entered a Credit Agreement for a \$200,000,000 Line of Credit which is repaid annually with the proceeds of General Obligation bonds. The outstanding amount of such notes as of June 30, 2019 was \$45,476,149. The agreement will expire on May 25, 2020 and the County intends to pay-off prior to the expiration date.

On November 20, 2018, the County borrowed \$1,646,000 from Sandy Spring Bank to fund a portion of the cost of a storm water restoration project located at 1960 Daisy Road in Woodbine, Maryland. The loan was made through the Maryland Department of the Environment (the "MDE") Linked Deposit Water Quality Program. MDE has placed \$1,646,000 on deposit with Sandy Spring Bank for the ten-year term of the loan. The interest earned on the funds on deposit will be used to offset the market interest rate.

The County maintains leasing agreements with Banc of America Public Finance, Key Bank, Sun Trust, TD Asset Management Funds, and Zions Bank. The lease agreements financed the acquisition of equipment including transit buses, emergency vehicles, portable radios, water meters, an ERP system, heavy equipment and energy saving equipment. The agreements mature between December 2019 and June 2030

A summary of debt service requirements to maturity, including principal and interest, for certain long-term obligations at fiscal year-end are below.

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds		Agricultural Land Program	
	Principal	Interest*	Principal	Interest
2020	\$ 69,771,600	47,240,884	17,059,529	4,709,479
2021	68,239,035	45,481,191	17,838,529	3,453,618
2022	73,930,140	42,211,307	7,107,529	2,346,352
2023	77,356,030	38,635,776	3,357,529	2,107,993
2024	78,706,820	34,843,707	13,587,529	2,024,349
2025-2029	358,506,160	119,810,914	24,691,643	3,775,034
2030-2034	264,559,040	46,150,302	8,305,486	517,317
2035-2039	115,956,653	8,560,542	1,535,464	53,232
Total	\$ 1,107,025,478	382,934,623	93,483,238	18,987,374

*Includes administrative fees

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Special Facility Revenue Bonds		Water Quality Bonds		Broadband		Watershed Protection		MDE	
	Principal	Interest	Principal	Interest	Principal	Interest*	Principal	Interest *	Principal	Interest *	Principal	Interest *
2020	\$ 13,085,000	11,862,574	510,000	49,123	3,457,397	471,449	—	60,950	98,400	63,540	146,226	44,047
2021	10,965,000	12,073,880	522,000	36,364	3,533,036	395,810	1,510,000	60,950	75,965	86,000	150,594	39,678
2022	11,015,000	11,564,780	535,000	23,296	3,610,367	318,479	—	30,750	79,860	82,110	155,097	35,175
2023	11,525,000	11,041,330	650,000	2,588	1,528,976	136,226	1,025,000	30,750	83,970	78,015	159,734	30,537
2024	11,550,000	10,502,605	—	—	887,329	107,245	—	—	88,180	73,710	164,511	25,760
2025-2029	63,455,000	43,741,372	—	—	1,229,876	127,387	—	—	513,840	295,860	783,722	52,891
2030-2034	62,215,000	30,165,791	—	—	325,866	22,789	—	—	645,960	163,734	—	—
2035-2039	63,610,000	18,952,498	—	—	—	—	—	—	748,348	55,935	—	—
2040-2044	49,350,000	9,335,813	—	—	—	—	—	—	—	—	—	—
2045-2049	29,790,000	2,335,838	—	—	—	—	—	—	—	—	—	—
Total	\$ 326,560,000	161,576,481	2,217,000	111,371	14,572,847	1,579,385	2,535,000	183,400	2,334,523	898,904	1,559,884	228,088

*Includes administrative fees.

Tax Incremental Financing Bonds

On March 11, 2014, the County issued its first Special Obligation Bonds (Annapolis Junction Town Center) 2014 Series in the amount of \$17 million, with an overall true interest cost of 6.148%. The proceeds were used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73 acres as a Development District, at the site of the MARC Savage Commuter Rail Station. The land is state-owned, thus no real property taxes were paid to the County for this property. However, County management anticipates opportunities for local economic development by putting tax-exempt property on the local tax roll while improving transportation infrastructure.

A companion special taxing district was created as a backup for the Special Obligation bonds. Special taxes will be imposed on property owners located within the special taxing district in any year where the tax increment collections are lower than the next year's debt service obligation and TIF District expenses. The special taxes are also to be pledged for the repayment of the Special Obligation bonds.

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected within the Development District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is \$33,396,850. A reserve fund in the amount of \$1,678,465 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2044. Additionally, as of fiscal year end, \$18,359 is being held by an escrow agent for fiscal year 2019 debt service. Pledged revenues of \$1,066,225 were recognized in fiscal year 2019. The outstanding debt of \$16,875,000 is included in the primary government's long-term debt on the Statement of Net Position.

The bond offering is part of an overall Public Private Partnership (P3) development project known as Annapolis Junction Town Center. When completed, the entire development project will be a comprehensive mixed-use State Transit-Oriented Development (TOD) and will include 100,000 square feet of Class A office space, 416 luxury apartment units, a 150-room hotel, 17,250 square feet of retail space and the 700-space parking garage (financed by the general obligations bonds). The project will also include two additional parking garages, to be funded privately, to separately support parking needs for businesses and residents.

On October 19, 2017, the County issued \$48,225,000 of Special Obligation Bonds (Downtown Columbia Project) Series 2017 A, with an overall true interest cost of 4.48%. The development project consists of the re-development of a portion of the downtown area in the unincorporated master-planned community of Columbia, Maryland, one of the first master-planned communities in the United States. Howard Research and Development Corporation intends to develop the downtown area in multiple phases over approximately 15 to 20 years. The Development District is comprised of approximately 148.6 acres within Downtown Columbia excluding The Mall and Merriweather-Symphony Woods neighborhoods. The Special Taxing District consists of an approximately 65-acre parcel located within the Crescent neighborhood of the Development District. Special taxes will be imposed on property owners located within the special taxing district in any year where the tax increment revenues are lower than the next year's debt service obligation and District expenses.

The bond proceeds are being used to finance the construction of roads, intersections, related water, sewer and storm water improvements and an EMT/Quick Strike Facility in the Special Taxing District and to pay bond issuance costs. These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected on the Phase One properties and any special taxes imposed and collected within the Crescent Special Taxing District. The Phase One properties include The Metropolitan, m flats, TEN.M, One Merriweather, Two Merriweather, Area One Parking garage, Project 3 Office A, Project 3 Multifamily B, Project 3 Multifamily C, Project 3 Office B, Project # Retail and Area Three Parking garage.

The total amount of pledged revenue is \$85,283,692. A reserve fund in the amount of \$3,921,283 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2047. Additionally, as of fiscal year end, \$124,434 is being held by an escrow agent for fiscal year 2019 debt service. Pledged revenues of \$4,137,520 were recognized in fiscal year 2019. The outstanding debt of \$48,225,000 is included in the primary government's long-term debt on the Statement of Net Position.

A summary of debt service requirements to maturity, including principal and interest, for the TIF governmental activities at fiscal year-end are below.

Debt service requirements of TIF governmental activities:

Year ending June 30:	Tax Increment Financing Bonds		Annual Debt Service
	Principal	Interest	
2020	\$ 90,000	3,108,784	3,198,784
2021	315,000	3,104,464	3,419,464
2022	245,000	3,090,944	3,335,944
2023	275,000	3,079,984	3,354,984
2024	690,000	3,067,584	3,757,584
2025-2029	6,460,000	14,716,369	21,176,369
2030-2034	10,270,000	12,873,735	23,143,735
2035-2039	14,910,000	10,073,532	24,983,532
2040-2044	23,920,000	5,530,520	29,450,520
2045-2047	7,925,000	534,375	8,459,375
Total	\$ 65,100,000	59,180,291	124,280,291

B. Component Units

The changes in long-term obligations for the component units for the fiscal year are as follows:

Component Unit	Beginning Balance	Additions	Reductions	Ending Balance
Community College:				
Compensated absences, net OPEB liability and net pension liability	\$ 38,137,176	2,128,029	978,471	39,286,734
*Housing:				
Loans, compensated absences and net pension liability	251,524,681	36,207,062	36,657,895	251,073,848
Library:				
Compensated absences and net OPEB liability	16,393,492	1,830,653	197,063	18,027,082
Public School System:				
Capital leases, workers compensation, compensated absences, net OPEB liability and net pension liability	777,556,536	35,495,989	6,532,794	806,519,731
Total	\$ 1,083,611,885	75,661,733	44,366,223	1,114,907,395

*Restated per GASB75; Financial statements for the Housing Commission are reported on a calendar year basis.

8. Short-Term Debt

The changes in short-term debt for the primary government for the fiscal year are as follows:

Type	Beginning Balance	Issued	Retired	Ending Balance
Bond Anticipation Notes	\$ 54,987,329	176,656,467	186,167,647	45,476,149

Bond anticipation notes (BANS) are issued to finance expenditures of certain capital projects and will be repaid from the proceeds when the County issues debt.

9. Conduit Debt

From time-to-time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Retirement Community Revenue Bonds, and Recovery Zone Facility Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities 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.

At fiscal year-end, there were 21 series of conduit debt outstanding. The aggregate principal amount outstanding for the 12 series issued after July 1, 1996 was \$93,428,065. The aggregate principal amount outstanding for the 9 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$59,155,000.

10. Lease Obligations

A. Operating Leases - Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the fiscal year amounted to \$3,428,610.

Future lease payments including any agreed-upon percentage increases are as follows:

Fiscal Year	
2020	\$ 5,264,013
2021	5,084,568
2022	5,082,125
2023	4,056,841
2024	4,056,841
2025-2029	18,489,626

The County, as lessor, leases County-owned tower space under various long-term operating lease agreements.

Lease revenues for the year amounted to \$1,986,441. Future lease revenues are as follows:

Fiscal Year	
2020	\$ 1,341,825
2021	987,928
2022	891,263
2023	883,106
2024	898,355
2025-2029	3,165,060

B. Capital Leases

The County maintains lease agreements with Grant Capital Management Inc., Key Bank and TD Asset Management Fund, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates of the leases.

The assets acquired and placed in service are as follows:

Machinery and equipment	\$ 28,308,824
Less: accumulated depreciation	(10,597,370)
Total asset value under capital leases	\$ 17,711,454

The leases have maturity dates ranging from December 2019 to June 2030. The County makes annual principal and interest payments.

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

Year ending June 30:	Activities
2020	\$ 5,330,093
2021	4,662,177
2022	4,516,361
2023	4,340,431
2024	4,047,239
2025-2029	12,546,985
2030	—
Total minimum lease payments	35,443,286
Less: amount representing interest	(3,839,892)
Present value of minimum lease payments	\$ 31,603,394

11. Restricted Assets

Federal and State grants, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted net position. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds that are legally restricted for special purposes such as public housing projects.

12. Fund Equity

The governmental fund balances at June 30, 2019 are composed of the following:

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Funds	Other Governmental Funds	Total
FUND BALANCES					
Nonspendable:					
Inventory	\$ 624,672	—	—	668,338	1,293,010
Prepaid items	8,104	—	—	2,704	10,808
Long-term receivable:					
Due from component units	11,632,263	—	—	—	11,632,263
Total nonspendable	12,265,039	—	—	671,042	12,936,081
Restricted for:					
Catalyst loan program	—	—	—	1,024,177	1,024,177
Economic development initiative	—	—	—	741,484	741,484
Fee in lieu	—	—	—	469,647	469,647
Fire & rescue services	—	—	—	11,927,046	11,927,046
Forest conservation	—	—	—	1,964,542	1,964,542
Middle Patuxent environmental area program	—	—	—	44,511	44,511
Open space	—	—	—	576,876	576,876
Parkland watershed facilities	—	—	—	13,602,040	13,602,040
Program revenue	—	—	—	568,509	568,509
Public road facilities	—	—	—	61,223,169	61,223,169
Public school facilities	—	—	20,944,530	—	20,944,530
Speed enforcement	—	—	—	805,201	805,201
Tax increment financing project	—	—	14,667,797	12,532,627	27,200,424
Permanent Public Improvement Contribution	—	—	1,157,451	—	1,157,451
Total restricted	—	—	36,769,778	105,479,829	142,249,607
Committed for:					
Budget stabilization account	73,958,202	—	—	—	73,958,202
Agricultural land preservation	—	1,162,093	—	—	1,162,093
Community renewal programs	—	—	—	32,067,143	32,067,143
Environmental services	—	—	—	9,246,805	9,246,805
Firehouse & training facilities	—	—	—	8,064,285	8,064,285
Recreation programs	—	—	—	3,933,859	3,933,859
Total committed	73,958,202	1,162,093	—	53,312,092	128,432,387

(Continued)

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Funds	Other Governmental Funds	Total
Assigned for:					
Capital projects	—	—	—	3,227,918	3,227,918
Funding for one time expenditures	3,594,032	—	—	—	3,594,032
Future balloon payments	—	42,810,778	—	—	42,810,778
Pay-as-you-go contributions to capital projects	5,703,000	—	—	—	5,703,000
Policy Reserve	7,500,000	—	—	—	7,500,000
Purchase commitments	15,487,067	—	—	—	15,487,067
Streetlights	—	—	—	1,432,857	1,432,857
Subsequent year's budget stabilization account	3,713,084	—	—	—	3,713,084
Subsequent year's expenditures	—	14,916,166	—	—	14,916,166
Total assigned	35,997,183	57,726,944	—	4,660,775	98,384,902
Unassigned	18,387,493	—	(70,216,801)	(40,456,116)	(92,285,424)
Total fund balance	\$ 140,607,917	58,889,037	(33,447,023)	123,667,622	289,717,553

13. Landfill Closure and Post-Closure Care Cost

State and Federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each fiscal year-end. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating cost are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate \$29,424,184. Actual costs may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997, and thus it is not expected to use the landfill to its full capacity in the foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. At fiscal year-end, the County has recognized \$23,430,000 of these costs. This cumulative amount reported to date is based on the use of 69.93% of the existing cell and 100% of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$5,994,184. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

14. Tax Abatements

As of June 30, 2019, the County provides tax abatements through the Pilot Program and Commercial or Industrial Business Program.

PILOT (Payment in Lieu of Taxes)

Nixon Farm

In accordance with Howard County Council Resolution No. 11-2018, the County approved the terms and conditions of a Payment in Lieu of Taxes Agreement with the owners of 2800 Nixon's Farm Lane, LLC, regarding the construction and operation of an alternative and renewable energy project. Pursuant to Section 7-514 of the Tax-Property Article of the Annotated Code of Maryland, the County permits the owners to make payments in lieu of County real property taxes. The code provides, among other things, that real property may be exempt from County property tax and to induce the development of sustainable energy projects, the County agrees to abate County real property taxes for the property on a sliding scale as follows:

- a) For years 1 through 7 from the effective date, all Howard County real property taxes for the Property shall be abate and the owners shall pay to the County in lieu of such taxes, \$1 each year;
- b) For years 8 through 14 from the effective date, the owners shall receive a thirty percent (30%) abatement of all Howard County real property taxes for the property;
- c) For years 15 through 20 from the Effective Date, the owners shall receive a twenty percent (20%) abatement of all Howard County real property taxes for the property.

No other commitments were made by the County as part of this agreement.

Housing

In accordance with Howard County Code Sec. 13.1320. Property of Commission tax-exempt; exemption of property from levy and execution, the property of the Commission is declared to be used for essential public and governmental purposes and the Commission and its property are exempt from all taxes and special assessments of the County or the State. The Housing Commission which is a separate legal entity serves as the Public Housing Authority for the purpose of developing and managing housing resources for low and moderate income residents of Howard County. The Commission also owns and manages residential property, maintains these properties, develops affordable housing opportunities for the citizens of Howard County through partnerships with developers or land acquisition for development, and operates the Housing Choice Voucher. In lieu of County taxes and special assessments, the Commission makes payments to the County in an amount set by mutual agreement

between the Commission and the County; provided, however, that the sum to be paid to the County does not exceed an amount equal to the regular taxes levied upon similar property.

By virtue of this agreement, all real property of the Commission is exempt from levy and sale and no execution or other judicial process shall issue against the same, nor shall any judgment against the Commission be a charge or lien upon its real property. The provisions shall not limit a right to foreclose or otherwise enforce:

- (1) Any mortgage or deed of trust recorded against any property of the Commission; or
- (2) Any pledge or lien given by the Commission on its rents, fees, or revenues.
- (3) May not deprive the County of its right to collect any service charge agreed upon in lieu of taxes in the same manner as all such taxes are now, or may hereafter be, collectible under the laws of this State and of the County.

No other commitments were made by the County as part of these agreements.

Commercial or Industrial Business

In accordance with § 9-315(a)(3) of the Tax-Property Article, Annotated Code of Maryland, there is a Howard County property tax credit against the tax on real property owned or occupied by a commercial or industrial business that engaged in an activity identified in the Howard County Economic Development Strategic Plan as a target for the County's business attraction and retention efforts. A commercial or industrial business qualifies for a tax credit under this section if the business:

- (1) Applies for the credit under procedures of Howard County Code Sec.20.123-Commerical or industrial business
- (2) (i) Owns real property in Howard County that is new construction, or an improvement to an existing facility; or (ii) Subject to the provisions of subsection (f)(2) of this section, rents or leases real property in Howard County that is new construction or an improvement to an existing facility;
- (3) Is currently or will be doing business in Howard County;
- (4) Will employ at least 12 additional full-time local employees by the second year in which the credit is allowed, not including an employee filling a job created when a job function is shifted from an existing location in the State to Howard County; and
- (5) Makes a substantial investment in Howard County which includes the acquisition of a building, land, or equipment that totals at least \$2,000,000; or the creation of ten positions with salaries greater than the current average wage in Howard County.

The tax credit under this section shall be granted annually for a term not to exceed ten years beginning with the first tax year in which the real property tax would increase as a result of an increase in assessment due to new construction or an improvement to an existing facility. The tax credit under this section may not exceed the amount of the County property tax imposed on the property that is a result of an increase in assessment due to the new construction or improvement. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. No other commitments were made by the County as part of these agreements.

For the fiscal year ended June 30, 2019, the County abated taxes totaling \$1,492,585 including the following tax abatement agreement/s that exceeds 10 percent of the total amount abated:

Tax Abatement Program	Amount of Taxes Abated
PILOT (Payment in Lieu of Taxes)	\$ 1,453,661

15. Retirement Plans

Summary of Significant Accounting Policies

Pension: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Retirement Plan (HCRP) and Police and Fire Employees' Plan (PFEP) and additions to/deductions from the two plans' fiduciary net position have been determined on the same basis as they were reported by each plan as of the June 30, 2018 measurement date. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

General Information about the Pension Plans

Plan description: The Howard County Retirement Plan ("Retirement Plan") and the Howard County Police and Fire Plan ("Police and Fire Plan") are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland, which provide retirement benefits as well as death and disability benefits and cost-of-living adjustments.

The Plans were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478, and 1.401A to 1.478A. Essentially all the County full-time benefited and part-time benefited employees are eligible to participate in one of the Retirement Plans, except for certain exceptions provided for in Howard County Code Section 1.406.

Responsibilities for administration and operation of the Retirement Plan and Police and Fire Plan vest in Retirement Committees with seven members each ("Committees"). The Committees have authority to establish and amend the respective benefit and contribution provisions.

Generally, the majority of employees of the primary government, except certain police officers and fire personnel, participate in the Retirement Plan, which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Police officers and fire personnel participate in the Police and Fire Plan, which was established July 1, 1990.

The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees' Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees"). The respective costs and related pension liability of the Retirement Plan are not significant.

Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by accessing the reports online at www.howardcountymd.gov.

A. Howard County Retirement Plan:

Benefits provided: Under the Retirement Plan, participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary.

A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Participating general employees with 30 years of eligibility service, regardless of age, or who attain the age of 62 and older, with two to five years of eligibility service (for a total of 67 years), are entitled to a normal retirement benefit. For creditable service earned prior to June 30, 2012, the benefit is 1.55% of the participant's average compensation times the participant's creditable service; for creditable service after July 1, 2012, the multiplier is 1.66%. The Plan permits early retirement for

participants who attain the age of 55 with at least 15 years of Eligibility Service or have 25 years of eligibility service, regardless of age. For early retirement, the benefit is reduced by 0.5% for each month that the benefit begins prior to normal retirement date.

For participating AFSCME Local 3085, the benefit is 1.66% of the participant’s average compensation times all years of creditable service.

Participating Corrections employees are entitled to receive a normal retirement benefit of 2.5% of average compensation multiplied by years of creditable service (up to 20 years) plus 1.0% of average compensation multiplied by creditable service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average compensation). Normal retirement is the attainment of age 62 and older, with two to five years of eligibility service (for a total of 67 years), or the completion of 20 years of eligibility service regardless of age.

Annually, the retirement benefits are adjusted for cost of living adjustment (“COLA”). The Plan uses the Consumer Price Index (“CPI-U”) for the Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The Maximum annual COLA is 3%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms: At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	748
Inactive employees entitled to but not yet receiving benefits	191
Active employees	1,803
Total	<u>2,742</u>

Contributions: The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan’s funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections participants with less than 20 years of creditable service, 0% for Corrections participants with greater than 20 years of creditable service, and, effective January 1, 2014, 3.0% of base pay for other participants. The County funds the remainder of the cost of its employees’ participation in the Retirement Plan which was 12.4% of covered payroll in fiscal years 2018 and 2017, respectively.

Net Pension Liability

The County’s net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018.

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

Inflation	2.75 percent
Salary increases	Varies by service, 4.00 to 6.75 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	40.0%	5.37%
Fixed income	30.0%	3.50%
Alternative investments	22.5%	6.05%
Real assets	7.50%	5.45%
Total	100.0%	

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 8.55 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2017	\$ 445,552,992	410,114,885	35,438,107
Changes for the year:			
Service cost	16,918,575	—	16,918,575
Interest	32,786,122	—	32,786,122
Changes of benefit terms	—	—	—
Differences between expected and actual experience	379,328	—	379,328
Changes of assumptions	—	—	—
Contributions - employer	—	14,841,120	(14,841,120)
Contributions - member	—	4,155,758	(4,155,758)
Net investment income	—	35,807,945	(35,807,945)
Benefit payments, including refunds of employee contributions	(16,809,399)	(16,809,399)	—
Administrative expense	—	(350,799)	350,799
Net changes	33,274,626	37,644,625	(4,369,999)
Balance as of 6/30/2018	\$ 478,827,618	447,759,510	31,068,108

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County and the component units participating in the General Employees Plan (Economic Development Authority ⁽¹⁾ and Housing Commission), calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's net pension liability	\$ 89,734,450	30,115,355	(19,810,734)
Economic Development Authority ¹	1,452,778	487,560	(320,731)
Housing Commission	1,386,131	465,193	(306,017)
Total	\$ 92,573,359	31,068,108	(20,437,482)

¹Economic Development Authority statements are not included in the County's CAFR due to immateriality

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

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

For the year ended June 30, 2018, the County and the participating component units recognized pension expense of \$12,500,566, and \$395,478 respectively. The County's share of deferred outflows of resources and deferred inflows of resources related to the pension is reported below. The portions allocated to the component units are not reported due to immateriality for Economic Development Authority and a different fiscal year end for Housing.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 315,167	7,816,132
Changes of assumptions	3,023,756	353,514
Net difference between projected and actual earnings on pension plan investments	—	2,888,528
Changes in proportion	115,556	—
Contributions subsequent to the measurement date	13,766,516	—
Total	\$ 17,220,995	11,058,174

Other than contributions subsequent to the measurement date (\$13,766,516), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2020	\$ 2,449,059
2021	(588,239)
2022	(6,356,550)
2023	(2,350,879)
2024	(808,966)
Thereafter	51,880
Total	\$ (7,603,695)

B. Police and Fire Plan:

Benefits provided: All of the County's full-time career police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. The Plan provides retirement benefits as well as death and disability benefits and cost-of-living adjustment.

Participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive a benefit equal to 2.5% of average compensation times the number of years of creditable service, payable at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or the designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Employees who attain the age of 62 with at least five years of eligibility service and employees who have completed 20 years of eligibility service, if at least 10 years were served as a covered employee, are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50% (with 20 years of service) to 80% (with 30 years of service) of average compensation for police, and from 50% (with 20 years of service) to 70% (with 30 years of service) of average compensation for firefighters.

Annually, the retirement benefits are adjusted for COLA. The Plan uses the CPI-U for the Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The Maximum annual COLA is 2%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms: At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	374
Inactive employees entitled to but not yet receiving benefits	18
Active employees	904
Total	<u>1,296</u>

The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP record is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The record is also credited with the required employee contributions and interest. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by plan as of June 30, 2018 is \$17,149,709.

Contributions: The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan’s funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. For employees with less than 30 years of service, participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. Employees with 30 or more years pay no participant contributions. The County funds the remainder of the cost of its employees’ participation in the Police and Fire Plan, which was 32.5% and 30.6% of covered payroll in fiscal years 2018 and 2017, respectively.

Net Pension Liability

The County’s net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018.

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

Inflation	2.75 percent
Salary increases	Varies by service, 4.25 to 7.55 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	40.0%	5.37%
Fixed income	30.0%	3.50%
Alternative investments	22.5%	6.05%
Real assets	7.5%	5.45%
Total	100.0%	

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 8.55 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2017	\$ 637,712,072	516,255,787	121,456,285
Changes for the year:			
Service cost	21,108,198	—	21,108,198
Interest	46,900,089	—	46,900,089
Changes of benefit terms	—	—	—
Differences between expected and actual experience	13,530,486	—	13,530,486
Changes of assumptions	—	—	—
Contributions - employer	—	26,337,085	(26,337,085)
Contributions - member	—	7,859,400	(7,859,400)
Net investment income	—	46,560,088	(46,560,088)
Benefit payments, including refunds of employee contributions	(24,755,084)	(24,755,084)	—
Administrative expense	—	(355,240)	355,240
Net changes	56,783,689	55,646,249	1,137,440
Balance as of 6/30/2018	\$ 694,495,761	571,902,036	122,593,725

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

	1% Decrease (6.5)%	Current Discount Rate (7.5)%	1% Increase (8.5)%
County's net pension liability	\$ 221,639,954	122,593,725	41,463,640

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports for both Plans.

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

For the year ended June 30, 2018, the County recognized pension expense of \$25,373,063. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,260,736	957,962
Changes of assumptions	16,634,566	—
Net difference between projected and actual earnings on pension plan investments		4,657,094
Contributions subsequent to the measurement date	27,719,839	—
Total	\$ 66,615,141	5,615,056

Other than contributions subsequent to the measurement date (\$27,719,839), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2020	\$ 9,453,011
2021	5,528,421
2022	261,311
2023	4,633,235
2024	4,467,773
Thereafter	8,936,495
Total	\$ 33,280,246

C. Employer Aggregate Pension Disclosure

	General	Police & Fire	Total
As of June 30, 2018:			
Total net pension liabilities	\$ 30,115,355	122,593,725	152,709,080
Total pension assets	448,243,834	572,493,836	1,020,737,670
Total deferred outflows of resources from pension	17,220,995	66,615,141	83,836,136
Total deferred inflows of resources from pension	11,058,174	5,615,056	16,673,230
For the year ended June 30, 2018:			
Total pension expense	\$ 12,500,566	25,373,063	37,873,629

Note: Excludes component units. EDA is not included in the CAFR due to immateriality; Housing Commission has a different fiscal year end; Public Schools, Community College and Library participate in the Maryland State Retirement Plans

D. Component Units:

Generally, all employees of three of the component units (Board of Education, Howard Community College and Library) are covered by the Maryland State Retirement and Pension System (the System), which is a cost-sharing, multi-employer defined benefit pension plan. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers and employees of participating governmental units. The plans are administered by the State Retirement Agency.

These three component units adopted GASB 68 for the year ended June 30, 2015 and reported their proportionate share of the collective pension amounts calculated by the Maryland State Retirement and Pension System. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportionate share of these component units' net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

As of June 30, 2019, the Howard County School System and Howard County Community College proportions for the System were 0.230% and 0.0121%, respectively. Howard County School System and Howard County Community College reported net pension liabilities of \$48,232,399 and \$2,546,231, respectively. For the year ended June 30, 2018, Howard County School System and Howard County Community College recognized pension expense of \$6,889,517 and \$359,231 (related to the employee's system only and does not include amounts that may be included in the state paid benefits), respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

16. Other Post-Employment Benefits (OPEB)

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County OPEB Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2018 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. The Plan's insurance costs are paid by the retirees, the County and its component units through the County's self-insurance fund (internal service fund).

Plan Description

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government and Howard County Soil Conservation District) and its component units: Howard Community College, Howard County Public School System, Howard County Library, Howard County Economic Development Authority, and Howard County Housing Commission. The Plan is administered and overseen by a Board of Trustees comprised of the Chief Administrative Officer, the Director of Finance, and Budget Administrator.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 15. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of 15 years of County service and, immediately preceding retirement, have been enrolled in a medical, vision or prescription drug insurance plan offered to active employees of the County. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate.

The component units provide medical benefits to eligible employees who retire from employment with the entity. The eligibility requirements vary among different entities. Each entity pays a percentage of the health insurance premium based on certain criteria. In addition to medical benefits, the school system offers life insurance benefits to eligible retirees who have provided 10 years of service with the school system and have retired from the Howard County Public School System.

Plan membership per the actuarial valuation as of January 1, 2018 consisted of the following:

Retirees and beneficiaries receiving benefits	3,398
Active plan members	10,111
Deferred vested terminations	29
Total	13,538

There are no separate financial statements for the Plan.

Funding Policies and Funded Progress from Employer's Perspective under GASB Statement No. 75

The Plan's funding policy provides for the County to contribute to the trust as determined by the County budget. During the fiscal year, the County's proportionate share of the collective net other post-employment benefits liability is 32.09% of the \$16,000,000 contributed to the trust by the County, or \$5,134,400. The County budget for fiscal year 2019 included funding for pay-as-you-go OPEB costs as well as \$15,724,000 to the trust.

Based on the most recent actuarial valuation which was prepared as of July 1, 2017 and rolled forward to June 30, 2018, the actuarially calculated proportionate share of total OPEB liability as of the measurement date of June 30, 2018 was \$417,863,617 and there was \$41,532,494 of actuarial plan assets; therefore, the net OPEB liability for the County was \$376,331,122. The plan fiduciary net position as a percentage of the total OPEB liability was 9.94%.

Actuarial Assumptions

The actuarial methods and significant assumptions used by the actuary are summarized on the next page to conform to the disclosure requirements for GASB Statement 75.

Actuarial cost method	Entry Age Normal
Projected cash flows	Member and County contributions will continue to increase \$3 million per annum. Discount rate of 3.98% was applied to investments in fiscal years 2018 through 2037.
Municipal bond rate	3.62% as of 6/30/18 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index
Interest assumption	Equivalent single discount rate of 3.98% as of 6/30/18
Inflation	2.20%
Long-term expected real rate of return, based on geometric means	3.27% for Equity investments (based on 65% target allocation) and 1.25% for Fixed Income investments (based on 35% target allocation), or a total of 4.52%
Healthcare cost trend rate	3.80%

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

For the fiscal year-ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 8.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2035 was determined using the expected rate of return of assets of 7.5% and using the 20 year municipal bond rate of 3.62% for benefit payments after 2035. The equivalent single rate is 3.98%.

The end-of-year net OPEB liability for the County is calculated below:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 388,262,030	33,463,661	354,798,369
Changes for the year:			
Service Cost	17,665,113	—	17,665,113
Interest	15,128,967	—	15,128,967
Experience loss/ (gains)	(20,869,327)	—	(20,869,327)
Contributions - Employer	—	12,395,321	(12,395,321)
Net investment income	—	2,952,273	(2,952,273)
Changes in assumptions	24,937,754	—	24,937,754
Changes in proportions	—	—	—
Benefit payments	(7,260,921)	(7,260,921)	—
Administrative expenses	—	(17,840)	17,840
Net Changes	29,601,586	8,068,833	21,532,753
Balances at June 30, 2018	\$ 417,863,616	41,532,494	376,331,122

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

Discount Rate Sensitivity	1% Decrease	Discount Rate	1% Increase
	2.98%	3.98%	4.98%
Total OPEB Liability	\$ 501,527,470	\$ 417,863,616	\$ 352,080,174
Net OPEB Liability	\$ 459,994,976	\$ 376,331,122	\$ 310,547,680

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher:

Trend Sensitivity Year 2075	1% Decrease 2.80%	Medical Trend 3.80%	1% Increase 4.80%
Total OPEB Liability	\$ 345,943,228	\$ 417,863,616	\$ 513,806,340
Net OPEB Liability	\$ 304,410,733	\$ 376,331,122	\$ 472,273,846

For the year-ended June 30, 2018, the County recognized OPEB expense of \$26,715,357. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	18,782,393
Changes of assumptions	22,443,979	41,756,327
Changes in proportion	15,131,475	—
Net difference between projected and actual earnings on OPEB plan investments	—	840,608
Contributions subsequent to the measurement date	11,768,705	—
Total	\$ 49,344,159	61,379,328

The contributions made subsequent to the measurement date but before the reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Fiscal Year ended June 30:	
2020	\$ (3,394,920)
2021	(3,394,920)
2022	(3,394,917)
2023	(3,181,547)
2024	(3,131,424)
Thereafter	(7,306,148)
	\$ (23,803,876)

Employer Aggregate Disclosure

	Howard County Government *	Howard County Public Schools	Howard Community College	Howard County Library	Howard County Housing Commission **	Howard County Economic Develop- ment Authority (EDA) **	Total
As of June 30, 2018:							
Total proportion of net OPEB liabilities	\$ 376,331,122	743,045,807	34,243,904	16,887,405	1,641,831	586,368	\$ 1,172,736,437
Total proportion of OPEB assets	41,532,494	82,003,702	3,779,210	1,863,721	181,195	64,713	129,425,035
Total deferred outflows of resources from OPEB	49,344,159	68,632,632	3,162,994	2,237,361	264,572	167,082	123,808,800
Total deferred inflows of resources from OPEB	61,379,328	136,208,782	6,601,450	2,754,323	267,781	95,636	207,307,300
For the year ended June 30, 2018:							
Total OPEB expense	\$ 26,715,357	47,759,737	2,165,032	1,198,655	121,763	51,553	78,012,097

* Enterprise fund share of net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$23,102,908, \$2,549,673, \$5,402,144, and \$3,768,067, respectively. The portion allocated to the Howard County Soil Conservation District for net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$351,821, \$38,827, \$32,497, and \$57,382, respectively.

** EDA is not included in the CAFR due to immateriality. Also, Housing Commission has a different fiscal year end.

Plan Perspective under GASB Statement No. 74

The OPEB plan is presented in accordance with the provisions of GASB Statement No. 74, “Financial Reporting for Post-employment Benefit Plans Other than Pension Plans,” which supersedes Statement No. 43. A separate actuarial valuation report was prepared using January 1, 2018 census data rolled forward to June 30, 2019.

Plan membership per the actuarial valuation as of January 1, 2018 consisted of the following:

Retirees and beneficiaries receiving benefits	3,398
Active plan members	10,111
Deferred vested terminations	29
Total	13,538

A summary of the assumptions included in the June 30, 2019 report are as follows.

Actuarial cost method	Entry Age Normal
Interest assumption	Discount rate of 3.56% as of 6/30/19
Inflation	2.20%
Municipal bond rate	3.13% as of 6/30/19 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index
Projected cash flows	Member and County contributions will continue to increase \$3 million per annum.
Long-term expected real rate of return, based on geometric means	Long-term expected rate of return was applied to fiscal years 2019 through 2039. 3.14% for Equity investments (based on 65% target allocation) and 1.13% for Fixed Income investments (based on 35% target allocation), or a total of 4.27%
Mortality	Generational RP-2000 Combined Mortality Table for Males and Females projected using Scale AA

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

For the fiscal year-ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2039 was determined using the expected rate of return of assets of 7.50% and using the bond rate of 3.13% for benefit payments after 2039. The equivalent single rate is 3.56%.

Based on the aforementioned methods and assumptions, the components of the County's Net OPEB liability as of June 30, 2019 were as follows:

Total OPEB liability	\$ 1,495,316,166
Plan fiduciary net position	154,229,775
County's net OPEB liability	<u>\$ 1,341,086,391</u>
Plan fiduciary net position as a percentage of the total OPEB liability	10.31%

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

Discount Rate Sensitivity	1% Decrease 2.56%	Discount Rate 3.56%	1% Increase 4.56%
Total OPEB Liability	\$ 1,801,176,915	\$ 1,495,316,166	\$ 1,255,586,672
Net OPEB Liability	\$ 1,646,947,140	\$ 1,341,086,391	\$ 1,101,356,897

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher:

Trend Sensitivity Year 2075	1% Decrease 2.8%	Discount Rate 3.8%	1% Increase 4.8%
Total OPEB Liability	\$ 1,221,999,212	\$ 1,495,316,166	\$ 1,863,868,761
Net OPEB Liability	\$ 1,067,769,437	\$ 1,341,086,391	\$ 1,709,638,986

Financial Statements

Summary financial information for the Other Post-Employment Benefits Trust is presented below:

Statement of Net Position	
ASSETS	
Receivables:	
Interest and dividends	\$ 506
Investments, at fair value:	
Cash	336,048
Mutual funds	154,445,416
Money market funds	128,761
Total assets	154,910,731
LIABILITIES	
Accounts payable	57,556
Other	623,400
Total liabilities	680,956
Net position held in trust for other post-employment benefits	154,229,775
Statement of Changes in Net Position	
ADDITIONS	
Contributions:	
Employer	38,380,982
Total contributions	38,380,982
Investment income (expense):	
Net change in fair value of investments	6,137,909
Dividends	3,477,923
Investment expense	(330,787)
Net investment income	9,285,045
Total additions and net investment income	47,666,027
DEDUCTIONS	
Benefits	22,755,131
Administrative expenses	106,156
Total deductions	22,861,287
Change in net position	24,804,740
Net position - beginning	129,425,035
Net position - ending	\$ 154,229,775

17. Length of Service Award Program

Summary of Significant Accounting Policies

Pension: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Length of Service Award Program (LOSAP) have been determined on the full accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

General Information about the Pension Plans

Plan description: The Howard County Length of Service Award Program (LOSAP) is a single-employer defined benefit retirement plan administered by Howard County, Maryland, which provides retirement and death benefits to volunteer firefighting and emergency medical service personnel who donate their time and services to one of the six volunteer fire corporations in the County.

The LOSAP was established and operates under the provisions of the Howard County Code, Sections 17.102 and 17.103. It was established in 1991 and last amended effective January 1, 2015. Separate financial statements for the program are not issued.

Benefits provided: Under the LOSAP, participants become vested after 25 years of eligible service beginning at age 50. No benefit is paid if service is less than 25 years.

There are no disability benefits. A death benefit equal to the total of six months LOSAP payment is paid to the designated beneficiary. In addition, \$5,000 is paid to the designated beneficiary for burial expenses.

Participants aged 50 years with 25 years of eligibility service are entitled to a normal retirement benefit. Effective January 1, 2015, a monthly benefit is equal to 1% of the current annual starting salary of a trainee in the Department of Fire and Rescue Services (which is \$512 as of January 1, 2018), plus \$10 for each full year of certified active service over 25 years. The monthly amount representing 1% of the current starting salary of a trainee cannot exceed \$770.25 based on limitations presented in the County Code.

All benefits are paid from the Fire and Rescue Reserve Fund as they become due. This is an unfunded program; therefore, there are no assets in the program.

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

	2018
Inactive employees or beneficiaries currently receiving benefits	99
Active employees	358
Total	457

Net Pension Liability

The County's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018.

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

Inflation	2.75 %
Salary increases	The starting salary of a trainee in the DFRS is assumed to increase by 2.75% annually
Interest	3.62% compounded annually
Investment rate of return	3.62%
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

Discount rate: The discount rate used to measure the total pension liability was 3.62 percent.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2017	\$ 22,648,821	—	22,648,821
Changes for the year:			
Service cost	836,909	—	836,909
Interest	823,257	—	823,257
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(1,417,288)	—	(1,417,288)
Changes of assumptions	(263,086)	—	(263,086)
Contributions - employer	—	721,061	(721,061)
Contributions - member	—	—	—
Net investment income	—	—	—
Benefit payments	(721,061)	(721,061)	—
Administrative expense	—	—	—
Other changes	—	—	—
Net changes	(741,269)	—	(741,269)
Balance as of 6/30/2018	\$ 21,907,552	—	21,907,552

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 3.62 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.62 percent) or 1 percentage-point higher (4.62 percent) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
County's net pension liability	\$ 25,739,493	21,907,552	18,878,800

Pension plan fiduciary net position: There are no separately issued financial reports for the LOSAP.

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

For the year ended June 30, 2018, the County recognized pension expense of \$1,173,060. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	1,240,127
Changes of assumptions	—	2,446,672
Contributions subsequent to the measurement date	758,544	—
Total	\$ 758,544	3,686,799

Other than contributions subsequent to the measurement date (\$758,544), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2020	\$ (487,106)
2021	(487,106)
2022	(487,106)
2023	(487,106)
2024	(487,106)
Thereafter	(1,251,269)
Total	\$ (3,686,799)

18. Deferred Compensation Plan

Deferred compensation plans are available to all County employees. The plans were established in accordance with Internal Revenue Code Section 457. A deferred compensation plan offers employees an opportunity to defer a portion of their salary along with the related Federal and State income taxes until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of this plan were transferred to custodial accounts and the County no longer reports those assets and liabilities in the Agency Funds of the County.

19. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The reporting entity, excluding the Howard County Public School System, has established two internal service funds to account for and finance its uninsured risks of loss. The reporting entity's risk financing techniques include a combination of risk retention through self-insurance and risk transfer using a risk pool. The Employee Benefits Self-Insurance Fund provides full coverage for employee benefits and long-term disability claims. The Risk Management Self-Insurance Fund provides coverage up to a maximum of \$1,000,000 for each automobile liability claim, \$1,000,000 for each general liability claim, \$100,000 for each property damage claim, and unlimited coverage for each workers' compensation claim.

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage for the entity's property, general, and automobile liability coverages. LGIT consists of various counties and local municipalities and was created to provide broader insurance coverages than those available from commercial insurers, as well as loss control and risk management services. The County pays an annual premium to LGIT for this coverage.

Liability claims settled by the County in the past five fiscal years have not exceeded the Risk Management Fund's \$1,000,000 retention to trigger payment by LGIT; however, a few small property claims have exceeded the \$100,000 retention and have been paid by LGIT. All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the internal service funds based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management programs.

At fiscal year-end, the combined Net Position for the two internal service funds was \$17,559,388. The combined claims liability of the two funds, \$20,215,850, is based on generally accepted accounting principles, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2019 and 2018 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2019	\$18,511,322	62,304,714	(60,600,186)	\$20,215,850	\$7,518,251
2018	\$17,608,081	58,527,241	(57,624,000)	\$18,511,322	\$7,613,609

The current portion is included in the non-current liabilities - due within one year and the non-current portion is included in non-current liabilities - due in more than one year, on the government-wide Statement of Net Position.

20. Individual Fund Disclosure

Individual Fund Disclosure:

The General Capital Projects Fund, a major fund, as well as the Storm Drainage Capital Projects Fund, a non-major fund, plan to eliminate their deficit fund balances of (\$33,447,023) and (\$24,575,810), respectively, through receipt of future grant revenues and future bond sales.

The Grants Fund, a non-major Special Revenue Fund, will eliminate its deficit of (\$2,466,703) through receipt of future grant revenues in fiscal year 2020.

Change in Accounting Principle:

Component Units

The Howard County Housing Commission: Net position of the Howard County Housing Commission has been restated by (\$1,412,282), due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

21. Commitments and Contingencies

A. Grants

The County receives grant funds, principally from the U.S. Government, for various County programs. Expenditures from certain of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

B. Construction

The County had \$784,696,943 authorized but unobligated capital project appropriations at fiscal year-end.

C. Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to contracts executed and not yet performed and purchase orders not yet fulfilled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet.

The encumbrance balances for the governmental funds at fiscal year-end are reported as follows:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
Major Governmental Funds				
General Fund	\$ —	—	15,487,066	15,487,066
Non-Major Governmental Funds	35,911,393	2,472,611	—	38,384,004
Total	\$ 35,911,393	2,472,611	15,487,066	53,871,070

D. Public Private Partnership

On July 27, 2018, the Howard County Council adopted CB54-2018 approving a multi-year Project Agreement between Howard County, Maryland and a special purpose entity formed by Edgemoor-Star America Judicial Partners (ESJP) for the design, construction, partial financing, operation and maintenance of a new Courthouse and related Parking Structure to be located on the Project Site located at 9250 Judicial Way (formerly known as 9240 and 9250 Bendix Road) in Ellicott City. The County reached commercial and financial close with ESJP on October 16, 2018. The County has a commitment to make a \$75 million milestone payment to ESJP on the expected occupancy readiness date of June 30, 2021. Council Bill 41-2017 authorized the issuance of General Obligation bonds to finance the milestone payment.

**Required Supplementary
Information**



Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013
Total pension liability *							
Service cost	\$ 17,330	16,919	15,861	15,093	14,073	12,727	Information for FY2013 and earlier not available
Interest	34,964	32,786	30,959	29,046	27,198	24,974	
Changes of benefit terms	—	—	—	—	—	3,534	
Differences between expected and actual experience	(5,973)	379	(6,369)	(4,093)	(2,741)	—	
Changes of assumptions	9,529	—	—	—	(851)	10,918	
Benefit payments, including refunds of member contributions	(19,012)	(16,809)	(15,379)	(13,700)	(12,375)	(11,139)	
Net change in total pension liability	36,838	33,275	25,072	26,346	25,304	41,014	
Total pension liability - beginning	478,828	445,553	420,481	394,135	368,831	327,817	
Total pension liability - ending (a)	515,666	478,828	445,553	420,481	394,135	368,831	
Plan fiduciary net position							
Contributions - employer	14,155	14,841	14,179	13,428	13,967	12,778	
Contributions - member	4,378	4,156	3,904	3,757	3,573	2,979	
Net investment income	31,355	35,808	45,447	4,743	9,983	45,956	
Benefit payments, including refunds of member contributions	(19,012)	(16,809)	(15,379)	(13,700)	(12,375)	(11,139)	
Administrative expense	(438)	(351)	(336)	(341)	(311)	(283)	
Net change in plan fiduciary net position	30,438	37,645	47,815	7,887	14,837	50,291	
Plan fiduciary net position - beginning	447,760	410,115	362,300	354,413	339,576	289,285	
Plan fiduciary net position - ending (b)	478,198	447,760	410,115	362,300	354,413	339,576	
County's net pension liability - ending (a)-(b)	\$ 37,468	31,068	35,438	58,181	39,722	29,255	
Plan fiduciary net position as a percentage of the total pension liability	92.73%	93.51%	92.05%	86.16%	89.92%	92.07%	
Covered payroll	\$123,090	119,686	114,349	108,292	103,462	97,542	
County's net pension liability as a percentage of covered payroll	30.44%	25.96%	30.99%	53.73%	38.39%	29.99%	
Expected average remaining service years of all participants	7	7	7	7	7	7	

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

Notes to Schedule:

Benefit changes: None

Change of assumptions: Based on the recent experience study, the following assumptions were changed: interest rate, post retirement COLA increases, salary increases, mortality, retirement rates, termination rates and disability rates.

Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of County Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 14,155	14,003	13,265	13,428	13,967	12,778	Information for FY2013 and earlier not available
Contributions in relation to the actuarially determined contribution	14,155	14,841	14,179	13,428	13,967	12,778	
Contribution deficiency (excess)	\$ —	(838)	(914)	—	—	—	
Covered payroll	\$ 123,090	119,685	114,349	108,292	103,462	97,542	
Contributions as a percentage of covered payroll	11.50%	12.40%	12.40%	12.40%	13.50%	13.10%	

Note: ADC rate for FY 18 and FY 17 were 11.7% and 11.6%, respectively.

Notes to Schedule:

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past would not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 4 to 21 years.
Asset valuation method	5-year smoothed market
Inflation	2.70%
Salary increases	Varies by service. 3.75 to 6.50 percent, including inflation
Investment rate of return	7.45%, before expenses, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017.
Cost-of-Living Increases	2.70%

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013
Total pension liability							
Service cost	\$ 22,278	21,109	19,163	18,974	17,708	17,535	Information for FY2013 and earlier not available
Interest	50,713	46,900	43,426	39,998	36,208	33,630	
Changes of benefit terms	—	—	—	(1,705)	—	—	
Differences between expected and actual experience	(2,667)	13,530	6,319	7,599	(1,596)	—	
Changes of assumptions	3,936	—	—	—	16,621	14,989	
Benefit payments, including refunds of member contributions	(27,571)	(24,755)	(20,422)	(17,890)	(18,941)	(15,679)	
Net change in total pension liability	46,689	56,784	48,486	46,976	50,000	50,475	
Total pension liability - beginning	694,496	637,712	589,226	542,250	492,250	441,775	
Total pension liability - ending (a)	741,185	694,496	637,712	589,226	542,250	492,250	
Plan fiduciary net position							
Contributions - employer	27,720	26,337	24,729	21,636	22,530	20,822	
Contributions - member	8,125	7,859	7,387	7,041	7,006	6,526	
Net investment income	39,639	46,560	55,956	6,459	11,531	54,733	
Benefit payments, including refunds of member contributions	(27,571)	(24,755)	(20,421)	(17,889)	(18,941)	(15,679)	
Administrative expense	(457)	(355)	(344)	(327)	(368)	(271)	
Net change in plan fiduciary net position	47,456	55,646	67,307	16,920	21,758	66,131	
Plan fiduciary net position - beginning	571,902	516,256	448,949	432,029	410,271	344,140	
Plan fiduciary net position - ending (b)	619,358	571,902	516,256	448,949	432,029	410,271	
County's net pension liability - ending (a)-(b)	\$ 121,827	122,594	121,456	140,277	110,221	81,979	
Plan fiduciary net position as a percentage of the total pension liability	83.56%	82.35%	80.95%	76.19%	79.67%	83.35%	
Covered payroll	\$ 83,746	81,037	80,814	72,121	70,406	67,169	
County's net pension liability as a percentage of covered payroll	145.47%	151.28%	150.29%	194.50%	156.55%	122.05%	
Expected average remaining service years of all participants	9	9	9	10	10	9	

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

Notes to Schedule:

Benefit changes. Effective January 1, 2015, DROP I is closed to new entrants and DROP II is open to all plan members who meet the eligibility requirements. DROP I members may elect to transfer to DROP II.

Changes of assumptions. Based on the recent experience study, the following assumptions were changed: interest rate, post-retirement COLA increases, salary increases, mortality, retirement rates, termination rates and disability rates.

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of County Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 27,720	26,337	24,729	21,636	22,530	20,822	Information for FY2013 and earlier not available
Contributions in relation to the actuarially determined contribution	27,720	26,337	24,729	21,636	22,530	20,822	
Contribution deficiency (excess)	—	—	—	—	—	—	
Covered payroll	\$ 83,746	81,037	80,814	72,121	70,406	67,169	
Contributions as a percentage of covered payroll	33.10%	32.50%	30.60%	30.00%	32.00%	31.00%	

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 4 to 15 years.
Asset valuation method	5-year smoothed market
Inflation	2.70%
Salary increases	Varies by service. 4.25% to 7.75%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service and (for GASB purposes only) set at 100% at DROP entry (or expected entry). Normal Cost (for GASB purposes) ceases for Police and Fire members when they enter DROP since GASB 67 does not allow Normal Cost while in DROP.
Mortality	RP-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017.
Cost-of-Living Increases	2.00%

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Schedule of Required Supplementary Information
Schedule of Employer's Proportionate Share of Net OPEB Liability
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2018	2017	2016
*Total OPEB liability			
Employer's proportion of the net OPEB liability	32.09%	30.75%	Information FY2016 and earlier is not available.
Employer's proportionate share of net OPEB liability	\$376,331	\$339,983	
Covered-employee payroll	\$193,828	\$184,681	
Employer's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	51.50%	54.32%	
Plan fiduciary net position as a percentage of total OPEB liability	9.94%	8.62%	

** The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.*

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, governments should present information for which information is available.

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Schedule of Required Supplementary Information
Schedule of Changes in the OPEB Trust's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2019	2018	2017	2016
*Total OPEB liability				
Service cost	\$ 60,150	55,049	64,957	Information for FY2016 and earlier is not available
Interest	51,309	47,145	40,906	
Differences between expected and actual experience	(3,241)	(65,034)	—	
Changes of assumptions	107,691	77,712	(162,653)	
Benefit payments	(22,755)	(22,627)	(23,244)	
Net change in total OPEB liability	193,154	92,245	(80,034)	
Total OPEB liability - beginning	1,302,161	1,209,916	1,289,950	
Total OPEB liability - ending (a)	\$ 1,495,315	1,302,161	1,209,916	
Plan fiduciary net position				
Contributions - employer	\$ 38,381	38,627	36,324	
Net investment income	9,285	9,200	9,912	
Benefit payments	(22,755)	(22,627)	(23,244)	
Administrative expense	(106)	(56)	(3)	
Net change in plan fiduciary net position	24,805	25,144	22,989	
Plan fiduciary net position - beginning	129,425	104,281	81,292	
Plan fiduciary net position - ending (b)	\$ 154,230	129,425	104,281	
County's net OPEB liability - ending (a)-(b)	\$ 1,341,086	1,172,736	1,105,635	
Plan fiduciary net position as a percentage of the total OPEB liability	10.31%	9.94%	8.62%	
Covered employee payroll	798,788	799,110	760,624	
County's net OPEB liability as a percentage covered-employee payroll	167.89%	146.76%	145.36%	
Expected average remaining service years of all participants	10	10	10	

Notes to Schedule:

Benefit changes. None

Changes of assumptions. Discount rate at 6/30/18 is 3.98% and at 6/30/19 is 3.56%.

** The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.*

Howard County, Maryland
Other Postemployment Benefits
Schedule of Required Supplementary Information
Schedule of Investment Returns
Last 10 Fiscal Years

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expenses
June 30, 2019	7.07%
June 30, 2018	8.53%
June 30, 2017	11.65%
June 30, 2016	2.02%
June 30, 2015	2.65%
June 30, 2014	17.26%
June 30, 2013	12.02%
<i>Information prior to FY 2013 is not available.</i>	

Howard County, Maryland
Length of Service Award Program
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 837	1,026	1,027	
Interest	823	714	655	
Changes of benefit terms	—	—	—	
Differences between expected and actual experience	(1,417)	—	—	
Changes of assumptions	(263)	(2,771)	—	
Benefit payments, including refunds of member contributions	(721)	(669)	(610)	
Net change in total pension liability	(741)	(1,700)	1,072	
Total pension liability - beginning	22,649	24,349	23,277	
Total pension liability - ending (a)	\$ 21,908	22,649	24,349	
Plan fiduciary net position				
Net investment income	—	—	—	
Benefit payments, including refunds of member contributions	—	—	—	
Administrative expense	—	—	—	
Net change in plan fiduciary net position	—	—	—	
Plan fiduciary net position - beginning	—	—	—	
Plan fiduciary net position - ending (b)	—	—	—	
County's net pension liability - ending (a)-(b)	\$ 21,908	22,649	24,349	
Plan fiduciary net position as a percentage of the total pension liability	—%	—%	—%	
Covered-employee payroll	n/a	n/a	n/a	
County's net pension liability as a percentage of covered-employee payroll	n/a	n/a	n/a	
Expected average remaining service years of all participants	8	10	10	

Information for FY2015 and earlier not available

Notes to Schedule:

Assets. There are no assets accumulated in a trust to pay related benefits. All benefits are paid on a pay-as-you-go basis.

Benefit changes. None

Changes of assumptions. Discount rate changed from 3.56% to 3.62%.

Combining and Individual Fund Statements and Schedules

The Combining and Individual fund statements and schedules provide detailed information concerning financial position and results of operations.

- **General Fund**
- **Non-Major Governmental Funds**
- **Enterprise Funds-Other**
- **Internal Service Funds**
- **Fiduciary Funds**
- **Capital Assets Used in the Operation of Governmental Funds**
- **Capital Assets Used in the Operation of Enterprise Funds**
- **Long-Term Debt**



General Fund

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



Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Property taxes:				
Real, personal and corporate	\$ 547,827,993	547,827,993	550,439,065	2,611,072
Payment in lieu of taxes	1,500,000	1,500,000	1,535,279	35,279
Additions and abatements	(150,000)	(150,000)	(924,271)	(774,271)
Interest on taxes	900,000	900,000	1,048,450	148,450
Tax sale revenue	100,000	100,000	—	(100,000)
Total property taxes	550,177,993	550,177,993	552,098,523	1,920,530
Other local taxes:				
Heavy equipment	800,000	800,000	967,390	167,390
Local income tax surcharge	454,296,364	454,296,364	462,445,038	8,148,674
Admission tax	2,500,000	2,500,000	3,361,722	861,722
Local recordation tax	22,968,000	22,968,000	21,142,956	(1,825,044)
Mobile home tax	633,180	633,180	685,551	52,371
Room rental tax	5,350,000	5,350,000	5,538,425	188,425
Total other local taxes	486,547,544	486,547,544	494,141,082	7,593,538
State shared taxes:				
Highway	1,620,478	1,620,478	1,673,415	52,937
Total state shared taxes	1,620,478	1,620,478	1,673,415	52,937
Revenues from other governments	8,370,696	8,370,696	9,666,906	1,296,210
Charges for services:				
Boarding prisoners	2,914,446	2,914,446	2,869,437	(45,009)
Cable TV franchise fees	5,725,138	5,725,138	5,829,293	104,155
Civil marriage	11,000	11,000	11,140	140
Developer - water and sewer overhead	500,000	500,000	310,104	(189,896)
Development - review fees	1,500,000	1,500,000	1,082,356	(417,644)
Development - specifications	1,000	1,000	—	(1,000)
Extension development agreement fees	35,000	35,000	31,425	(3,575)
House type revision fees	177,500	177,500	113,935	(63,565)
Master in chancery fees	100,000	100,000	5	(99,995)
Other charges for services	219,935	219,935	47,860	(172,075)
Parking meters	5,000	5,000	4,613	(387)
Planning and zoning fees	613,500	613,500	622,123	8,623
Police records check discovery fee	35,000	35,000	55,296	20,296
Recreation and parks	80,000	80,000	62,069	(17,931)
Rental housing inspection fees	1,387,065	1,387,065	1,319,719	(67,346)
Sale of maps and publications	75,000	75,000	39,644	(35,356)
Sale of topographic maps	—	—	230	230
Sheriff fees	400,000	400,000	482,693	82,693
Tax certificates	300,000	300,000	290,820	(9,180)
Weekender inmate fees	45,000	45,000	22,479	(22,521)
Food and beverage	150,000	150,000	135,384	(14,616)
Total charges for services	14,274,584	14,274,584	13,330,625	(943,959)

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

	<u>Budget Amounts</u>		Revenues	Variance with Final Budget
	Original	Final		
Interest on investments	2,020,000	2,020,000	7,236,783	5,216,783
Licenses and permits:				
Animal licenses	60,340	60,340	57,187	(3,153)
Beer, wine and liquor	309,595	309,595	299,686	(9,909)
Building	3,892,001	3,892,001	3,572,860	(319,141)
Concert/special event permit fees	—	—	65,599	65,599
Electrical	1,184,836	1,184,836	1,118,331	(66,505)
Marriage licenses	2,000	2,000	—	(2,000)
Marriage license surcharge	95,000	95,000	83,115	(11,885)
Mobile home park	6,450	6,450	6,450	—
Other	—	—	957	957
Peddlers and solicitors	23,315	23,315	12,466	(10,849)
Plumbing	1,128,777	1,128,777	961,815	(166,962)
Signs	50,000	50,000	37,700	(12,300)
Traders	425,000	425,000	446,568	21,568
Total licenses and permits	7,177,314	7,177,314	6,662,734	(514,580)
Recoveries for interfund services:				
Agricultural land preservation fund	520,662	320,662	320,662	—
Finance - Employee health benefits fund	17,481	17,481	38,341	20,860
Fire and rescue fund	5,319,994	5,319,994	5,319,994	—
Forest Conservation pro rata share	—	—	28,984	28,984
General County capital projects pro rata share	100,000	100,000	—	(100,000)
Housing and community development	452,010	452,010	452,010	—
Office of law - self insurance	416,260	416,260	416,260	—
Pension plan	319,000	319,000	406,867	87,867
Public works - water & sewer capital projects pro rata share	450,000	450,000	400,000	(50,000)
Public works - water and sewer developer capital projects	500,000	500,000	440,000	(60,000)
Public works operations - utility pro rata	4,766,602	4,766,602	4,766,602	—
Recreation and parks	1,799,307	1,799,307	1,770,323	(28,984)
Streetlight districts	30,000	30,000	11,300	(18,700)
Waste management pro rata share	1,333,734	1,333,734	1,333,734	—
Watershed pro rata share	878,666	878,666	815,904	(62,762)
Total recoveries for interfund services	16,903,716	16,703,716	16,520,981	(182,735)
Fines and forfeitures	3,108,514	3,108,514	3,018,279	(90,235)
Component units return of funding:				
Community college	1,099,269	1,099,269	487,078	(612,191)
Public school system	1,762,105	1,762,105	1,059,259	(702,846)
Total component units return of funding	2,861,374	2,861,374	1,546,337	(1,315,037)
Miscellaneous revenues:				
Commissions, rents and concessions	409,570	409,570	432,334	22,764
Miscellaneous program revenue	7,108,644	—	555,150	555,150
Other intergovernmental revenue	—	—	12,292	12,292
Other revenue	602,900	602,900	1,274,546	671,646
Sale of property and equipment	—	—	29,359	29,359
Sale of surplus property	—	—	(9,923)	(35,273)
Total miscellaneous revenue	8,121,114	1,012,470	2,293,758	1,255,938
Total revenues	1,108,429,046	1,093,874,683	1,108,189,423	14,314,740
Other financing sources:				
Transfers in:				
Operating transfer	—	200,000	200,000	—
Community renewal program fund - debt	208,592	208,592	208,592	—
Fire and rescue reserve fund - debt	2,293,220	2,293,220	2,293,220	—
Recreation program fund - debt	4,962,170	4,962,170	4,962,170	—
Excise tax debt	—	7,245,719	7,262,117	16,398
Public school system debt	—	7,108,644	7,108,643	(1)
Capital contributions	160,000	160,000	—	(160,000)
Environmental services fund	629,907	629,907	629,907	—
Master lease debt service reimbursement	682,128	682,128	682,128	—
Total other financing sources	8,936,017	23,490,380	23,346,777	(143,603)
Appropriation from fund balance	23,242,758	23,242,758	238,017	(23,004,741)
Capital Related Debt Issued	—	—	793,086	793,086
Total revenues and other financing sources	\$ 1,140,607,821	1,140,607,821	1,132,567,303	(8,040,518)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
General Government						
Office of the County Executive	\$ 2,053,798	2,053,798	2,022,123	18,500	2,040,623	13,175
Office of the County Administrator:						
Bureau of staff services:						
Staff services	2,433,971	2,372,609	2,053,158	200,000	2,253,158	119,451
Environmental sustainability	512,655	517,655	517,632	—	517,632	23
Office of human rights	922,825	922,825	875,610	—	875,610	47,215
Workforce development	248,791	248,791	183,629	—	183,629	65,162
Total bureau of staff services	4,118,242	4,061,880	3,630,029	200,000	3,830,029	231,851
Bureau of management services:						
Budget division	1,219,663	1,226,163	1,141,325	63,560	1,204,885	21,278
Human resources	2,492,759	2,581,517	2,161,160	352,726	2,513,886	67,631
Purchasing division	1,645,334	1,606,438	1,520,699	—	1,520,699	85,739
Central services	733,840	733,840	690,964	—	690,964	42,876
Public information	1,272,895	1,272,895	1,219,448	10,000	1,229,448	43,447
Total bureau of management services	7,364,491	7,420,853	6,733,596	426,286	7,159,882	260,971
Total Office of the County Administrator	11,482,733	11,482,733	10,363,625	626,286	10,989,911	492,822
Department of economic development	2,783,222	2,783,222	2,783,221	—	2,783,221	1
Department of finance:						
Office of the director	2,281,694	2,201,086	2,022,273	72,251	2,094,524	106,562
Office of the controller	2,672,803	2,672,803	2,202,351	26,930	2,229,281	443,522
Office of business management and customer service	2,884,494	2,887,102	2,559,975	29,538	2,589,513	297,589
Bureau of disbursements	943,387	1,021,387	922,090	38,448	960,538	60,849
Total department of finance	8,782,378	8,782,378	7,706,689	167,167	7,873,856	908,522
Office of law	4,153,455	4,153,455	4,113,138	—	4,113,138	40,317
Technology and communication services	279,681	279,681	272,244	6,510	278,754	927
General fund contingency	2,000,000	321,300	—	—	—	321,300
Non-departmental expenses	17,392,000	19,925,778	18,687,146	715,702	19,402,848	522,930
Total General Government	48,927,267	49,782,345	45,948,186	1,534,165	47,482,351	2,299,994
Legislative and Judicial						
Legislative:						
County council	3,599,180	3,599,180	3,240,813	170,000	3,410,813	188,367
County auditor	1,508,624	1,508,624	1,376,862	125,330	1,502,192	6,432
Board of license commissioners	152,721	152,721	144,755	—	144,755	7,966
Zoning board	89,933	89,933	79,417	—	79,417	10,516
Board of appeals	101,979	101,979	40,017	—	40,017	61,962
Total legislative	5,452,437	5,452,437	4,881,864	295,330	5,177,194	275,243

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Judicial						
Circuit court	3,117,023	3,117,023	2,936,937	—	2,936,937	180,086
Orphan's court	54,196	54,196	52,182	—	52,182	2,014
Sheriff's department	8,106,481	8,106,481	7,882,970	30,190	7,913,160	193,321
State attorney's office	8,577,811	8,577,811	8,443,971	70,500	8,514,471	63,340
Total judicial	19,855,511	19,855,511	19,316,060	100,690	19,416,750	438,761
Board of election supervisors	2,018,719	1,978,719	1,698,562	200,000	1,898,562	80,157
Election expense	1,543,128	1,583,128	1,452,222	—	1,452,222	130,906
Total Legislative and Judicial	28,869,795	28,869,795	27,348,708	596,020	27,944,728	925,067
Public Works						
Department of public works:						
Office of the director	4,724,099	4,516,313	4,482,401	32,482	4,514,883	1,430
Total office of the director	4,724,099	4,516,313	4,482,401	32,482	4,514,883	1,430
Bureau of engineering:						
Administrative management division	582,727	660,391	658,474	—	658,474	1,917
Transportation & watershed management	1,371,584	1,454,019	1,448,687	—	1,448,687	5,332
Construction inspection division	3,661,741	3,224,962	3,181,062	—	3,181,062	43,900
Survey and drafting division	925,171	884,637	873,406	—	873,406	11,231
Total bureau of engineering	6,541,223	6,224,009	6,161,629	—	6,161,629	62,380
Bureau of highways:						
Operations	1,566,117	1,418,117	1,401,987	—	1,401,987	16,130
Highway maintenance division	20,036,761	21,380,561	18,428,678	2,936,889	21,365,567	14,994
Traffic engineering division	2,237,873	2,272,873	1,820,623	439,550	2,260,173	12,700
Total bureau of highways	23,840,751	25,071,551	21,651,288	3,376,439	25,027,727	43,824
Bureau of facilities:						
Administration	7,871,803	8,624,653	8,350,548	262,151	8,612,699	11,954
Building and ground maintenance	11,373,278	11,558,328	11,454,530	103,244	11,557,774	554
Total bureau of facilities	19,245,081	20,182,981	19,805,078	365,395	20,170,473	12,508
Bureau of environmental services:						
Stormwater management	1,228,236	1,263,236	1,257,713	—	1,257,713	5,523
Total bureau of environmental services	1,228,236	1,263,236	1,257,713	—	1,257,713	5,523
Total Department of Public Works	55,579,390	57,258,090	53,358,109	3,774,316	57,132,425	125,665
Department of inspections, licenses and permits:						
Operations division	2,147,083	2,147,083	1,954,400	90,888	2,045,288	101,795
Inspection and enforcement division	3,675,301	3,653,301	3,440,543	71,000	3,511,543	141,758
Plan review division	1,405,581	1,427,581	1,404,782	—	1,404,782	22,799
Licenses and permits division	850,252	850,252	842,028	—	842,028	8,224
Total department of inspections, licenses and permits	8,078,217	8,078,217	7,641,753	161,888	7,803,641	274,576

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Department of planning and zoning:						
Office of the director	1,608,079	1,773,585	1,461,548	84,728	1,546,276	227,309
Division of land development	1,417,728	1,350,728	1,320,729	—	1,320,729	29,999
Division of research	899,703	894,103	860,132	—	860,132	33,971
Public service and zoning administration	1,047,236	990,236	975,904	—	975,904	14,332
Environmental and community planning	531,510	475,010	453,488	—	453,488	21,522
Development engineering division	1,078,617	1,089,117	1,086,830	—	1,086,830	2,287
Conservation easements program	592,769	602,863	600,833	—	600,833	2,030
Total department of planning and zoning	7,175,642	7,175,642	6,759,464	84,728	6,844,192	331,450
Soil conservation district	994,804	994,804	994,804	—	994,804	—
Department of transportation	10,861,631	10,347,284	9,274,184	1,042,576	10,316,760	30,524
Total Public Works	82,689,684	83,854,037	78,028,314	5,063,508	83,091,822	762,215
Public Safety						
Police department:						
Animal control division	1,816,350	1,816,350	1,654,294	61,717	1,716,011	100,339
Office of the chief	6,156,007	6,273,007	6,198,486	—	6,198,486	74,521
Administrative command	810,511	795,511	777,209	—	777,209	18,302
Command operations	47,304,970	45,780,400	44,806,296	22,915	44,829,211	951,189
Bureau of criminal investigations	18,698,993	18,583,993	18,222,298	108,936	18,331,234	252,759
Special operations bureau	9,862,565	9,771,535	8,914,953	635,269	9,550,222	221,313
Operations support	1,474,334	2,052,334	1,930,104	500	1,930,604	121,730
Information and technology bureau	16,734,142	16,468,041	16,029,897	32,918	16,062,815	405,226
Human resource bureau	4,875,311	5,849,311	5,736,427	38,782	5,775,209	74,102
Management services bureau	10,896,799	11,129,500	10,653,285	308,662	10,961,947	167,553
Investigations and special operations	249,682	359,682	352,517	—	352,517	7,165
Total police department	118,879,664	118,879,664	115,275,766	1,209,699	116,485,465	2,394,199
Department of corrections	19,303,815	19,303,815	19,023,646	187,084	19,210,730	93,085
Total Public Safety	138,183,479	138,183,479	134,299,412	1,396,783	135,696,195	2,487,284
Recreation and Parks						
Department of recreation and parks	24,550,738	24,550,738	24,509,682	37,538	24,547,220	3,518
Total Recreation and Parks	24,550,738	24,550,738	24,509,682	37,538	24,547,220	3,518
Community Services						
Department of social services	678,494	678,494	598,580	—	598,580	79,914
Department of Community Resources and Services	10,330,267	10,375,562	9,734,286	158,686	9,892,972	482,590
Consumer affairs division	480,845	435,549	402,076	—	402,076	33,473
Office on aging	3,124,818	3,124,819	3,070,661	2,905	3,073,566	51,253
Cooperative extension services	543,717	543,717	539,231	—	539,231	4,486
Health department	11,461,498	—	—	—	—	—
Total Community Services	26,619,639	15,158,141	14,344,834	161,591	14,506,425	651,716

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Expenditures	Encumbrances	Expenditures and	Variance with Final Budget
	Original	Final			Encumbrances	
County grants in-aid:						
Arts & tourism grants:						
Center of African-American Culture	39,960	39,960	39,960	—	39,960	—
African Art Museum of Maryland	12,000	12,000	12,000	—	12,000	—
Ellicott City Partnership	50,000	50,000	50,000	—	50,000	—
Inner Arbor	5,000	5,000	5,000	—	5,000	—
Patapsco Heritage Greenway	50,000	62,500	62,500	—	62,500	—
Local / regional arts grants	865,000	865,000	865,000	—	865,000	—
Tourism Council	1,009,877	1,009,877	1,009,877	—	1,009,877	—
Total arts and tourism grants	2,031,837	2,044,337	2,044,337	—	2,044,337	—
Civic grants:						
Historical society	80,000	80,000	80,000	—	80,000	—
Total civic grants	80,000	80,000	80,000	—	80,000	—
Community service partnerships human service grants	9,110,843	9,098,343	9,008,829	70,000	9,078,829	19,514
Total County Grants in-Aid	11,222,680	11,222,680	11,133,166	70,000	11,203,166	19,514
Total Community Service and grants in-aid	37,842,319	26,380,821	25,478,000	231,591	25,709,591	671,230
Education						
Public schools	600,053,881	600,053,881	600,053,881	—	600,053,881	—
Community college	34,985,816	34,985,816	34,985,816	—	34,985,816	—
Library	20,937,872	20,937,872	20,937,872	—	20,937,872	—
Total Education	655,977,569	655,977,569	655,977,569	—	655,977,569	—

(Continued)

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Debt Service						
Principal:						
Community college	5,486,956	5,486,958	5,486,954	—	5,486,954	4
Community renewal	138,405	138,405	138,405	—	138,405	—
Environmental services	—	299,471	299,471	—	299,471	—
Excise bonds	4,529,057	4,229,587	4,229,586	—	4,229,586	1
Fire	1,077,738	1,077,739	1,077,738	—	1,077,738	1
General county projects	13,775,229	13,775,230	13,775,230	—	13,775,230	—
Police	443,843	443,843	443,843	—	443,843	—
Recreation and parks	2,375,420	2,375,421	2,375,420	—	2,375,420	1
School surcharge	5,205,144	5,205,144	5,205,144	—	5,205,144	—
Schools	28,049,896	28,049,898	28,049,897	—	28,049,897	1
Storm drainage	1,928,312	1,928,312	1,928,312	—	1,928,312	—
Master lease financing	2,376,547	1,702,008	1,702,008	—	1,702,008	—
Lease financing	—	409,040	409,040	—	409,040	—
Total principal	65,386,547	65,121,056	65,121,048	—	65,121,048	8
Interest:						
Community college	4,815,456	4,815,456	4,815,458	—	4,815,458	(2)
Community renewal	70,187	70,187	70,187	—	70,187	—
Environmental services	—	330,436	330,436	—	330,436	—
Excise bonds	3,346,569	3,032,531	3,032,531	—	3,032,531	—
Fire	1,215,482	1,215,482	1,215,482	—	1,215,482	—
General county projects	12,732,540	12,656,174	12,656,174	—	12,656,174	—
Police	234,158	234,158	234,158	—	234,158	—
Recreation and parks	2,586,750	2,586,750	2,586,750	—	2,586,750	—
School surcharge	1,903,500	1,903,500	1,903,500	—	1,903,500	—
Schools	18,278,297	18,278,298	18,278,298	—	18,278,298	—
Storm drainage	1,586,401	1,586,401	1,586,401	—	1,586,401	—
Master lease financing	67,687	38,326	38,326	—	38,326	—
Lease financing	—	105,306	105,306	—	105,306	—
Total interest	46,837,027	46,853,005	46,853,007	—	46,853,007	(2)
Total Debt Service	112,223,574	111,974,061	111,974,055	—	111,974,055	6
Total expenditures and encumbrances before transfers out	1,129,264,425	1,119,572,845	1,103,563,926	8,859,605	1,112,423,531	7,149,314
Other financing uses						
Health department	—	11,461,498	10,571,498	—	10,571,498	890,000
General government	—	763,860	763,860	—	763,860	—
Recreation and Parks	414,618	414,618	414,618	—	414,618	—
Paygo - capital	8,395,000	8,395,000	8,395,000	—	8,395,000	—
Paygo - operating	2,533,778	—	—	—	—	—
Total other financing uses	11,343,396	21,034,976	20,144,976	—	20,144,976	890,000
Total Expenditures, Encumbrances and other financing uses	\$1,140,607,821	1,140,607,821	1,123,708,902	8,859,605	1,132,568,507	8,039,314

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 520,000	520,000	444,966	(75,034)
Interest on investments	—	—	25,632	25,632
Miscellaneous	1,230,000	939,291	—	(939,291)
Total revenue	1,750,000	1,459,291	470,598	(988,693)
EXPENDITURES				
Community Services:				
General health services	12,211,498	12,210,498	11,409,413	801,085
Grant programs	1,000,000	710,291	521,479	188,812
Total expenditures	13,211,498	12,920,789	11,930,892	989,897
Excess (deficiency) of revenues over expenditures	(11,461,498)	(11,461,498)	(11,460,294)	1,204
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	890,000	890,000	890,000	—
Transfers in	10,571,498	10,571,498	10,571,498	—
Total other financing sources (uses)	11,461,498	11,461,498	11,461,498	—
Net change in fund balance	—	—	1,204	1,204
Plus: Prior year encumbrances lapsed			386,328	
Less appropriation from fund balance			(890,000)	
Fund balances - beginning			83,901	
Fund balances - ending			\$ (418,567)	

Non-Major Governmental Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes or are committed for a particular purpose by action of the County Council.

Capital project funds are used to account for the construction of major capital facilities. These funds are generally financed by bond issues, intergovernmental revenue, and contributions.

Debt service funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.



**Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019**

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
ASSETS				
Equity in pooled cash	\$ 52,789,011	66,079,698	7,074,665	125,943,374
Cash with fiscal agents	—	—	5,742,540	5,742,540
Receivables:				
Property taxes	857,805	—	—	857,805
Due from other governments	8,553,563	7,486,563	—	16,040,126
Due from other funds	422,000	22,440,545	—	22,862,545
Due from component units	5,682,544	—	—	5,682,544
Housing loans	13,588,326	—	—	13,588,326
Other	834,364	3,659	—	838,023
Prepaid items	2,704	—	—	2,704
Economic development loans	351,633	—	—	351,633
Material and supplies	668,338	—	—	668,338
Total assets	83,750,288	96,010,465	12,817,205	192,577,958
LIABILITIES				
Due to other funds	—	22,440,545	—	22,440,545
Accounts payable / accrued liabilities	3,797,808	9,215,916	284,578	13,298,302
Accrued wages and benefits	5,311,776	15,310	—	5,327,086
Short-term loans and notes payable	—	6,539,198	—	6,539,198
Deposits and connection fees	256,072	—	—	256,072
Unearned revenue	10,165,809	—	—	10,165,809
Total liabilities	19,531,465	38,210,969	284,578	58,027,012
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	711,410	—	—	711,410
Unavailable fees	2,356,590	4,810,732	—	7,167,322
Unavailable grant revenues	3,004,592	—	—	3,004,592
Total deferred inflows	6,072,592	4,810,732	—	10,883,324
Total liabilities and deferred inflows	25,604,057	43,021,701	284,578	68,910,336
FUND BALANCES				
Nonspendable:				
Inventory	668,338	—	—	668,338
Prepaid Items	2,704	—	—	2,704
Restricted:				
Catalyst loan program	1,024,177	—	—	1,024,177
Economic development initiatives	741,484	—	—	741,484
Fees in lieu	259,000	210,647	—	469,647
Fire & rescue services	11,927,046	—	—	11,927,046
Forest conservation	1,964,542	—	—	1,964,542
Middle Patuxent environmental area program	44,511	—	—	44,511
Open space	—	576,876	—	576,876
Parkland watershed facilities	—	13,602,040	—	13,602,040
Program revenue	568,509	—	—	568,509
Public road facilities	—	61,223,169	—	61,223,169
Speed enforcement	805,201	—	—	805,201
Tax incremental financing project	—	—	12,532,627	12,532,627
Committed:				
Community renewal programs	32,067,143	—	—	32,067,143
Environmental services	9,246,805	—	—	9,246,805
Fire house & training facilities	—	8,064,285	—	8,064,285
Recreation programs	3,933,859	—	—	3,933,859
Assigned:				
Capital projects	—	3,227,918	—	3,227,918
Streetlights	—	1,432,857	—	1,432,857
Unassigned	(5,107,088)	(35,349,028)	—	(40,456,116)
Total fund balances	58,146,231	52,988,764	12,532,627	123,667,622
Total liabilities, deferred inflows and fund balances	\$ 83,750,288	96,010,465	12,817,205	192,577,958

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
REVENUES				
Property taxes	\$ 97,667,382	—	4,435,574	102,102,956
Other local taxes	3,920,877	19,091,204	—	23,012,081
Revenues from other governments	18,534,656	4,514,701	—	23,049,357
Charges for services	45,131,971	630,171	—	45,762,142
Investment income:				
Interest on investments	2,002,205	1,857,536	786,026	4,645,767
Installment interest from housing loans	60,540	—	—	60,540
Fines and forfeitures	1,053,027	—	—	1,053,027
Developer fees	379,315	473,672	—	852,987
Miscellaneous program revenue	7,046,974	720,640	188,627	7,956,241
Total revenues	175,796,947	27,287,924	5,410,227	208,495,098
EXPENDITURES				
Current:				
General government	3,617,431	—	300,355	3,917,786
Legislative and judicial	639,007	—	—	639,007
Public works	34,693,526	—	—	34,693,526
Public safety	106,217,400	—	—	106,217,400
Recreation and parks	20,397,611	—	—	20,397,611
Community services	10,011,335	—	—	10,011,335
Capital improvements	—	64,102,437	—	64,102,437
Debt service:				
Principal payments on debt	—	—	374,920	374,920
Interest payments on debt	—	—	3,023,665	3,023,665
Total expenditures	175,576,310	64,102,437	3,698,940	243,377,687
Excess (deficiency) of revenues over expenditures	220,637	(36,814,513)	1,711,287	(34,882,589)
OTHER FINANCING SOURCES (USES)				
Bond premium	1,123	2,053,202	—	2,054,325
Capital lease	2,223,000	—	—	2,223,000
Capital-related issuance of debt	—	19,267,186	255,435	19,522,621
Refunding bonds issued	16,809	2,240,889	54,440	2,312,138
Payment to bond refunding escrow agent	(17,923)	(2,389,482)	—	(2,407,405)
Transfers in	690,608	21,756,411	2,210,094	24,657,113
Transfers out	(4,672,316)	(15,183,763)	(345,439)	(20,201,518)
Total other financing sources	(1,758,699)	27,744,443	2,174,530	28,160,274
Net change in fund balances	(1,538,062)	(9,070,070)	3,885,817	(6,722,315)
Fund balances - beginning	59,684,293	62,058,834	8,646,810	130,389,937
Fund balances - ending	\$ 58,146,231	52,988,764	12,532,627	123,667,622

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2019

	Community Renewal Program Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Speed Enforcement Fund	Total
ASSETS								
Equity in pooled cash	\$ 12,559,043	10,115,626	16,462,750	1,976,252	1,078,029	9,741,105	856,206	52,789,011
Receivables:								
Property taxes	—	22,529	835,276	—	—	—	—	857,805
Due from other funds	—	—	—	—	—	422,000	—	422,000
Due from other governments	414,746	—	—	—	8,129,561	9,256	—	8,553,563
Due from component units	5,682,544	—	—	—	—	—	—	5,682,544
Housing loans	13,588,326	—	—	—	—	—	—	13,588,326
Other	—	169,433	48,492	—	609,102	6,177	1,160	834,364
Prepaid items	—	—	—	—	2,704	—	—	2,704
Economic development loans	—	—	—	—	351,633	—	—	351,633
Materials and supplies	—	—	459,208	—	—	209,130	—	668,338
Total assets	32,244,659	10,307,588	17,805,726	1,976,252	10,171,029	10,387,668	857,366	83,750,288
LIABILITIES								
Accounts payable / accrued liabilities	123,620	719,841	494,834	741	1,844,500	582,448	31,824	3,797,808
Accrued wages and benefits	53,896	221,673	4,213,228	10,969	175,057	616,612	20,341	5,311,776
Deposits and connection fees	—	—	—	—	256,072	—	—	256,072
Unearned revenue	—	119,269	—	—	5,000,921	5,045,619	—	10,165,809
Total liabilities	177,516	1,060,783	4,708,062	11,710	7,276,550	6,244,679	52,165	19,531,465
DEFERRED INFLOWS OF RESOURCES								
Unavailable property taxes	—	—	711,410	—	—	—	—	711,410
Unavailable fees	—	—	—	—	2,356,590	—	—	2,356,590
Unavailable grant revenues	—	—	—	—	3,004,592	—	—	3,004,592
Total deferred inflows of resources	—	—	711,410	—	5,361,182	—	—	6,072,592
Total liabilities and deferred inflows of resources	177,516	1,060,783	5,419,472	11,710	12,637,732	6,244,679	52,165	25,604,057
FUND BALANCES								
Nonspendable:								
Inventory	—	—	459,208	—	—	209,130	—	668,338
Prepaid items	—	—	—	—	2,704	—	—	2,704
Restricted:								
Catalyst loan program	—	—	—	—	1,024,177	—	—	1,024,177
Economic development initiatives	—	—	—	—	741,484	—	—	741,484
Fees in lieu	—	—	—	—	259,000	—	—	259,000
Fire & rescue services	—	—	11,927,046	—	—	—	—	11,927,046
Forest conservation	—	—	—	1,964,542	—	—	—	1,964,542
Middle Patuxent environmental area program	—	—	—	—	44,511	—	—	44,511
Program revenue	—	—	—	—	568,509	—	—	568,509
Speed enforcement	—	—	—	—	—	—	805,201	805,201
Committed:								
Community renewal programs	32,067,143	—	—	—	—	—	—	32,067,143
Environmental services	—	9,246,805	—	—	—	—	—	9,246,805
Recreation programs	—	—	—	—	—	3,933,859	—	3,933,859
Unassigned	—	—	—	—	(5,107,088)	—	—	(5,107,088)
Total fund balances (deficits)	32,067,143	9,246,805	12,386,254	1,964,542	(2,466,703)	4,142,989	805,201	58,146,231
Total liabilities, deferred inflows and fund balances	\$ 32,244,659	10,307,588	17,805,726	1,976,252	10,171,029	10,387,668	857,366	83,750,288

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2019

	Community Renewal Program Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Speed Enforcement Fund	Total
REVENUES								
Property taxes	\$ —	39,615	97,627,767	—	—	—	—	97,667,382
Other local taxes	3,920,877	—	—	—	—	—	—	3,920,877
Revenues from other governments	—	6,430	536,051	3,561	17,639,863	348,751	—	18,534,656
Charges for services	—	23,545,093	278,923	—	803,241	20,504,714	—	45,131,971
Investment income:								
Interest on investments	231,993	447,930	1,075,915	40,652	25,732	158,893	21,090	2,002,205
Installment interest from housing loans	60,540	—	—	—	—	—	—	60,540
Fines and forfeitures	—	—	700	—	35	30,817	1,021,475	1,053,027
Developer fees	—	—	—	379,315	—	—	—	379,315
Miscellaneous program revenue	4,526,426	7,526	144,553	—	2,130,899	222,496	15,074	7,046,974
Total revenues	8,739,836	24,046,594	99,663,909	423,528	20,599,770	21,265,671	1,057,639	175,796,947
EXPENDITURES								
General government	—	—	—	—	3,617,431	—	—	3,617,431
Legislative and judicial	—	—	—	—	639,007	—	—	639,007
Public works	—	25,405,030	—	—	9,288,496	—	—	34,693,526
Public safety	—	—	100,792,143	—	4,440,491	—	984,766	106,217,400
Recreation and parks	—	—	—	319,031	77,610	20,000,970	—	20,397,611
Community services	2,924,127	—	—	—	7,087,208	—	—	10,011,335
Total expenditures	2,924,127	25,405,030	100,792,143	319,031	25,150,243	20,000,970	984,766	175,576,310
Excess (deficiency) of revenues over expenditures	5,815,709	(1,358,436)	(1,128,234)	104,497	(4,550,473)	1,264,701	72,873	220,637
OTHER FINANCING SOURCES (USES)								
Bond premium	1,123	—	—	—	—	—	—	1,123
Capital lease proceeds	—	—	—	—	2,223,000	—	—	2,223,000
Refunding bonds issued	16,809	—	—	—	—	—	—	16,809
Payment to bond refunding escrow agent	(17,923)	—	—	—	—	—	—	(17,923)
Transfers in	—	—	175,000	—	100,992	414,616	—	690,608
Transfers out	(440,582)	(1,077,837)	(2,258,043)	(565)	(15,306)	(158,893)	(721,090)	(4,672,316)
Total other financing sources (uses)	(440,573)	(1,077,837)	(2,083,043)	(565)	2,308,686	255,723	(721,090)	(1,758,699)
Net change in fund balances	5,375,136	(2,436,273)	(3,211,277)	103,932	(2,241,787)	1,520,424	(648,217)	(1,538,062)
Fund balances - beginning	26,692,007	11,683,078	15,597,531	1,860,610	(224,916)	2,622,565	1,453,418	59,684,293
Fund balances - ending	\$ 32,067,143	9,246,805	12,386,254	1,964,542	(2,466,703)	4,142,989	805,201	58,146,231

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local taxes	\$ 3,500,000	3,500,000	3,920,877	420,877
Revenue from other agencies	110,000	110,000	—	(110,000)
Installment interest from housing loans	75,000	75,000	60,540	(14,460)
Miscellaneous	1,759,444	1,759,444	4,526,427	2,766,983
Total revenues	5,444,444	5,444,444	8,507,844	3,063,400
EXPENDITURES				
Community services:				
Revolving Loan Program Income	110,000	110,000	26,553	83,447
Housing initiatives	3,479,000	3,479,000	3,281,907	197,093
Housing and community development administration	1,646,852	1,646,852	1,515,014	131,838
Total expenditures	5,235,852	5,235,852	4,823,474	412,378
Excess (deficiency) of revenues over expenditures	208,592	208,592	3,684,370	3,475,778
OTHER FINANCING SOURCES (USES)				
Transfers out	(208,592)	(208,592)	(208,592)	—
Total other financing sources (uses)	(208,592)	(208,592)	(208,592)	—
Net change in fund balance	—	—	3,475,778	3,475,778
Plus: Prior year encumbrance lapsed			9,390	
Fund balance - beginning			22,938,743	
Fund balance - ending			26,423,911	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			26,423,911	
Adjustments:				
Elimination of encumbrances outstanding			429,500	
Accruals (Housing loans)			6,291,947	
Non budgeted - Bad debt expense			(1,078,215)	
GAAP basis, end of fiscal year			\$ 32,067,143	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Environmental Services Funds
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 20,000	20,000	39,615	19,615
Revenue from other governments	—	—	6,430	6,430
Charges for services	22,592,500	22,592,500	23,545,092	952,592
Miscellaneous	3,000	3,000	7,013	4,013
Total revenues	\$ 22,615,500	\$ 22,615,500	\$ 23,598,150	\$ 982,650
EXPENDITURES				
Public works:				
Administrative services	3,033,452	2,913,952	2,159,524	754,428
Operations	12,521,114	12,521,114	12,057,952	463,162
Collections	4,794,911	4,664,911	4,530,906	134,005
Recycling	6,783,019	6,948,519	6,915,652	32,867
Contingency	—	804,000	—	804,000
Total expenditures	27,132,496	27,852,496	25,664,034	2,188,462
Excess (deficiency) of revenues over expenditures	(4,516,996)	(5,236,996)	(2,065,884)	3,171,112
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	5,146,903	5,146,903	2,695,791	(2,451,112)
Transfers out	(629,907)	(629,907)	(629,907)	—
Total other financing sources (uses)	4,516,996	4,516,996	2,065,884	(2,451,112)
Net change in fund balance	\$ —	(720,000)	—	720,000
Plus: Prior year encumbrance lapsed			152,549	
Less: Appropriation from fund balance			(2,695,791)	
Fund balance - beginning			10,881,372	
Fund balance - ending			8,338,130	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			8,338,130	
Adjustments:				
Elimination of encumbrances outstanding			1,402,210	
Accruals			(457,030)	
Non budgeted - Bad debt expense			(36,505)	
GAAP basis, end of fiscal year			\$ 9,246,805	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Fire and Rescue Reserve Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 97,724,150	97,724,150	97,627,767	(96,383)
Revenues from other governments	—	—	536,051	536,051
Charges for services	325,000	325,000	278,923	(46,077)
Fines and forfeitures			700	700
Miscellaneous	306,000	131,000	141,797	10,797
Total revenues	98,355,150	98,180,150	98,585,238	405,088
EXPENDITURES				
Public safety:				
Administrative	106,402,807	105,902,807	102,335,312	3,567,495
Total expenditures	106,402,807	105,902,807	102,335,312	3,567,495
Excess (deficiency) of revenues over expenditures	(8,047,657)	(7,722,657)	(3,750,074)	3,972,583
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	8,729,785	8,729,785	4,757,202	(3,972,583)
Transfers in		175,000	175,000	—
Transfers out	(682,128)	(1,182,128)	(1,182,128)	—
Total other financing sources (uses)	8,047,657	7,722,657	3,750,074	(3,972,583)
Net change in fund balance	—	—	—	—
Plus prior year encumbrances lapsed			73,500	
Less: Appropriation from fund balance			(4,757,202)	
Fund balance - beginning			13,383,064	
Fund balance - ending			8,699,362	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			8,699,362	
Adjustments:				
Elimination of encumbrances outstanding			3,743,610	
Accruals			(15,175)	
Non budgeted - Bad debt expense			(41,543)	
GAAP basis, end of fiscal year			\$ 12,386,254	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from other governments	\$ —	—	40,087	40,087
Interest on investments	—	—	3,561	3,561
Developer fees - inspections	15,000	15,000	—	(15,000)
Developer fees - mitigation	167,500	167,500	379,315	211,815
Total revenues	182,500	182,500	422,963	240,463
EXPENDITURES				
Public Works:				
Forest mitigation	658,087	658,087	322,330	335,757
Total expenditures	658,087	658,087	322,330	335,757
Excess (deficiency) of revenues over expenditures	(475,587)	(475,587)	100,633	576,220
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	475,587	475,587	—	(475,587)
Total other financing sources (uses)	475,587	475,587	—	(475,587)
Net change in fund balance	—	—	100,633	100,633
Fund balance - beginning			1,864,651	
Fund balance - ending			1,965,284	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			1,965,284	
Accruals			(742)	
GAAP basis, end of fiscal year			\$ 1,964,542	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 8,927,351	8,776,351	8,914,467	138,116
Grants from state government	8,066,870	8,217,870	8,554,642	336,772
Other local grants	4,032,569	4,032,569	170,755	(3,861,814)
Total revenue from other agencies	21,026,790	21,026,790	17,639,864	(3,386,926)
Charges for services	775,000	775,000	803,241	28,241
Interest on investments	—	—	10,427	10,427
Contingency	5,000,000	4,993,700	—	(4,993,700)
Miscellaneous	10,499,551	10,149,551	1,898,396	(8,251,155)
Total revenues	32,301,341	31,951,341	20,351,928	(11,599,413)
EXPENDITURES				
General government	4,418,077	4,068,077	3,879,228	188,849
Legislative & judicial	797,513	797,513	635,826	161,687
Public works	8,543,790	8,543,790	7,651,541	892,249
Public safety	4,600,336	4,600,336	4,761,289	(160,953)
Recreation & parks	417,690	417,690	79,134	338,556
Community services	8,523,935	8,523,935	7,040,562	1,483,373
Contingency	5,000,000	5,000,000	—	5,000,000
Total expenditures	32,301,341	31,951,341	24,047,580	7,903,761
Excess (deficiency) of revenues over expenditures	—	—	(3,695,652)	(3,695,652)
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	—	—	2,223,000	2,223,000
Total other financing sources (uses)	—	—	2,223,000	2,223,000
Net change in fund balance	—	—	(1,472,652)	(1,472,652)
Plus: Prior year encumbrances lapsed			(723,259)	
Fund balances - beginning			(56,724)	
Fund balances - ending			(2,252,635)	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			(2,252,635)	
Adjustments:				
Elimination of encumbrances outstanding			1,589,609	
Accruals			(58,017)	
Non budgeted revenue - Bad debt expense/write off			(492,711)	
Elimination of loan expenses			924,334	
Credit Adjustment			(2,177,283)	
GAAP basis, end of fiscal year			\$ (2,466,703)	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from other governments	\$ —	—	348,751	348,751
Charges for services	21,128,304	21,128,304	20,504,714	(623,590)
Fines and forfeitures	75,000	75,000	30,817	(44,183)
Miscellaneous program revenue	180,000	180,000	219,397	39,397
Total revenues	21,383,304	21,383,304	21,103,679	(279,625)
EXPENDITURES				
Recreation and parks:				
Administration	21,994,905	21,994,905	20,000,218	1,994,687
Total expenditures	21,994,905	21,994,905	20,000,218	1,994,687
Excess (deficiency) of revenues over expenditures	(611,601)	(611,601)	1,103,461	1,715,062
OTHER FINANCING SOURCES (USES)				
Transfers in	611,601	611,601	414,616	(196,985)
Total other financing sources (uses)	611,601	611,601	414,616	(196,985)
Net change in fund balance	—	—	1,518,077	1,518,077
Plus: Prior year encumbrances lapsed			14,054	
Fund balance - beginning			2,575,865	
Fund balance - ending			4,107,996	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			4,107,996	
Adjustments:				
Elimination of encumbrances outstanding			70,793	
Accruals			(31,072)	
Non budgeted - Bad debt expense			(4,728)	
GAAP basis, end of fiscal year			\$ 4,142,989	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Speed Enforcement Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines & forfeitures	\$ 1,648,369	1,648,369	1,021,475	(626,894)
Other	20,000	20,000	15,074	(4,926)
Total revenues	1,668,369	1,668,369	1,036,549	(631,820)
EXPENDITURES				
Public safety:				
Administrative	968,369	968,369	899,914	68,455
Total expenditures	968,369	968,369	899,914	68,455
Excess (deficiency) of revenues over expenditures	700,000	700,000	136,635	(563,365)
OTHER FINANCING SOURCES (USES)				
Transfers out	(700,000)	(700,000)	(700,000)	—
Total other financing sources (uses)	(700,000)	(700,000)	(700,000)	—
Net change in fund balance	—	—	(563,365)	(563,365)
Plus: prior year encumbrances lapsed			148	
Fund balance - beginning			1,368,407	
Fund balance - ending			805,190	

The ending fund balance is reconciled as follows:

Budgetary basis, end of the fiscal year	805,190
Adjustments:	
Non budgeted - Bad debt expense	11
GAAP basis, end of fiscal year	\$ 805,201

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2019

	Fire Service Bldg & Equip Fund	Highway Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
ASSETS						
Equity in pooled cash	\$ 11,034,511	48,376,375	—	6,668,812	—	66,079,698
Due from other governments	414,746	408,504	—	4,461,122	2,202,191	7,486,563
Due from other funds	—	22,440,545	—	—	—	22,440,545
Other	—	3,659	—	—	—	3,659
Total assets	11,449,257	71,229,083	—	11,129,934	2,202,191	96,010,465
LIABILITIES						
Due to other funds	—	—	—	—	22,440,545	22,440,545
Accounts payable/accrued liability	1,273	5,140,097	—	1,988,724	2,085,822	9,215,916
Accrued wages and benefits	9,781	5,529	—	—	—	15,310
Short-term loans and notes payable	146,000	3,108,213	—	1,897,000	1,387,985	6,539,198
Total liabilities	157,054	8,253,839	—	3,885,724	25,914,352	38,210,969
DEFERRED INFLOWS OF RESOURCES						
Unavailable grant revenues	—	319,218	—	3,627,865	863,649	4,810,732
Total liabilities and deferred inflows of resources	157,054	8,573,057	—	7,513,589	26,778,001	43,021,701
FUND BALANCES						
Restricted:						
Fees in Lieu	—	—	—	—	210,647	210,647
Open space	—	—	—	576,876	—	576,876
Parkland watershed facilities	—	—	—	13,602,040	—	13,602,040
Public road facilities	—	61,223,169	—	—	—	61,223,169
Committed:						
Firehouse & training facilities	8,064,285	—	—	—	—	8,064,285
Assigned:						
Capital projects	3,227,918	—	—	—	—	3,227,918
Street lights	—	1,432,857	—	—	—	1,432,857
Unassigned	—	—	—	(10,562,571)	(24,786,457)	(35,349,028)
Total fund balances	11,292,203	62,656,026	—	3,616,345	(24,575,810)	52,988,764
Total liabilities, deferred inflows and fund balances	\$ 11,449,257	71,229,083	—	11,129,934	2,202,191	96,010,465

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended June 30, 2019

	Fire Service		Public	Recreation	Storm	
	Bldg & Equip	Highway	Libraries	and Parks	Drainage	
	Fund	Fund	Fund	Fund	Fund	Total
REVENUES						
Other local taxes	\$ 3,920,878	7,328,571	—	7,841,755	—	19,091,204
Revenues from other governments	—	910,905	—	13,998	3,589,798	4,514,701
Charges for services	—	584,560	—	45,611	—	630,171
Interest on investments	207,450	1,452,988	—	197,098	—	1,857,536
Developer contributions	—	383,637	—	50,520	39,515	473,672
Miscellaneous program revenues	650,000	3,280	—	—	67,360	720,640
Total revenues	4,778,328	10,663,941	—	8,148,982	3,696,673	27,287,924
EXPENDITURES						
Capital improvements	1,502,198	24,906,217	—	12,278,461	25,415,561	64,102,437
Total expenditures	1,502,198	24,906,217	—	12,278,461	25,415,561	64,102,437
Excess (deficiency) of revenues over expenditures	3,276,130	(14,242,276)	—	(4,129,479)	(21,718,888)	(36,814,513)
OTHER FINANCING SOURCES (USES)						
Bond premium	354,136	1,441,357		123,390	134,319	2,053,202
Capital related debt issued	3,539,822	13,644,442		1,014,298	1,068,624	19,267,186
Refunding bonds issued	66,172	1,397,435	—	347,016	430,266	2,240,889
Payment to bond refunding escrow agent	(70,560)	(1,490,099)	—	(370,026)	(458,797)	(2,389,482)
Transfers in	500,000	7,445,000	3,404,282	200,000	10,207,129	21,756,411
Transfers out	(2,500,671)	(7,523,823)	—	(5,159,269)	—	(15,183,763)
Total other financing sources (uses)	1,888,899	14,914,312	3,404,282	(3,844,591)	11,381,541	27,744,443
Net change in fund balances	5,165,029	672,036	3,404,282	(7,974,070)	(10,337,347)	(9,070,070)
Fund balances - beginning	6,127,174	61,983,990	(3,404,282)	11,590,415	(14,238,463)	62,058,834
Fund balances - ending	\$ 11,292,203	62,656,026	—	3,616,345	(24,575,810)	52,988,764

The accompanying notes are an integral part of these financial statements.

**Howard County, Maryland
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2019**

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
ASSETS			
Equity in pooled cash and cash equivalents	\$ 284,417	6,790,248	7,074,665
Cash and securities with Fiscal Agents	—	5,742,540	5,742,540
Total assets	284,417	12,532,788	12,817,205
LIABILITIES			
Accounts payable / accrued liabilities	284,417	161	284,578
Total liabilities	284,417	161	284,578
FUND BALANCES			
Restricted:			
Tax incremental financing project	—	12,532,627	12,532,627
Total fund balances	—	12,532,627	12,532,627
Total liabilities and fund balances	\$ 284,417	12,532,788	12,817,205

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Debt Service Funds
For the Year Ended June 30, 2019

	Bond Anticipation Note Fund	Tax Financing Increment Fund	Total
REVENUES			
Property taxes	\$ —	4,435,574	4,435,574
Interest on investments	6	786,020	786,026
Miscellaneous program revenue	—	188,627	188,627
Total revenues	6	5,410,221	5,410,227
EXPENDITURES			
Current:			
General government	196,075	104,280	300,355
Debt service:			
Principal payments on debt	309,920	65,000	374,920
Interest payments on debt	2,013,980	1,009,685	3,023,665
Total expenditures	2,519,975	1,178,965	3,698,940
Excess (deficiency) of revenues over expenditures	(2,519,969)	4,231,256	1,711,287
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	54,440	—	54,440
Capital-related issuance of debt	255,435	—	255,435
Transfers in	2,210,094	—	2,210,094
Transfers out	—	(345,439)	(345,439)
Total other financing sources (uses)	2,519,969	(345,439)	2,174,530
Net change in fund balances	—	3,885,817	3,885,817
Fund balances - beginning	—	8,646,810	8,646,810
Fund balances - ending	\$ —	12,532,627	12,532,627

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Bond Anticipation Notes
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest on investments	—	—	6	6
Total revenues	—	—	6	6
EXPENDITURES				
General government:				
Bond anticipation notes	\$ 3,000,000	1,428,750	188,739	1,240,011
Debt service:				
Issuance costs	2,000,000	571,250	309,920	261,330
Interest	—	3,000,000	1,987,770	1,012,230
Total expenditures	5,000,000	5,000,000	2,486,429	2,513,571
Excess (deficiency) of revenues over expenditures	(5,000,000)	(5,000,000)	(2,486,423)	2,513,577
OTHER FINANCING SOURCES				
Capital related debt issued	2,000,000	2,000,000	255,435	(1,744,565)
Refunding bonds issued	—	—	54,440	54,440
Transfers in	3,000,000	3,000,000	763,860	(2,236,140)
Total other financing sources	5,000,000	5,000,000	1,073,735	(3,926,265)
Net change in fund balance	—	—	(1,412,688)	(1,412,688)
Fund balances - beginning			(93,088)	
Fund balances - ending			(1,505,776)	
Budgetary Basis, end of the fiscal year			(1,505,776)	
Adjustments:				
Accruals			(7,336)	
Additional transfers from General Fund on modified accruals			1,513,112	
GAAP Basis, end of fiscal year			\$ —	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Tax Increment Financing Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other local taxes	\$ 2,427,403	2,427,403	4,435,574	2,008,171
Interest on investments	15,000	15,000	615,581	600,581
Miscellaneous	45,000	45,000	188,627	143,627
Total revenues	2,487,403	2,487,403	5,239,782	2,752,379
EXPENDITURES				
General government:				
Tax incremental financing	230,000	230,000	104,280	125,720
Debt Service:				
Principal	65,000	65,000	65,000	—
Interest	1,010,000	1,010,000	1,009,685	315
Total expenditures	1,305,000	1,305,000	1,178,965	126,035
Excess of revenues over expenditures	1,182,403	1,182,403	4,060,817	2,878,414
OTHER FINANCING SOURCES				
Appropriation from fund balance	(1,007,403)	(1,007,403)	—	1,007,403
Transfers out	(175,000)	(175,000)	(175,000)	—
Total other financing sources	(1,182,403)	(1,182,403)	(175,000)	1,007,403
Net change in fund balance	—	—	3,885,817	3,885,817
Fund balances - beginning			8,558,993	
Fund balances - ending			12,444,810	

The ending fund balance is reconciled as follows:

Budgetary Basis, end of the fiscal year	12,444,810
Adjustments:	
Accruals	87,817
GAAP Basis, end of fiscal year	\$ 12,532,627

The accompanying notes are an integral part of these financial statements.

What are Grandparents good for:

- 1) Asking tech questions?
- 2) Stories about the old days?
- 3) Easy access to painkillers?

HOWARD COUNTY HEALTH DEPARTMENT

Monitor your medicine to help keep loved ones out of harm's way.

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1.800.422.0009
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Opioid Funding

Howard County is showing progress in reducing opioid overdose deaths and continues to expand its efforts through a \$1 million grant to establish 24-hour substance misuse services at the Grassroots Crisis Intervention Center. The County also opened the 16-bed Howard House, the first treatment facility of its kind in the county.

Non-Major Enterprise Funds

Enterprise funds are used to account for services for which customers are charged a fee.



Howard County, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2019

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
ASSETS				
Current assets:				
Equity in pooled cash	\$ 4,747,168	—	13,251,509	17,998,677
Receivables:				
Service billings	156,434	—	—	156,434
Restricted assets:				
Equity in pooled cash and cash equivalents	—	560,000	—	560,000
Total current assets	4,903,602	560,000	13,251,509	18,715,111
Noncurrent assets:				
Restricted assets:				
Other receivables	24,648	—	100,823	125,471
Capital assets:				
Land	—	8,684,896	449,290	9,134,186
Buildings and improvements, net	—	2,523,704	1,307,329	3,831,033
Machinery and equipment, net	719,012	17,605	711,815	1,448,432
Infrastructure, net	10,702,482	—	28,906,978	39,609,460
Total noncurrent assets	11,446,142	11,226,205	31,476,235	54,148,582
Total assets	16,349,744	11,786,205	44,727,744	72,863,693
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	—	11,933	—	11,933
Total deferred outflows of resources	—	11,933	—	11,933
Total assets and deferred outflows of resources	16,349,744	11,798,138	44,727,744	72,875,626
LIABILITIES				
Current liabilities:				
Due to other funds	—	3,765,475	—	3,765,475
Accounts payable	1,460	112,248	132,626	246,334
Accrued wages and benefits	29,621	—	45,983	75,604
Total current liabilities	31,081	3,877,723	178,609	4,087,413
Current liabilities payable from restricted assets:				
Note payable	—	510,000	98,400	608,400
Loan Payable - current	—	—	146,226	146,226
Total current liabilities payable from restricted assets	—	510,000	244,626	754,626
Total current liabilities	31,081	4,387,723	423,235	4,842,039
Noncurrent liabilities:				
Compensated absences	35,189	—	39,771	74,960
Refunding revenue note payable	—	1,707,000	—	1,707,000
LT Bond Payable	2,541,883	—	2,465,761	5,007,644
Loan payable	—	—	1,413,658	1,413,658
Total noncurrent liabilities	2,577,072	1,707,000	3,919,190	8,203,262
Total liabilities	2,608,153	6,094,723	4,342,425	13,045,301
NET POSITION				
Net investment in capital assets	8,879,611	9,021,138	27,251,367	45,152,116
Restricted:				
For debt service	—	560,000	—	560,000
Unrestricted	4,861,980	(3,877,723)	13,133,952	14,118,209
Total net position	\$ 13,741,591	5,703,415	40,385,319	59,830,325

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2019

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
Operating revenues:				
User charges	\$ 1,741,432	—	9,476,010	11,217,442
Miscellaneous sales and services	2,385	300,000	25,068	327,453
Total operating revenues	1,743,817	300,000	9,501,078	11,544,895
Operating expenses:				
Salaries and employee benefits	496,654	—	1,048,897	1,545,551
Contractual services	415,418	825,765	1,476,596	2,717,779
Supplies and materials	350,792	—	7,678	358,470
Business and travel	105	—	1,917	2,022
Share of county administrative expenses	—	—	1,095,684	1,095,684
Other administrative	—	—	82,293	82,293
Depreciation expense	876,907	147,141	112,234	1,136,282
Total operating expenses	2,139,876	972,906	3,825,299	6,938,081
Operating income (loss)	(396,059)	(672,906)	5,675,779	4,606,814
Nonoperating revenues (expenses):				
Interest on investments	131,891	6,957	518,727	657,575
Interest expense	(59,968)	(117,747)	(24,875)	(202,590)
Other, net	—	(22,754)	(161)	(22,915)
Total nonoperating revenues (expenses)	71,923	(133,544)	493,691	432,070
Net income (loss) before contributions and transfers	(324,136)	(806,450)	6,169,470	5,038,884
Capital contribution	18,052	—	30,366,804	30,384,856
Transfers in	555,170	1,671	—	556,841
Transfers out	—	—	(9,969,384)	(9,969,384)
Change in net position	249,086	(804,779)	26,566,890	26,011,197
Net position - beginning	13,492,505	6,508,194	13,818,429	33,819,128
Net position - ending	\$ 13,741,591	5,703,415	40,385,319	59,830,325

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2019

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,720,529	—	9,525,275	11,245,804
Cash paid to suppliers	(766,399)	(839,133)	(1,269,968)	(2,875,500)
Cash paid to / for employees	(460,355)	—	(1,042,911)	(1,503,266)
Cash paid for interfund services used	—	—	(487,834)	(487,834)
Other operating disbursements	—	393,675	(874,305)	(480,630)
Net cash provided by (used for) operating activities	493,775	(445,458)	5,850,257	5,898,574
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payable	—	1,051,578	—	1,051,578
Interfund operating transfers in (out)	555,170	1,671	(9,969,384)	(9,412,543)
Net cash provided by (used for) noncapital financing activities	555,170	1,053,249	(9,969,384)	(8,360,965)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	—	—	2,563,999	2,563,999
Proceeds from loan	—	—	1,646,000	1,646,000
Acquisition and construction of capital assets	—	—	(49,900)	(49,900)
Payment of long-term debt principal	—	(497,000)	(86,116)	(583,116)
Interest paid on long-term debt	(59,968)	(61,570)	(24,875)	(146,413)
Net cash (used for) capital and related financing activities	(59,968)	(558,570)	4,049,108	3,430,570
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	108,500	(49,221)	424,762	484,041
Net cash provided by (used for) investing activities	108,500	(49,221)	424,762	484,041
Net increase (decrease) in cash and cash equivalents	1,097,477	—	354,743	1,452,220
Balances - beginning of the year	3,649,691	560,000	12,896,766	17,106,457
Balances - end of the year	4,747,168	560,000	13,251,509	18,558,677
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating (loss) income	(396,059)	(672,906)	5,675,779	4,606,814
Adjustments to reconcile operating income to net cash:				
Depreciation expense	876,907	147,141	112,234	1,136,282
Effect of changes in operating assets and liabilities:				
Accounts and other receivables	(23,288)	93,674	22,055	92,441
Accounts payable	(190)	(13,367)	32,154	18,597
Accrued wages and benefits	1,216	—	4,310	5,526
Compensated absences	35,189	—	3,725	38,914
Total adjustments	889,834	227,448	174,478	1,291,760
Net cash provided by (used in) operating activities	\$ 493,775	(445,458)	5,850,257	5,898,574

The accompanying notes are an integral part of these financial statements.



Reading Across Running Brook

At events like Reading Across Running Brook, Howard County works to ensure that education supports all students and focuses on closing achievement gaps for disadvantaged youth.

Internal Service Funds

Internal service funds are used to account for the financing, on a cost-reimbursement basis, of goods and services provided by one department to other departments within the County.



Howard County, Maryland
Combining Statement of Net Position
Internal Services Funds
June 30, 2019

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash	\$ 14,744,353	9,079,099	6,554,869	22,432,277	52,810,598
Other receivables	1,278,428	219,074	52,928	527,287	2,077,717
Prepaid expenses	—	7,074	—	—	7,074
Materials and supplies	—	1,296,601	170,610	—	1,467,211
Total current assets	16,022,781	10,601,848	6,778,407	22,959,564	56,362,600
Noncurrent assets:					
Capital assets:					
Buildings and improvements, net	—	1,104,896	863,257	—	1,968,153
Machinery and equipment, net	—	27,494,606	16,238,843	1,703	43,735,152
Total noncurrent assets	—	28,599,502	17,102,100	1,703	45,703,305
Total assets	16,022,781	39,201,350	23,880,507	22,961,267	102,065,905
LIABILITIES					
Current liabilities:					
Accounts payable	854,966	911,852	2,946,283	246,276	4,959,377
Accrued wages and benefits	33,447	206,606	441,859	27,016	708,928
Compensated absences	—	8,100	4,633	—	12,733
Deposits and connection fees	—	—	91,440	—	91,440
Unpaid insurance claims	2,819,303	—	—	4,698,948	7,518,251
Current portion capital lease obligation	—	264,452	1,378,740	—	1,643,192
Total current liabilities	3,707,716	1,391,010	4,862,955	4,972,240	14,933,921
Noncurrent liabilities:					
Compensated absences	23,783	307,752	621,301	23,322	976,158
Unpaid insurance claims	57,537	—	—	12,640,062	12,697,599
Long-term capital lease obligation	—	405,738	8,338,043	—	8,743,781
Total noncurrent liabilities	81,320	713,490	8,959,344	12,663,384	22,417,538
Total liabilities	3,789,036	2,104,500	13,822,299	17,635,624	37,351,459
NET POSITION					
Net investment in capital assets	—	27,929,312	7,385,317	1,703	35,316,332
Unrestricted	12,233,745	9,167,538	2,672,891	5,323,940	29,398,114
Total net position	\$ 12,233,745	37,096,850	10,058,208	5,325,643	64,714,446

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
Operating revenues:					
User charges	\$ 61,760,988	18,761,195	23,033,872	10,510,038	114,066,093
Insurance recoveries	—	—	—	306,224	306,224
Miscellaneous sales and services	—	687,170	1,246,111	14,117	1,947,398
Total operating revenues	61,760,988	19,448,365	24,279,983	10,830,379	116,319,715
Operating expenses:					
Salaries and employee benefits	458,687	4,103,245	8,804,362	987,049	14,353,343
Contractual services	704,875	1,408,591	11,478,176	93,923	13,685,565
Supplies and materials	643	2,246,651	1,452,474	15,203	3,714,971
Business and travel	—	8,996	615,360	2,632	626,988
Vehicle fuels and supplies	—	3,711,367	66,830	8,322	3,786,519
Share of County administrative expenses	3,637	337,521	24,095	465,796	831,049
Insurance claims	54,844,428	—	—	7,460,286	62,304,714
Other administrative	2,323,912	—	—	71,860	2,395,772
Depreciation expense	—	5,401,484	3,477,791	1,139	8,880,414
Total operating expenses	58,336,182	17,217,855	25,919,088	9,106,210	110,579,335
Operating income (loss)	3,424,806	2,230,510	(1,639,105)	1,724,169	5,740,380
Nonoperating revenues (expenses):					
Interest on investments	275,623	240,647	97,097	622,032	1,235,399
Interest expense	—	(15,689)	(179,268)	—	(194,957)
Revenue from other government	—	—	—	34,944	34,944
Total nonoperating revenues (expenses)	275,623	224,958	(82,171)	656,976	1,075,386
Net income (loss) before contributions and transfers	3,700,429	2,455,468	(1,721,276)	2,381,145	6,815,766
Capital contributions	—	1,044,329	456,199	(20,846)	1,479,682
Transfers out	(275,623)	(240,647)	(11,015,553)	(1,546)	(11,533,369)
Change in net position	3,424,806	3,259,150	(12,280,630)	2,358,753	(3,237,921)
Net position - beginning	8,808,939	33,837,700	22,338,838	2,966,890	67,952,367
Net position - ending	\$ 12,233,745	37,096,850	10,058,208	5,325,643	64,714,446

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 62,301,791	19,491,453	24,231,444	10,682,585	116,707,273
Cash paid to suppliers	(58,029,354)	(5,299,872)	(3,997,303)	(5,785,968)	(73,112,497)
Cash paid to / for employees	(454,546)	(4,117,635)	(9,477,655)	(1,001,783)	(15,051,619)
Cash paid for quasi-external transactions	(10,420)	(1,976,543)	(8,669,835)	(59,814)	(10,716,612)
Other operating cash disbursements	—	—	(90,892)	(424,582)	(515,474)
Net cash provided by operating activities	3,807,471	8,097,403	1,995,759	3,410,438	17,311,071
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	(275,623)	(240,647)	(10,369,049)	(1,546)	(10,886,865)
Net cash used for noncapital financing activities	(275,623)	(240,647)	(10,369,049)	(1,546)	(10,886,865)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	—	(10,025,088)	—	—	(10,025,088)
Proceeds from Capital Lease	—	—	9,716,783	—	9,716,783
Payment of long-term debt principal	—	(259,722)	(646,503)	—	(906,225)
Interest paid	—	(15,689)	(179,268)	(21,200)	(216,157)
Net cash (used for) provided by capital and related financing activities	—	(10,300,499)	8,891,012	(21,200)	(1,430,687)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	275,623	240,647	97,097	656,977	1,270,344
Net cash (used for) provided by investing activities	275,623	240,647	97,097	656,977	1,270,344
Net increase (decrease) in cash and cash equivalents	3,807,471	(2,203,096)	614,819	4,044,669	6,263,863
Cash and cash equivalents - beginning of the year	10,936,882	11,282,195	5,940,050	18,387,608	46,546,735
Cash and cash equivalents - end of the year	14,744,353	9,079,099	6,554,869	22,432,277	52,810,598
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	3,424,806	2,230,510	(1,639,105)	1,724,169	5,740,380
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation expense	—	5,401,484	3,477,791	1,139	8,880,414
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	540,801	43,087	(48,539)	(222,794)	312,555
Prepaid expenses	—	(2,029)	—	—	(2,029)
Inventories	—	(60,778)	1,163	—	(59,615)
Accounts payable	(12,980)	490,521	246,789	66,202	790,532
Accrued wages and benefits	305	(17,770)	(17,760)	(2,081)	(37,306)
Compensated absences	3,836	12,378	(40,278)	(10,021)	(34,085)
Deposits and connection fees	—	—	23,200	—	23,200
Unpaid insurance claims	(149,297)	—	—	1,853,824	1,704,527
Unearned revenue	—	—	(7,502)	—	(7,502)
Total adjustments	382,665	5,866,893	3,634,864	1,686,269	11,570,691
Net cash provided by operating activities	\$ 3,807,471	8,097,403	1,995,759	3,410,438	17,311,071

The accompanying notes are an integral part of these financial statements.



RTA

The Regional Transportation Agency of Central Maryland announced enhancements and improvements in 2019 that added 5,600 new service hours to Howard County routes. The changes shorten wait times so that all buses operate on 30-minute or one-hour intervals, with expanded service on Sundays.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.



Howard County, Maryland
Combining Statement of Net Position
Pension and Other Post-Employment Benefits Trust Funds
June 30, 2019

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
ASSETS				
Receivables:				
Interest and dividends	\$ 529,156	684,444	506	1,214,106
Employer contributions	914,183	1,730,621	—	2,644,804
Member contributions	290,277	461,866	—	752,143
Sale of investments	81,133	105,120	—	186,253
Other	6,641	8,605	—	15,246
Investments, at fair value:				
Cash	—	—	336,048	336,048
Equities	201,438,898	260,994,079	—	462,432,977
Alternative investments	117,663,332	152,450,363	—	270,113,695
Mutual funds	—	—	154,445,416	154,445,416
Money market funds	9,445,607	11,362,564	128,761	20,936,932
Fixed income securities	133,992,377	173,607,071	—	307,599,448
Real assets	16,514,364	21,396,818	—	37,911,182
Prepaid insurance	19,687	24,071	—	43,758
Total assets	480,895,655	622,825,622	154,910,731	1,258,632,008
LIABILITIES				
Accounts payable	—	—	57,556	57,556
Investments purchased	2,378,604	3,081,835	—	5,460,439
Other	319,692	385,354	623,400	1,328,446
Total liabilities	2,698,296	3,467,189	680,956	6,846,441
NET POSITION				
Net position restricted for pension and other post-employment benefits	\$ 478,197,359	619,358,433	154,229,775	1,251,785,567

Howard County, Maryland
Combining Statement of Changes in Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2019

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 14,155,379	27,719,839	38,380,982	80,256,200
Member	4,378,114	8,124,859	—	12,502,973
Total contributions	18,533,493	35,844,698	38,380,982	92,759,173
Investment income (expense):				
Net change in fair value of investments	19,695,913	24,600,895	6,137,909	50,434,717
Interest	2,232,787	2,862,178	—	5,094,965
Dividends	10,691,643	13,753,018	3,477,923	27,922,584
Other	67,972	87,464	—	155,436
Investment expense	(1,333,203)	(1,664,369)	(330,787)	(3,328,359)
Net investment income	31,355,112	39,639,186	9,285,045	80,279,343
Total additions	49,888,605	75,483,884	47,666,027	173,038,516
DEDUCTIONS				
Benefits	19,012,353	27,571,300	22,755,131	69,338,784
Administrative expenses	438,403	456,187	106,156	1,000,746
Total deductions	19,450,756	28,027,487	22,861,287	70,339,530
Change in net position	30,437,849	47,456,397	24,804,740	102,698,986
Net position - beginning of year	447,759,510	571,902,036	129,425,035	1,149,086,581
Net position - end of year	\$ 478,197,359	619,358,433	154,229,775	1,251,785,567

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	<u>Multifarious Fund</u>	<u>Road Surety Deposit Fund</u>	<u>State Property Tax and Interest Fund</u>	<u>Total</u>
ASSETS				
Equity in pooled cash	\$ 417,463	5,423,648	1,401,669	7,242,780
Property taxes receivable		—	534,227	534,227
Other receivable	3,845			3,845
Total assets	421,308	5,423,648	1,935,896	7,780,852
LIABILITIES				
Accounts payable	—	—	1,935,896	1,935,896
Deposits	419,001	5,423,648	—	5,842,649
Other liabilities	2,307	—	—	2,307
Total liabilities	\$ 421,308	5,423,648	1,935,896	7,780,852

Howard County, Maryland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Multifarious Fund				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 381,922	75,999	40,458	417,463
Other receivable	—	3,845	—	3,845
Total assets	381,922	79,844	40,458	421,308
LIABILITIES				
Deposits	379,615	79,844	40,458	419,001
Other liabilities	2,307	—	—	2,307
Total liabilities	381,922	79,844	40,458	421,308
Road Surety Deposit Fund				
ASSETS				
Equity in pooled cash and cash equivalents	5,766,486	1,497,920	1,840,758	5,423,648
Total assets	5,766,486	1,497,920	1,840,758	5,423,648
LIABILITIES				
Accounts payable	63,910	5,384,553	5,448,463	—
Deposits	5,702,576	1,432,949	1,711,877	5,423,648
Total liabilities	5,766,486	6,817,502	7,160,340	5,423,648
State Property Tax and Interest Fund				
ASSETS				
Equity in pooled cash and cash equivalents	1,618,463	313,783,258	314,000,052	1,401,669
Property taxes receivable	425,119	274,165,839	274,056,731	534,227
Total assets	2,043,582	587,949,097	588,056,783	1,935,896
LIABILITIES				
Accounts payable	2,043,582	270,323,874	270,431,560	1,935,896
Total liabilities	2,043,582	270,323,874	270,431,560	1,935,896
Total Agency Funds				
ASSETS				
Equity in pooled cash and cash equivalents	7,766,871	315,357,177	315,881,268	7,242,780
Property taxes receivable	425,119	274,165,839	274,056,731	534,227
Other receivable	—	3,845	—	3,845
Total assets	8,191,990	589,526,861	589,937,999	7,780,852
LIABILITIES				
Accounts payable	2,107,492	275,708,427	275,880,023	1,935,896
Deposits	6,082,191	1,512,793	1,752,335	5,842,649
Other liabilities	2,307	—	—	2,307
Total liabilities	\$ 8,191,990	277,221,220	277,632,358	7,780,852

**Capital Assets Used in the Operation of
Governmental Funds**



Howard County, Maryland
Schedule By Function and Activity
Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2019

Function and Activity	Land and Land		Improvements		Construction		Total
	Improvements	Buildings	Other Than Buildings and Infrastructure	Equipment	In Progress		
General government:							
County executive	\$ —	—	7,314	—	—	—	7,314
Technology and communication	—	—	—	5,586,895	—	—	5,586,895
Finance	—	—	—	2,033,222	—	—	2,033,222
County administration	—	—	32,457,859	639,741	—	—	33,097,600
Total general government	—	—	32,465,173	8,259,858	—	—	40,725,031
Public safety:							
Corrections	—	—	—	396,070	—	—	396,070
Fire	5,710,331	50,299,292	12,174,217	43,136,858	—	—	111,320,698
Police	—	7,102,814	4,452,304	13,792,450	—	—	25,347,568
Total public safety	5,710,331	57,402,106	16,626,521	57,325,378	—	—	137,064,336
Public facilities:							
Public works	331,785,012	185,572,822	657,054,789	13,629,274	—	—	1,188,041,897
Planning and zoning	13,476	—	323,226	322,889	—	—	659,591
Inspections, licenses and permits	—	—	—	2,788,579	—	—	2,788,579
Transportation	2,679,368	12,146,655	283,461	14,401,917	—	—	29,511,401
Total public facilities	334,477,856	197,719,477	657,661,476	31,142,659	—	—	1,221,001,468
Legislative and judicial:							
Circuit court	—	—	63,560	77,383	—	—	140,943
County council	—	—	—	32,616	—	—	32,616
State's attorney	—	—	—	59,229	—	—	59,229
Sheriff	—	25,434	—	206,677	—	—	232,111
Total legislative and judicial	—	25,434	63,560	375,905	—	—	464,899
Community services:							
Community Resources & Services	—	—	176,213	306,004	—	—	482,217
Health department	—	—	374,202	1,486,968	—	—	1,861,170
Housing and community development	490,900	3,400,119	—	—	—	—	3,891,019
Library	3,164,668	94,991,306	6,667,280	209,830	—	—	105,033,084
Total community services	3,655,568	98,391,425	7,217,695	2,002,802	—	—	111,267,490
Recreation and parks:							
Recreation and parks	118,833,945	56,261,556	117,725,295	5,082,509	—	—	297,903,305
Total recreation and parks	118,833,945	56,261,556	117,725,295	5,082,509	—	—	297,903,305
Agricultural land preservation:							
Agricultural land easements	139,713,172	—	—	—	—	—	139,713,172
Total agricultural land preservation	139,713,172	—	—	—	—	—	139,713,172
Construction in progress	—	—	—	—	101,613,027	—	101,613,027
Total governmental funds capital assets	\$ 602,390,872	409,799,998	831,759,720	104,189,111	101,613,027	—	2,049,752,728

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes By Function and Activity
Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2019

Function and Activity	Balances	Assets		Balances	Balances	Allowance for Depreciation		Balances
	June 30, 2018	Additions	Deductions	June 30, 2019	June 30, 2018	Additions	Deductions	June 30, 2019
General government:								
County executive	\$ 7,314	—	—	7,314	5,846	488	—	6,334
Technology and communication	5,586,895	—	—	5,586,895	5,585,843	8,820	—	5,594,663
Finance	2,033,222	—	—	2,033,222	1,978,695	5,842	—	1,984,537
County administration	33,097,600	—	—	33,097,600	29,682,760	1,600,182	—	31,282,942
Total general government	40,725,031	—	—	40,725,031	37,253,144	1,615,332	—	38,868,476
Public safety:								
Corrections	383,615	35,145	22,690	396,070	126,101	33,639	4,017	155,723
Fire	108,167,607	3,720,646	567,555	111,320,698	38,869,048	3,996,354	486,861	42,378,541
Police	23,968,843	1,598,660	219,935	25,347,568	11,279,485	1,119,834	67,385	12,331,934
Total public safety	132,520,065	5,354,451	810,180	137,064,336	50,274,634	5,149,827	558,263	54,866,198
Public facilities:								
Public works	1,143,188,845	65,723,611	20,870,559	1,188,041,897	346,673,534	28,527,567	3,093,818	372,107,283
Planning and zoning	659,591	—	—	659,591	391,431	25,847	—	417,278
Inspections, licenses and permits	2,788,579	—	—	2,788,579	2,742,292	6,545	—	2,748,837
Transportation	28,795,822	2,536,961	1,821,382	29,511,401	8,545,402	1,585,715	1,818,308	8,312,809
Total public facilities	1,175,432,837	68,260,572	22,691,941	1,221,001,468	358,352,659	30,145,674	4,912,126	383,586,207
Legislative and judicial:								
County council	32,616	—	—	32,616	4,271	4,659	—	8,930
Circuit court	140,943	—	—	140,943	68,271	8,678	—	76,949
States attorney	59,229	—	—	59,229	59,230	—	—	59,230
Sheriff	255,302	—	23,191	232,111	140,734	16,566	9,019	148,281
Total legislative and judicial	488,090	—	23,191	464,899	272,506	29,903	9,019	293,390
Community services:								
Community resources and services	366,367	115,850	—	482,217	155,349	49,244	—	204,593
Health department	1,859,321	21,788	19,939	1,861,170	1,244,308	185,705	19,939	1,410,074
Housing and community development	3,891,019	—	—	3,891,019	2,242,061	68,003	—	2,310,064
Library	104,714,532	318,552	—	105,033,084	21,237,527	2,575,473	—	23,813,000
Total community services	110,831,239	456,190	19,939	111,267,490	24,879,245	2,878,425	19,939	27,737,731
Recreation and parks:								
Recreation and parks	293,897,701	15,239,354	11,233,750	297,903,305	64,366,464	7,013,718	324,342	71,055,840
Total recreation and parks	293,897,701	15,239,354	11,233,750	297,903,305	64,366,464	7,013,718	324,342	71,055,840
Agricultural land preservation:								
Agricultural land easements	139,713,172	—	—	139,713,172	—	—	—	—
Total agricultural land preservation	139,713,172	—	—	139,713,172	—	—	—	—
Total county government	1,893,608,135	89,310,567	34,779,001	1,948,139,701	535,398,652	46,832,879	5,823,689	576,407,842
Construction in progress	70,541,932	127,351,645	96,280,550	101,613,027	—	—	—	—
Total governmental funds capital assets	\$ 1,964,150,067	216,662,212	131,059,551	2,049,752,728	535,398,652	46,832,879	5,823,689	576,407,842

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**Capital Assets Used in the Operation of
Enterprise Funds**



Howard County, Maryland
Schedule of Capital Assets and Depreciation
Schedule of Capital Assets Used in the Operation of Enterprise Funds
For the Year Ended June 30, 2019

	Balances		Assets		Balances	Balances		Allowance for Depreciation		Balances
	June 30, 2018		Additions	Deductions	June 30, 2019	June 30, 2018	Additions	Deductions	June 30, 2019	
Land:										
Utility	\$ 3,068,642	—	—	—	3,068,642	—	—	—	—	—
Watershed	—	449,290	—	—	449,290	—	—	—	—	—
Golf course	8,684,896	—	—	—	8,684,896	—	—	—	—	—
Total land	11,753,538	449,290	—	—	12,202,828	—	—	—	—	—
Buildings:										
Utility	236,808,771	—	—	—	236,808,771	87,549,526	4,659,730	—	—	92,209,256
Golf course	1,058,133	—	—	—	1,058,133	548,624	21,162	—	—	569,786
Watershed	195,189	—	—	—	195,189	12,152	3,904	—	—	16,056
Total buildings	238,062,093	—	—	—	238,062,093	88,110,302	4,684,796	—	—	92,795,098
Improvements other than buildings:										
Utility	81,646,895	2,268,474	91,754	—	83,823,615	47,587,678	3,304,792	91,754	—	50,800,716
Watershed	—	1,274,245	—	—	1,274,245	—	146,049	—	—	146,049
Golf course	2,368,920	—	—	—	2,368,920	215,117	118,446	—	—	333,563
Total improvements	84,015,815	3,542,719	91,754	—	87,466,780	47,802,795	3,569,287	91,754	—	51,280,328
Infrastructure:										
Utility	727,249,909	30,535,863	—	—	757,785,772	309,294,824	13,906,058	—	—	323,200,882
Watershed	—	29,746,575	—	—	29,746,575	—	839,597	—	—	839,597
Broadband	14,181,540	16,152	—	—	14,197,692	2,786,065	709,145	—	—	3,495,210
Total infrastructure	741,431,449	60,298,590	—	—	801,730,039	312,080,889	15,454,800	—	—	327,535,689
Machinery and equipment:										
Utility	14,445,660	2,129,790	973,653	—	15,601,797	5,998,727	1,144,048	336,197	—	6,806,578
Golf course	326,646	—	—	—	326,646	301,510	7,531	—	—	309,041
Watershed	1,114,107	49,900	162,173	—	1,001,834	226,203	101,656	37,840	—	290,019
Broadband	1,283,168	—	—	—	1,283,168	396,394	167,762	—	—	564,156
Total machinery and equipment	17,169,581	2,179,690	1,135,826	—	18,213,445	6,922,834	1,420,997	374,037	—	7,969,794
Grand total	\$ 1,092,432,476	66,470,289	1,227,580	—	1,157,675,185	454,916,820	25,129,880	465,791	—	479,580,909

Does not include \$127,333,464 of construction in progress.



Practice Howard

Howard County Government and Howard County General Hospital have partnered for an innovative program to boost the number of primary care physicians in the county by offering funding and support to new doctors in exchange for five-year commitments to serve our community. In 2019, Howard County was named one of the Top Ten Healthiest Communities by U.S. News & World Report.

Long-Term Debt

Liabilities of the County represented by outstanding general obligation bonds and other long-term debt.



Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
General
June 30, 2019

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Consolidated Public Improvement Bonds						
02/12/2004	2006-2025	2.00 - 5.00	\$ 112,305,000	7,995,000	199,875 *	8,194,875
12/08/2009	2012-2023	2.00 - 5.00	85,860,000	13,940,000	348,500	14,288,500
03/16/2010	2011-2030	3.00 - 5.55	88,420,000	43,760,000	17,193,163	60,953,163
11/17/2011	2013-2032	3.00 - 5.00	182,055,000	90,040,000	18,446,240	108,486,240
04/11/2012	2013-2032	2.00 - 4.00	37,370,000	1,640,000	65,600	1,705,600
04/04/2013	2014-2033	2.375 - 5.00	97,910,000	3,925,000	196,250	4,121,250
04/03/2014	2015-2034	3.00 - 5.00	117,125,000	27,875,000	3,509,000	31,384,000
04/22/2015	2016-2035	3.00 - 5.00	184,195,000	120,330,000	33,146,462	153,476,462
03/30/2016	2017-2036	2.00 - 5.00	96,260,000	88,180,000	30,436,100	118,616,100
04/25/2017	2018-2037	3.25 - 5.00	274,310,000	264,750,000	98,768,488	363,518,488
12/21/2017	2018-2034	3.00 - 5.00	184,440,000	183,405,000	79,543,700	262,948,700
04/18/2018	2020-2038	3.25 - 5.00	129,890,001	129,890,001	57,127,938	187,017,939
05/29/2019	2020-3039	2.75 - 5.00	131,295,477	131,295,477	43,953,307	175,248,784
Total Consolidated Public Improvement Bonds			1,721,435,478	1,107,025,478	382,934,623	1,489,960,101
Tax increment financing bonds	2017-2047	4.00 - 6.10	65,225,000	65,100,000	59,180,291	124,280,291
Compensated absences	n/a	n/a	n/a	26,443,323	n/a	26,443,323
Capital leases	n/a	n/a	n/a	31,603,394	n/a	31,603,394
Landfill closure obligations	n/a	n/a	n/a	23,430,000	n/a	23,430,000
Agricultural land preservation program	2018-2037	2.19 - 8.60	n/a	93,483,238	18,987,374	112,470,612
Total debt			\$ 1,786,660,478	1,347,085,433 **	461,102,288	1,808,187,721

* Includes administrative fees.

** Does not include deferred refunding premium liability of \$139,356,696, unamortized bond discount of \$(24,516), unpaid claims of \$20,215,850, net OPEB liability of \$353,228,214, net LOSAP liability of \$21,907,552 and net pension liability of \$150,671,742 and other non-current liabilities of \$9,132,933 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in General Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2019

	Balance				Balance
	June 30, 2018	Issued	Refunded	Retired	June 30, 2019
General county bonds:					
General improvement	\$ 353,719,803	62,521,492	6,702,993	18,304,287	391,234,015
Storm drain	35,949,116	1,498,890	450,785	1,928,312	35,068,909
Police department	6,519,037	395,097	149,703	443,843	6,320,588
Fire department	26,580,852	3,605,994	69,328	1,077,738	29,039,780
Schools	475,436,432	45,739,490	13,408,442	33,255,041	474,512,439
Community renewal	1,681,915	16,808	17,610	138,405	1,542,708
Recreation and parks	53,635,481	1,361,313	363,564	2,375,420	52,257,810
Community college	108,822,365	16,156,393	2,442,575	5,486,954	117,049,229
Total Bonds	1,062,345,001	131,295,477	23,605,000	63,010,000	1,107,025,478
Other long-term debt					
Tax increment financing	65,165,000	—	—	65,000	65,100,000
Compensated absences	26,336,346	3,845,962	—	3,738,985	26,443,323
Capital Leases	35,011,551	2,223,000	—	5,631,157	31,603,394
Landfill closure obligation	23,085,000	345,000	—	—	23,430,000
Agricultural land preservation program	97,715,767	—	—	4,232,529	93,483,238
Total other long-term debt	247,313,664	6,413,962	—	13,667,671	240,059,955
Total long-term debt	\$ 1,309,658,665	137,709,439	23,605,000	76,677,671	1,347,085,433 *

* Does not include deferred refunding premium liability of \$139,356,696, unamortized bond discount of (\$25,404), unpaid claims of (\$24,516) (including \$7,518,251 due within one year), other non-current liabilities of \$9,132,933, net OPEB liability of \$353,228,214, net LOSAP liability of \$21,907,552 and net pension liability of \$150,671,742 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
Enterprise Fund
June 30, 2019

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Metropolitan district bonds:						
12/08/2009	2011-2031	1.00 - 4.00	\$ 7,255,000	335,000	5,025	340,025
11/17/2011	2013-2042	3.00 - 5.00	36,245,000	15,110,000	5,875,725	20,985,725
04/11/2012	2013-2037	3.00 - 4.00	19,970,000	660,000	19,800	679,800
04/04/2013	2014-2038	2.375 - 4.00	39,155,000	15,390,000	5,845,450	21,235,450
04/03/2014	2015-2044	2.00 - 4.00	22,055,000	8,450,000	3,152,301	11,602,301
04/22/2015	2016-2045	2.00 - 5.00	31,015,000	22,990,000	12,322,628	35,312,628
03/30/2016	2017-2046	3.00 - 5.00	26,190,000	24,840,000	12,524,744	37,364,744
04/25/2017	2018-2047	3.00 - 5.00	81,515,000	79,970,000	37,819,702	117,789,702
12/21/2017	2018-2044	3.00 - 5.00	56,075,000	54,960,000	23,033,856	77,993,856
04/18/2018	2019-2048	3.125 - 5.00	38,150,000	37,250,000	25,084,432	62,334,432
05/29/2019	2020-2049	3.00 - 5.00	66,605,000	66,605,000	35,892,818	102,497,818
Total metropolitan district bonds			424,230,000	326,560,000	161,576,481	488,136,481
MD water quality 10/18/00	2003-2022	2.40	34,000,000	6,182,266	608,666 *	6,790,932
MD water quality 01/29/02	2005-2024	2.00	21,329,363	5,671,086	613,960 *	6,285,046
MD water quality 10/1/08	2009-2029	2.30	1,197,362	592,832	109,994 *	702,826
MD water quality 11/19/09	2010-2031	1.00	3,443,711	2,126,663	246,763 *	2,373,426
Total water quality			59,970,436	14,572,847	1,579,383	16,152,230
Watershed Protection 05-29-19	2020-2039	2.75-5.00	2,334,523	2,334,523	898,904	3,233,427
Broadband 03/15/16	2021	2.00	1,510,000	1,510,000	60,400	1,570,400
Broadband 04/18/18	2023	3.00	1,025,000	1,025,000	123,000	1,148,000
Total Broadband			2,535,000	2,535,000	183,400	2,718,400
Special recreation facility bonds	2012-2022	2.48	5,400,000	2,217,000	111,371	2,328,371
MDE Loan	2019-2028	2.95	1,646,000	1,559,884	228,088	1,787,972
Compensated absences	n/a	n/a	n/a	891,193	n/a	891,193
Major water and sewer agreements	n/a	n/a	n/a	874,412	n/a	874,412
Total debt			\$ 496,115,959	351,544,859 **	164,577,627	516,122,486

* Includes administrative fees.

**Does not include deferred refunding premium of \$24,444,168, net OPEB liability of \$23,102,908, and net pension liability of \$2,037,339 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in Bonded Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2019

	Balance June 30, 2018	Issued	Refunded	Retired	Balance June 30, 2019
Metropolitan district bonds:					
04/08/2009	\$ 1,255,000	—	—	1,255,000	—
12/08/2009	6,775,000	—	6,115,000	325,000	335,000
03/09/2011	1,140,000	—	—	1,140,000	—
11/17/2011	17,480,000	—	—	2,370,000	15,110,000
04/11/2012	1,300,000	—	—	640,000	660,000
04/04/2013	17,190,000	—	—	1,800,000	15,390,000
04/03/2014	9,490,000	—	—	1,040,000	8,450,000
04/22/2015	23,645,000	—	—	655,000	22,990,000
03/15/2016	25,270,000	—	—	430,000	24,840,000
04/25/2017	80,460,000	—	—	490,000	79,970,000
12/21/2017	55,425,000	—	—	465,000	54,960,000
04/18/2018	38,150,000	—	—	900,000	37,250,000
05/15/2019	—	66,605,000	—	—	66,605,000
Total Bonds	277,580,000	66,605,000	6,115,000	11,510,000	326,560,000
Other long-term debt					
MD water quality 10/18/00	8,147,187	—	—	1,964,921	6,182,266
MD water quality 01/29/02	6,865,803	—	—	1,194,719	5,671,084
MD water quality 10/1/08	646,177	—	—	53,353	592,824
MD water quality 11/19/09	2,297,093	—	—	170,420	2,126,673
Total other long-term debt	17,956,260	—	—	3,383,413	14,572,847
Watershed Protection	—	2,334,523	—	—	2,334,523
Broadband 03/15/16	1,510,000	—	—	—	1,510,000
Broadband 04/18/18	1,025,000	—	—	—	1,025,000
Total Broadband	2,535,000	—	—	—	2,535,000
Special recreation facility bonds	2,714,000	—	—	497,000	2,217,000
MDE Loan	—	1,646,000	—	86,116	1,559,884
Compensated absences	889,638	84,319	—	82,764	891,193
Major water and sewer agreements	922,923	49,000	—	97,511	874,412
Total long-term debt	\$ 302,597,821	70,718,842	6,115,000	15,656,804	351,544,859 *

*Does not include deferred refunding premium of \$24,444,168, net OPEB liability of \$23,102,908, and net pension liability of \$2,037,339 included in the Statement of Net Position.

Statistical Section

The Statistical Section provides detailed information for the primary government as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. The tables in this section are unaudited because they often present data from outside accounting records.



Statistical Section (Unaudited)

Index

Financial Trends - These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.



Howard County, Maryland
Net Position by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 735,346,804	780,074,223	716,222,072	740,258,162	755,904,065	754,407,588	772,350,290	834,114,554	826,399,982	841,929,843
Restricted	163,458,570	83,470,483	82,432,184	94,955,786	109,207,649	99,723,862	109,620,128	114,206,491	153,326,501	142,249,607
Unrestricted (a)	(629,621,547)	(619,606,891)	(620,794,431)	(727,260,025)	(905,160,838)	(950,355,750)	(991,153,043)	(1,207,393,428)	(1,003,960,300)	(997,456,851)
Subtotal governmental activities net position (b)	269,183,827 (c)	243,937,815 (d)	177,859,825 (e)	107,953,923	(40,049,124) (f)	(96,224,300)	(109,182,625)	(259,072,383)	(24,233,817)	(13,277,401)
Business-type activities										
Net investment in capital assets	391,047,153	412,443,596	352,371,984	343,029,639	349,976,408	410,168,067	410,561,263	414,126,888	419,010,628	456,887,408
Restricted	120,266,910	132,071,680	60,755,862	54,677,366	48,248,364	48,241,852	42,470,585	27,949,207	24,709,724	21,823,966
Unrestricted	719,135	1,877,926	85,856,157	114,065,506	115,007,448	107,862,198	138,508,000	157,835,870	151,054,737	146,526,725
Subtotal business-type activities net position	512,033,198 (c)	546,393,202 (d)	498,984,003 (e)	511,772,511	513,232,220 (f)	566,272,117	591,539,848	599,911,965	594,775,089	625,238,099
Primary government										
Net investment in capital assets	1,126,393,957	1,068,594,056	1,083,287,801	1,105,880,473	1,164,575,655	1,164,575,655	1,182,911,553	1,248,241,442	1,245,410,610	1,298,817,251
Restricted	283,725,480	143,188,046	149,633,152	157,456,013	147,965,714	147,965,714	152,090,713	142,155,698	178,036,225	164,073,573
Unrestricted	(628,902,412)	(534,938,274)	(613,194,519)	(790,153,390)	(842,493,552)	(842,493,552)	(852,645,043)	(1,049,557,558)	(852,905,563)	(850,930,126)
Total primary government net position	\$ 781,217,025	676,843,828	619,726,434	473,183,096	470,047,817	470,047,817	482,357,223	340,839,582	570,541,272	611,960,698

(a) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Public School.

(b) System and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.

(c) FY2010 net positions of governmental and business-type activities were restated in fiscal year 2011.

(d) FY2011 net positions of governmental and business-type activities were restated in fiscal year 2012.

(e) FY2012 net positions of governmental and business-type activities were restated in fiscal year 2013.

(f) FY2014 net positions of governmental and business-type activities were restated in fiscal year 2015, mainly due to the implementation of GASB 68, which resulted in an overall negative net positions of governmental activities.

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 40,551,179	50,599,944	84,025,615 (a)	87,405,901	104,520,136	75,558,318	66,234,421	66,948,584	58,020,097	65,241,233
Public safety	154,381,502	167,113,492	184,324,533	196,950,283	198,590,882	208,298,711	207,170,029	230,134,183	217,378,984	249,887,935
Public works	101,682,165	102,947,974	115,231,452	130,500,653	148,889,651	179,349,488	156,707,838	168,834,876	194,980,993	207,843,230
Recreation and parks	26,909,791	27,086,201	29,974,257	29,210,799	35,764,376	37,193,427	42,880,875	47,094,291	25,923,502	54,344,080
Legislative and judicial	19,917,865	21,684,657	22,248,551	23,682,923	23,259,531	27,110,955	26,070,345	27,693,094	27,484,681	30,139,996
Community services	38,203,641	38,522,217	45,302,315	38,506,895	45,311,763	48,650,488	45,928,376	44,497,229	47,215,901	50,250,870
State highways	2,450,937	1,917,170	2,900,053	7,225,028	6,634,669	763,353	3,341,087	5,842,868	4,934,098	9,286,446
Education	557,205,570	605,557,506	610,774,387	639,025,259	637,839,632	669,067,653	717,742,080	739,013,105	701,633,749	710,311,491
Interest on long-term debt	32,759,477	37,102,195	53,851,903	47,729,955	50,489,693	43,648,543	49,977,613	57,494,607	61,452,013	51,541,615
Total governmental activities expenses	974,062,127	1,052,531,356	1,148,633,066	1,200,237,696	1,251,300,333	1,289,640,936	1,316,052,664	1,387,552,837	1,339,024,018	1,428,846,896
Business-type activities:										
Water and sewer	64,845,285	66,636,363	67,635,638	87,569,376	98,795,678	97,764,211	95,781,698	101,312,345	105,229,515	113,056,969
Golf course	1,791,000	1,762,425	1,921,518	1,885,101	—	—	—	—	—	—
Other (b)	—	—	—	—	3,094,253	5,977,330	6,551,799	7,356,981	6,585,542	7,163,586
Total business-type activities expenses	66,636,285	68,398,788	69,557,156	89,454,477	101,889,931	103,741,541	102,333,497	108,669,326	111,815,057	120,220,555
Total primary government expenses	1,040,698,412	1,120,930,144	1,218,190,222	1,289,692,173	1,353,190,264	1,393,382,477	1,418,386,161	1,496,222,163	1,450,839,075	1,549,067,451
Program revenues										
Governmental activities:										
Charges for services										
General government	29,198,040	33,914,325	42,534,975	46,065,885	49,312,264	40,365,251	41,462,547	52,783,407	47,092,030	48,266,394
Public works	42,937,855	41,652,829	46,145,115	43,476,909	44,007,973	48,319,370	50,419,335	48,313,166	49,740,333	49,166,390
Recreation and parks	12,621,042	13,361,672	13,591,958	14,420,583	16,481,357	17,471,881	18,231,380	20,182,293	19,791,578	20,905,820
Other	7,079,677	8,665,495	22,407,037	10,725,120	12,538,229	25,188,353	13,987,065	10,672,780	13,053,507	14,129,641
Operating grants and contributions	26,732,848	26,559,373	46,323,888	27,837,622	33,472,335	35,864,017	40,094,831	39,402,540	43,351,124	40,559,501
Capital grants and contributions	22,998,508	24,715,975	68,472,451 (c)	42,575,352	10,215,527	16,814,899	27,792,294	18,163,355	24,455,008	18,377,194
Total governmental activities program revenues	141,567,970	148,869,669	239,475,424	185,101,471	166,027,685	184,023,771	191,987,452	189,517,541	197,483,580	191,404,940
Business-type activities:										
Charges for services										
Water and sewer	44,355,147	48,606,394	50,729,734	54,712,858	59,641,881	64,133,085	64,965,916	64,761,724	64,642,532	64,833,505
Golf course	2,149,442	2,056,408	2,134,912	2,069,082	—	—	—	—	—	—
Other (b)	—	—	—	—	12,310,600	14,129,334	14,256,985	13,906,569	13,712,093	11,544,895
Operating grants and contributions	32,395,714	30,884,327	29,880,497	29,006,605	29,196,783	30,010,057	31,339,509	32,669,952	33,958,088	35,349,018
Capital grants and contributions	9,666,912	24,331,033	21,109,099	16,285,260	11,361,621	51,939,661	14,728,750	10,262,423	11,976,929	43,164,177
Total business-type activities program revenues	88,567,215	105,878,162	103,854,242	102,073,805	112,510,885	160,212,137	125,291,160	121,600,668	124,289,642	154,891,595
Total primary government program revenues	\$ 230,135,185	254,747,831	343,329,666	287,175,276	278,538,570	344,235,908	317,278,612	311,118,209	321,773,222	346,296,535

(continued)

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expenses)/revenue										
Governmental activities	\$(832,494,157)	(903,661,687)	(909,157,642)	(1,015,136,225)	(1,085,272,648)	(1,105,617,165)	(1,124,065,212)	(1,198,035,296)	(1,141,540,438)	(1,237,441,956)
Business-type activities	21,930,930	37,479,374	34,297,086	12,619,328	10,620,954	54,470,596	22,957,663	12,931,342	12,474,585	34,671,040
Total primary government net expenses	(810,563,227)	(866,182,313)	(874,860,556)	(1,002,516,897)	(1,074,651,694)	(1,051,146,569)	(1,101,107,549)	(1,185,103,954)	(1,129,065,853)	(1,202,770,916)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	494,218,364	504,884,233	504,771,008	523,266,142	539,731,584	559,405,539	586,123,532	608,458,370	630,762,037	654,794,565
Local income taxes	266,953,624	331,334,252	358,356,561	360,251,116	400,455,701	412,674,188	431,743,893	436,993,783	466,935,173	496,679,385
Other local taxes	47,911,642	46,357,182	54,343,807	61,337,101	61,035,196	68,300,957	72,656,951	77,911,373	77,122,059	69,739,135
Intergovernmental, unrestricted	790,181 (d)	1,089,121	780,358	1,422,086	1,466,960	1,553,636	1,836,227	1,763,063	1,590,437	1,673,415
Unrestricted investment income	6,481,902	2,890,191	9,636,106	(552,647) (e)	2,230,944	2,840,722	5,054,711	1,206,178	4,998,389	13,585,602
Miscellaneous	861,084	816,830	1,216,774	1,195,039	1,102,401	970,104	3,347,590	90,510	2,700,739	2,513,727
Transfers	(587,000)	2,995,034	(586,842)	—	7,345,000	3,696,843	2,318,086	5,389,399	9,151,633	9,412,543
Subtotal governmental activities	816,629,797	890,366,843	928,517,772	946,918,837	1,013,367,786	1,049,441,989	1,103,080,990	1,131,812,676	1,193,260,467	1,248,398,372
Business-type activities:										
Unrestricted investment income	395,605	196,349	170,617	169,180	135,292	242,826	823,902	830,024	2,434,920	5,998,775
Miscellaneous	—	—	—	—	—	23,318	3,804,252	150	53,351	(794,262)
Transfers	587,000	(2,995,034)	586,842	—	(7,345,000)	(3,696,843)	(2,318,086)	(5,389,399)	(9,151,633)	(9,412,543)
Subtotal business-type activities	982,605	(2,798,685)	757,459	169,180	(7,209,708)	(3,430,699)	2,310,068	(4,559,225)	(6,663,362)	(4,208,030)
Total primary government	817,612,402	887,568,158	929,275,231	947,088,017	1,006,158,078	1,046,011,290	1,105,391,058	1,127,253,451	1,186,597,105	1,244,190,342
Net position balances										
Governmental activities:										
Change in net position, governmental activities	(15,864,360)	(13,294,844)	19,360,130	(68,217,388)	(71,904,862)	(48,149,278)	(20,984,222)	(66,222,620)	51,720,029	10,956,416
Net position, beginning-governmental activities	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061	(88,198,403)	(131,849,763)	(198,072,383)	(24,233,817)
Restatement	4,777,630	(109,543,440)	(10,573,173)	(87,126,634)	—	(76,098,186)	—	—	122,118,537	—
Net position, ending-governmental activities	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061	(88,198,403)	(109,182,625)	(198,072,383)	(24,233,817)	(13,277,401)
Business-type activities:										
Change in net position, business-type activities	22,913,535	34,680,689	35,054,545	12,788,508	3,411,246	53,039,897	25,267,731	8,372,117	5,811,223	30,463,010
Net position, beginning-business-type activities	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757	566,272,117	591,539,848	599,911,965	594,775,089
Restatement	—	(2,314,499)	(320,685)	(82,463,744)	—	(1,951,537)	—	—	(10,948,099)	—
Net position, ending-business-type activities	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757	566,272,117	591,539,848	599,911,965	594,775,089	625,238,099
Total primary government	\$ 891,696,969	801,224,875	844,745,692	619,726,434	551,232,818	478,073,714	482,357,223	401,839,582	570,541,272	611,960,698

(a) The increase from prior period is due to expenses incurred on behalf of the other local government jurisdictions participating in the Inter-County Broadband Network (ICBN) Project.

(b) Other consists of golf course and watershed restoration and protection in fiscal year 2014, as well as broadband services starting in fiscal year 2015.

(c) The increase from prior period is due to recognizing significant Federal grant monies for the ICBN Project.

(d) In fiscal year 2010, funding from the State government for highway improvements was drastically reduced.

(e) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.

Howard County, Maryland
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$ —	—	—	—	3,319	8,140,178	7,632,118	9,045,255	12,600,473	12,265,039
Restricted	—	—	—	—	—	—	1,972,282	2,070,419	1,024,450	—
Committed	—	56,803,611	56,258,912	57,209,710	59,271,162	61,260,575	64,172,639	67,382,973	71,338,939	73,958,202
Assigned	—	27,137,601	45,003,053	67,354,332	64,171,013	34,992,177	53,577,009	31,953,418	49,382,483	35,997,183
Unassigned	—	8,732,004	10,616,787	9,095,856	2,831,645	3,295,630	12,015,718	26,239,270	7,898,186	18,387,493
Reserved	61,447,806	—	—	—	—	—	—	—	—	—
Unreserved (a)	10,324,543	—	—	—	—	—	—	—	—	—
Total general fund	71,772,349	92,673,216 (b)	111,878,752 (b)	133,659,898	126,277,139	107,688,560 (c)	139,369,766	136,691,335	142,244,531	140,607,917
All other governmental funds										
Nonspendable		14,244,327	14,620,132	14,929,252	16,636,383	22,166,070	648,352	644,176	656,721	671,042
Restricted		83,470,483	82,432,184	94,955,786	97,656,784	100,314,009	107,647,846	112,136,072	152,302,051	142,249,607
Committed		39,463,332	46,521,229	47,867,222	38,602,234	35,555,303	46,729,075	48,677,180	52,857,796	54,474,185
Assigned		77,104,933	72,761,301	62,934,694	63,615,900	63,398,155	63,361,371	60,075,902	56,117,487	62,387,719
Unassigned		(106,842,248)	(82,621,664)	(77,809,341)	(67,616,626)	(72,262,418)	(125,621,490)	(119,153,788)	(88,731,324)	(110,672,917)
Reserved	94,605,498	—	—	—	—	—	—	—	—	—
Unreserved reported in:										
Special revenue funds	102,795,989	—	—	—	—	—	—	—	—	—
Capital projects funds	(54,747,305)	—	—	—	—	—	—	—	—	—
Total all other governmental funds	142,654,182	107,440,827	133,713,182	142,877,613	148,894,675	149,171,119	92,765,154	102,379,542	173,202,731	149,109,636
Total governmental funds	\$ 214,426,531	200,114,043	245,591,934	276,537,511	275,171,814	256,859,679	232,134,920	239,070,877	315,447,262	289,717,553

Notes: Fund balance format for 2011 has been updated due to implementation of GASB Statement No. 54.

- (a) Decrease in the general fund - unreserved fund balance from fiscal years 2007 to 2010 were the result of downturns in the national economy.
- (b) Increases in the total fund balance of the general fund in fiscal years 2011 through 2013 are due to increases in the local income taxes received.
- (c) Decrease in the total balance of the general fund in fiscal year 2015 was due to one-time initiatives of \$37.7 million.

Howard County, Maryland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Property taxes (a)	\$ 494,641,029	504,030,717	504,228,502	524,942,040	539,320,074	559,393,599	586,906,599	608,790,864	630,002,471	654,226,577
Other local taxes	341,954,181 (b)	361,710,858	411,966,798	436,072,090	453,982,722	463,904,916	506,819,854	514,455,726	523,874,099	533,151,563
State shared taxes	790,181 (c)	1,089,121	780,358	1,422,086	1,247,317	1,531,596	2,077,909	1,818,048	1,595,662	1,673,415
Revenues from other agencies (grants)	—	—	—	—	—	—	—	—	—	—
Revenues from other governments	30,866,154	40,479,177	80,612,132	73,118,716	37,436,410	35,645,234	30,616,053	53,144,527	46,881,676	43,490,797
Charges for services	47,153,092	49,916,981	49,498,494	51,204,711	53,168,180	54,693,447	55,954,266	57,428,448	58,820,287	59,537,731
Interest on investments	6,435,344	2,394,644	9,487,997	(712,942) (2,010,668	2,574,475	4,970,717	4,878,623	7,961,507	13,567,305
Decrease in fair value of investments	—	—	—	—	—	—	—	(3,699,638)	(3,203,311)	(496,321)
Installment interest from housing loans	—	495,546	148,109	160,296	220,274	268,410	83,994	27,190	53,025	60,540
Licenses and permits	5,839,006	5,651,511	5,754,961	6,455,619	6,696,288	6,586,220	7,200,241	7,090,791	6,874,461	6,641,437
Recoveries for interfund services	11,457,728	11,734,246	11,720,813	11,553,101	11,633,284	14,133,304	15,706,180	—	—	—
Fines and forfeitures	2,983,119	3,393,723	3,534,706	3,462,342	3,863,722	4,024,120	4,356,639	4,481,676	4,315,875	4,071,307
Developer contributions (d)	1,665,829	1,363,545	1,556,906	1,767,910	1,446,618	4,561,155	4,612,357	9,070,823	2,372,712	852,987
Rental of property (d)	206,754	197,100	196,214	159,373	177,814	111,853	—	—	—	—
Payments from component units (d)	861,084	816,830	817,842	818,144	818,167	351,439	2,588,330	2,076,568	2,095,129	1,546,337
Sale of property	—	—	—	—	—	3,464,497	—	—	—	—
Miscellaneous program revenues	8,189,651	8,645,463	8,752,216	22,328,003	13,318,287	14,594,154	25,441,734	15,406,458	17,149,954	16,880,092
Total revenues	953,043,152	991,919,462	1,089,056,048	1,132,751,489	1,125,339,825	1,165,838,419	1,247,334,873	1,274,970,104	1,298,793,547	1,335,203,767
EXPENDITURES										
Current:										
General government	21,822,449	23,691,385	25,227,536	33,612,637	45,526,306	50,754,551	54,918,742	48,703,477	51,307,571	60,629,770
Legislative & judicial	19,370,470	20,263,005	20,919,318	21,547,432	22,684,466	24,165,800	25,893,292	26,315,797	27,175,301	28,520,391
Public works	87,553,902	84,173,380	92,598,067	90,672,711	97,867,406	104,503,144	102,894,102	104,307,451	112,420,109	113,436,661
Public safety	148,773,884	156,336,439	168,832,385	175,555,967	191,882,471	205,038,450	208,774,567	219,541,903	228,466,896	235,952,000
Recreation and parks	24,363,103	23,856,314	27,999,911	30,906,131	35,432,626	36,911,248	38,473,557	39,667,818	41,877,752	43,171,463
Community services	37,096,762	36,935,327	36,671,787	37,503,416	45,406,497	46,474,576	44,631,695	42,267,451	44,819,301	47,391,787
Education	542,819,926	572,584,372	584,322,887	603,534,562	606,673,692	651,103,285	651,837,577	699,206,963	704,546,696	707,246,000
Capital improvements (d)	79,441,474	129,566,744	146,521,532	101,470,657	106,355,030	112,042,331	133,208,954	134,994,751	114,284,257	140,460,747
Debt service:										
Principal	50,192,000	52,461,000	58,381,930	54,262,375	60,433,375	61,185,578	68,484,249	74,766,641	66,443,603	69,728,497
Interest	33,465,400	37,179,040	40,178,908	43,795,819	45,176,541	45,595,837	45,384,247	47,438,207	47,177,499	57,055,983
Total expenditures	1,044,899,370	1,137,047,006	1,201,654,261	1,192,861,707	1,257,438,410	1,337,774,800	1,374,500,982	1,437,210,459	1,493,230,012	1,503,593,299
Excess (deficiency) of revenues over expenditures	(91,856,218)	(145,127,544)	(112,598,213)	(60,110,218)	(132,098,585)	(171,936,381)	(127,166,109)	(162,240,355)	(194,436,465)	(168,389,532)
OTHER FINANCING SOURCES (USES)										
Bond premium	18,974,053	4,604,998	30,560,868	9,283,948	11,979,779	17,522,949	13,541,018	43,899,251	49,340,059	12,219,992
Capital lease proceeds	4,909,012	186,598	—	—	—	12,562,393	10,058,351	3,368,036	11,936,898	2,223,000
Capital related debt issued	101,010,000	111,115,000	109,310,002	91,930,000	117,315,277	100,180,000	76,490,000	133,925,001	128,380,000	108,710,477
Tax increment financing bonds	—	—	—	—	—	—	—	—	48,225,000	—
Refunding bonds issued	85,860,000	—	110,115,000	5,980,000	16,809,723	84,015,000	21,280,000	140,385,000	184,440,000	22,585,000
Capital lease	(4,909,012)	—	—	—	—	—	—	—	—	—
Installment purchase agreements issued (d)	—	10,274,400	25,253,100	—	4,951,615	3,448,120	4,817,735	10,756,470	3,095,670	—
Payment to bond refunding escrow agent	(99,078,896)	—	(128,985,283)	(6,714,081)	(32,958,802)	(93,816,818)	(26,600,367)	(169,143,917)	(219,985,848)	(24,024,558)
Transfers in	35,705,614	39,835,317	38,465,384	45,403,189	66,149,637	53,153,609	27,765,305	47,227,975	58,254,689	64,806,430
Transfers out	(36,246,056)	(36,788,523)	(40,218,754)	(45,378,817)	(54,790,208)	(47,084,255)	(24,910,692)	(41,241,503)	(47,584,645)	(43,860,518)
Total other financing sources and uses	106,224,715	129,227,790	144,500,317	100,504,239	129,457,021	129,980,998	102,441,350	169,176,313	216,101,823	142,659,823
Net change in fund balances	\$ 14,368,497	(15,899,754)	31,902,104	40,394,021	(2,641,564)	(41,955,383)	(24,724,759)	6,935,958	21,665,358	(25,729,709)
Debt service as a percentage of noncapital expenditures	8.35%	8.67%	8.87%	8.92%	8.61%	8.91%	8.71%	(f) 8.94%	8.60%	9.10%

- (a) Increase in real property taxes is due to steady increases in property values in the County.
- (b) Other local taxes decreased due to declines in the quantity and value of real estate transactions.
- (c) Decrease in State shared taxes is due to drastic decline in State highways funding.
- (d) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.
- (e) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.
- (f) Capital outlay used in FY16 calculation reported incorrectly.

Howard County, Maryland
Assessed and Estimated Accrual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property		Total
	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2010	\$ 41,289,749,176	7,374,511,107	48,664,260,283	1.014	1,588,889,810	2.535	50,253,150,093
2011	39,020,062,724	7,498,201,792	46,518,264,516	1.014	1,623,786,020	2.535	48,142,050,536
2012	36,128,044,459	7,493,817,659	43,621,862,118	1.014	1,555,657,980	2.535	45,177,520,098
2013	35,145,195,556	7,494,536,821	42,639,732,377	1.014	1,561,354,930	2.535	44,201,087,307
2014	35,501,333,441	7,489,276,140	42,990,609,581	1.014	1,561,531,690	2.535	44,552,141,271
2015	36,390,442,780	7,722,275,864	44,112,718,644	1.014	1,618,445,500	2.535	45,731,164,144
2016	37,954,765,647	7,984,317,384	45,939,083,031	1.014	1,702,530,310	2.535	47,641,613,341
2017	39,566,020,328	8,410,004,037	47,976,024,365	1.014	1,650,784,630	2.535	49,626,808,995
2018	40,976,007,300 (c)	8,845,776,496 (c)	49,821,783,796	1.014	1,696,221,380	2.535	51,518,005,176
2019	42,313,103,881	9,366,459,559	51,679,563,440	1.014	1,733,052,800	2.535	53,412,616,240

(a) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value. Tax-exempt property is not included in the assessed value.

(b) Rates are per \$100 of assessed value.

(c) Residential and commercial assessed value amounts were revised for FY18

Howard County, Maryland
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$100 of Assessed Value)

Howard County Direct Rates

Fiscal Year	Real Property	Personal Property
2010	1.014	2.535
2011	1.014	2.535
2012	1.014	2.535
2013	1.014	2.535
2014	1.014	2.535
2015	1.014	2.535
2016	1.014	2.535
2017	1.014	2.535
2018	1.014	2.535
2019	1.014	2.535

**Howard County, Maryland
Principal Property Taxpayers
Current Year and Nine Years Ago**

2019			2010		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 458,256,170	0.86%	Baltimore Gas & Electric Company	\$ 319,284,746	0.64%
Parcel D Property LLC	276,187,367	0.52%	Mall in Columbia Business Trust	179,702,000	0.36%
Mall in Columbia Business Trust	143,429,033	0.27%	Verizon-Maryland Inc.	167,551,260	0.33%
Howard Properties Howard Crossing	128,384,010	0.24%	Magazine Howard Crossing LLC	120,280,100	0.24%
Verizon-Maryland Inc.	124,848,114	0.23%	Sprint Communications Company LLC	99,760,250	0.20%
Seasons of Laurel LLC	100,299,266	0.19%	Seasons of Laurel LLC	78,184,964	0.16%
API Columbia Town Center LLC	99,483,367	0.19%	Liberty Property LTD Partnership	76,856,466	0.15%
KMF Sherwood Crossing LLC	80,161,333	0.15%	Sherwood Crossing Apts LLCAP	69,779,400	0.14%
Cellco Partnership	79,114,700	0.15%	API Columbia Town Center LLC	67,101,400	0.13%
New Cingular Wireless PCS LLC	73,930,059	0.14%	New Cingular Wireless PCS LLC	34,354,830	0.07%
Total	\$ 1,564,093,419	2.94%	Total	\$ 1,212,855,416	2.42%

Source: Howard County Department of Finance, Bureau of Revenue

**Howard County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collection to Date	
		Amount	Percentage of Levy	Subsequent tax Collections	Amount	Percentage of Levy
2010	\$ 601,068,331	599,327,223	99.7%	1,273,293	600,600,516	99.9%
2011	577,633,399	574,828,923	99.5%	2,627,076	577,455,999	100.0%
2012	541,972,687	540,659,569	99.8%	1,070,239	541,729,808	100.0%
2013	551,716,941	547,732,006	99.3%	3,889,326	551,621,332	100.0%
2014	555,254,638	550,755,917	99.2%	4,241,759	554,997,676	100.0%
2015	569,892,160	568,111,915	99.7%	1,427,707	569,539,622	99.9%
2016	594,757,776	593,510,182	99.8%	816,953	594,327,135	99.9%
2017	616,633,669	612,695,057	99.4%	3,333,271	616,028,328	99.9%
2018	639,933,124	635,257,806	99.3%	4,143,773	639,401,579	99.9%
2019	663,038,666	656,951,368	99.1%	—	656,951,368	99.1%

Source: Howard County Department of Finance, Bureau of Revenue

Subsequent tax collections for fiscal years 2010-2018, updated per Howard County Department of Finance, Bureau of Revenue.

Howard County, Maryland
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities						Business-Type Activities							Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)
	General Obligation Bonds (a)	State Water Quality Revolving Loans	Installment Purchase Agreements	Tax Increment Bonds	Capital Leases	Total Governmental Activities	Metropolitan District Bonds (a)	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Total Business-Type Activities	Total Primary Government				
2010	\$ 771,706	5,795	60,998	—	4,889	843,388	113,712	6,870	43,220	163,802	1,007,190	5.52%	3,491		
2011	832,751	4,050	71,122	—	4,945	912,868	157,344	6,330	41,958	205,632	1,118,500	5.75%	3,816		
2012	901,586	2,850	94,623	—	4,738	1,003,797	189,930	5,400	38,364	233,694	1,237,491	5.86%	4,133		
2013	943,831	2,840	92,695	—	5,191	1,044,557	213,780	5,022	34,110	252,912	1,297,469	6.01%	4,260		
2014	989,035	2,830	95,629	17,000	5,062	1,109,556	220,642	4,583	30,930	256,155	1,365,711	n/a	n/a		
2015	1,035,280	2,475	96,626	17,000	17,894	1,169,275	238,963	4,133	27,679	270,775	1,440,050	n/a	n/a		
2016	1,050,289	—	98,661	17,000	24,874	1,190,824	251,963	3,240	24,508	279,711	1,470,535	n/a	n/a		
2017	1,128,705	—	100,123	16,980	24,802	1,270,610	270,211	3,199	21,267	294,677	1,565,287	n/a	n/a		
2018	1,205,838	—	97,716	65,165	35,012	1,403,731	301,619	2,714	17,956	322,289	1,726,020	n/a	n/a		
2019	1,246,358	—	93,483	65,100	31,603	1,436,544	351,004	2,217	14,573	367,794	1,804,338	n/a	n/a		

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

(a) The amounts reported for debt include deferred refunding premium and discount.

(b) See the Demographic and Economic Statistics schedule for personal income and population data.

Howard County, Maryland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2010	287,907	\$ 782,390	1.5%	2,718
2011	291,200	841,746	1.6%	2,891
2012	294,256	909,174	1.7%	3,090
2013	297,732	951,863	2.0%	3,197
2014	302,113	1,013,927 (d)	2.2%	3,356
2015	305,462	1,072,650	2.2%	3,512
2016	316,579	1,103,582 (d)	2.3%	3,486
2017	317,233	1,170,487	2.2%	3,690
2018	321,113	1,306,015	2.5%	4,067
2019	326,286	1,343,061	2.5%	4,116

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

- (a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements. The amounts reported for debt include deferred refunding premium and discount.
- (b) See the Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.
- (c) See the Demographic and Economic Statistics schedule for population data.
- (d) General obligation debt correct to equal total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements.

Howard County, Maryland
Legal Debt Margin
Last Ten Fiscal Years
(thousands of dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed value									(a)	
Real property	\$ 48,664,260	46,518,265	43,621,862	42,639,732	42,990,610	44,112,719	45,939,083	47,976,024	49,821,784	51,679,563
Personal property	1,588,890	1,623,786	1,555,658	1,561,355	1,561,532	1,618,446	1,702,530	1,650,785	1,696,221	1,733,053
Total assessed value	50,253,150	48,142,051	45,177,520	44,201,087	44,552,142	45,731,165	47,641,613	49,626,809	51,518,005	53,412,616
Legal debt margin										
Debt limit (4.8% of assessed value of real property and personal property)	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797	2,382,087	2,472,864	2,563,806
Total debt limit	\$ 2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797	2,382,087	2,472,864	2,563,806
Debt applicable to limit										
General county	\$ 728,194	788,800 (b)	832,318 (b)	871,701 (b)	911,842 (b)	936,199 (b)	984,119	1,037,717	1,099,892	1,203,729
State Water Quality Revolving Loan	5,795	4,050	2,850	2,840	2,830	2,475	—	—	—	—
Total debt applicable to limit	733,989	792,850	835,168	874,541	914,672	938,674	984,119	1,037,717	1,099,892	1,203,729
Legal debt margin	\$ 1,678,162	1,517,968	1,333,353	1,247,111	1,223,831	1,256,422	1,302,678	1,344,370	1,372,972	1,360,077
Total debt applicable to the limit as a percentage of debt limit	30.43%	34.31%	38.51%	41.22%	42.77%	42.76%	43.03%	43.56%	44.48%	46.95%

Note: The amounts reported for debt include deferred refunding premium and discount.

(a) Revised to include capital leases

(b) Amount previously reported should not have included deferred refunding premium and discount.

**Howard County, Maryland
Pledged Revenue Coverage
Special Recreation Facility (Golf Course)
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ 2,174,432	1,460,408	714,024	525,000	232,347	0.94
2011	2,080,177	1,444,807	635,370	540,000	219,822	0.84
2012	2,164,962	1,458,542	706,420	555,000	204,748	0.93
2013	2,091,506	1,482,180	609,326	378,000	135,504	1.19
2014	2,010,152	1,570,610	439,542	439,000	119,351	0.79
2015	1,893,015	1,459,050	433,965	450,000	108,362	0.78
2016	1,840,152	1,556,796	283,356	461,000	98,429	0.51
2017	1,260,820	2,728,803	(1,467,983)	473,000	85,688	-2.63
2018	1,089,224	945,289	143,935	485,000	73,710	0.26
2019	300,000	825,765	(525,765)	497,000	117,747	-0.86

Note: Operating expenses do not include depreciation or interest paid as part of debt service

**Howard County, Maryland
Pledged Revenue Coverage
Annapolis Junction Special Taxing District
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 6,110	340	5,770	—	—	—
2015	63,097	733	62,365	—	939,435 (a)	0.07
2016	69,604	14,340	55,264	—	1,012,565 (a)	0.05
2017	593,746	11,744	582,002	20,000	1,012,605 (a)	0.56
2018	1,423,528	18,884	1,404,644	40,000	1,011,605	1.34
2019	1,066,225	18,541	1,047,684	65,000	1,009,686	0.97

Note: Information for FY2013 and earlier not available.

Gross revenues include incremental tax, special tax ad interest earnings. Gross revenues do not include the capitalized interest account funded with bond proceeds. Operating expenses do not include depreciation or interest paid as part of debt service.

(a) The interest was paid from the capitalized account held by the Trustee.

**Howard County, Maryland
Pledged Revenue Coverage
Crescent Special Taxing District
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 2,297,099	84,510	2,212,589	—	677,382	3.27
2019	4,137,520	244,394	3,893,126	—	2,102,219	1.85

Note: Information for FY2017 and earlier not available.
 Gross revenues include incremental tax, special tax and interest earnings. Gross revenues do not include the capitalized interest account funded with bond proceeds.
 Operating expenses do not include depreciation or interest paid as part of debt service.
 (a) The interest was paid from the capitalized account held by the Trustee.

Howard County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2010	288,605	\$18,452,859	\$63,938	49,683	5.8%
2011	293,858	19,987,372	68,017	49,991	5.7%
2012	299,552	20,778,363	69,365	50,997	5.6%
2013	304,210	20,499,507	67,386	51,190	5.5%
2014	307,784	21,158,756	68,745	51,701	4.8%
2015	312,400	22,203,989	71,076	52,511	4.5%
2016	316,966	23,070,751	72,786	54,870	3.5%
2017	321,113	24,063,585	74,938	55,638	3.5%
2018	323,293	n/a	n/a	58,019	3.6%
2019	326,286	n/a	n/a	58,284	2.8%

Sources:

- (a) Estimated Population, Personal Income, and Per Capita Personal Income revised and restated for 2010- 2017 per Bureau of Economic Analysis, U.S. Dept. of Commerce.
- (b) Estimated Populations for 2018 -2019 are from Howard County Department of Planning and Zoning for April 2018 and April 2019
- (c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.
- (d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.

**Howard County, Maryland
Principal Employers
Current Year and Nine Years Ago**

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,297	1	4.83%	7,850	1	5.29%
Johns Hopkins Applied Physics Laboratory	5,000	2	4.11%	4,400	2	2.96%
Howard County Government	3,256	3	1.76%	2,869	3	1.93%
Verizon	1,700	6	1.00%	2,028	4	1.37%
Howard County General Hospital	1,827	5	1.04%	1,720	6	1.16%
Lorien Health Systems	2,000	4	0.70%			
Coastal Sunbelt Produce	1,050	8	0.62%			
Giant Food	1,050	8	0.62%	1,953	5	1.32%
Columbia Association				1,600	7	1.08%
SAIC				1,058	8	0.71%
Wells Fargo Securities Administrative Services	842	9	0.47%	842	9	0.57%
MICROS				815	10	0.55%
Howard Community College	1,438	7	0.43%			
Total	26,460		15.58%	25,135		16.94%

Source: Howard County Economic Development Authority

Howard County, Maryland
County Government Employees by Function
Last Ten Fiscal Years

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	287	288	292	299	312	335	341	349	354	348
Public safety										
Police	624	624	634	635	651	672	667	677	691	697
Fire	417	419	419	461	463	472	465	468	491	530
Corrections	144	145	144	144	148	152	153	153	154	154
Public works	579	575	572	577	599	612	611	614	617	619
Recreation and parks	246	252	256	261	268	281	283	295	304	300
Legislative and judicial	202	202	202	202	204	206	208	212	216	219
Community services	358	341	343	299	307	324	325	330	341	367
Total	2,857	2,846	2,862	2,878	2,952	3,054	3,053	3,098	3,168	3,234

Source: Howard County Budget Office

Howard County, Maryland
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Buildings	19	20	23	38	40	44	44	45	44	48
Vehicles	65	54	57	45	43	51	51	64	60	105
Legislative and judicial										
Vehicles	67	66	70	70	77	71	71	78	81	72
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	265	265	286	292	291	292	284	274	275	274
Other vehicles	237	212	250	264	226	214	214	271	282	295
Fire:										
Stations (a)	6	6	6	6	6	6	6	6	7	11
Pumpers/tankers	28	28	29	25	28	29	29	28	29	31
Ladder trucks	5	5	6	6	6	7	8	8	8	8
Paramedic units	30	30	32	34	32	32	37	35	39	39
Vehicles	128	133	119	118	119	120	120	211	193	193
Public Works										
Buildings (b)	31	31	36	40	40	40	42	42	42	44
Transit buses	67	58	57	52	57	42	42	68	62	65
Vehicles	385	339	354	355	354	367	367	395	446	393
Streets (miles) (c)	1,014	1,015	1,030	1,035	1,044	1,062	1,066	1,066	1,066	1,042
Streetlights (d)	6,944	7,048	7,315	7,558	7,750	7,941	8,131	8,447	8,720	10,149
Stormwater management facilities (e)	850	908	933	983	1,011	1,127	1,216	1,250	1,313	1,343
Recreation and parks										
Buildings	45	44	59	62	62	62	65	65	65	64
Parks and open space acreage	8,846	8,850	9,097	9,116	9,173	9,227	9,255	9,493	9,579	9,647
Playgrounds	42	40	39	41	43	44	44	44	44	44
Vehicles	76	78	85	96	99	103	103	159	120	115
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	1,005	1,024	1,028	1,041	1,054	1,089	1,100	1,078	1,078	1,107
Sanitary sewers (miles)	962	971	980	987	999	1,018	1,026	1,026	1,026	1,030
Golf course	1	1	1	1	1	1	1	1	1	1

Sources: Various Howard County Departments

Note: Indicators are not available for State highways and education functions.

(a) Prior period 2010 through 2014 restated to exclude non County-owned fire stations

(b) Prior periods 2009 through 2014 restated to exclude nonbuilding structures.

(c) Prior period 2014 restated due to error in previous amount reported.

(d) Prior periods 2009 and 2012 restated to exclude fixtures that Howard County rented/leased to BGE.

(e) Prior period 2014 restated to exclude Board of Education facilities that are owned by the school system.

Howard County, Maryland
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Date of incorporation									
	Form of government	1851 Executive/Council								
	Date present charter adopted	1968								
	Area in square miles	215								
Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Finance:										
Real property tax accounts billed	95,846	97,099	98,023	98,884	99,034	105,692	105,692	107,342	108,292	108,952
Business personal property tax accounts billed	9,833	11,658	9,809	9,829	8,831	10,628	13,232	14,803	11,323	9,822
Public Safety										
Police:										
Physical arrests	10,383	10,451	10,810	10,315	10,885	10,016	9,351	8,379	7,527	6,627
Parking violations	6,919	5,445	4,415	9,052	9,439	7,180	7,180	7,545	7,104	8,624
Traffic violations	80,735	81,588	84,306	85,682	88,987	99,963	92,314	82,917	75,402	69,180
Fire:										
Emergency responses	65,362	60,183	59,887	58,129	56,925	58,369	58,484	60,997	69,074	68,897
Inspections	1,425	1,217	2,173	2,516	2,203	2,742	2,865	3,274	2,498	2,969
Corrections:										
Average daily prison population	287	308	320	340	348	304	284	285	319	318
Public Works										
Inspections, licenses and permits:										
Construction permits issued	5,047	5,249	5,583	6,293	6,007	6,379	7,145	6,599	5,575	5,249
Environmental services:										
Refuse collected (tons per year)	102,492	103,749	102,249	101,912	103,120	115,941	103,719	109,313	109,397	118,247
Recyclables collected (tons per year)	61,993	63,100	64,619	61,974	58,197	55,704	57,815	67,006	59,024	59,689
Recreation and parks										
Programs operated	4,328	3,998	4,479	5,723	6,792	7,250	7,324	6,562	7,441	6,746
Registrations processed	113,354	85,598	84,420	89,345	102,305	103,731	105,522	77,682	80,410	105,826
Legislative and judicial										
Circuit court cases filed	957	985	1,021	1,007	1,057	1,064	1,238	1,203	1,069	1,198
District court cases filed	13,193	13,379	13,867	12,685	10,730	9,296	9,527	10,131	9,346	11,055
Community services										
50+ centers operated (a)	9	9	7	7	7	7	7	7	7	7
Consumer affairs - cases closed	225	210	278	246	319	282	287	271	313	295
Community service partnership grants	36	33	33	28	28	30	30	29	29	32
Assisted living monitoring visits	172	418	183	205	543	461	535	622	774	876
Water and sewer										
Water main breaks	185	174	172	189	176	186	170	119	275	156
Average daily water consumption (thousands of gallons)	23,910	24,930	22,610	22,370	23,580	21,870	22,100	23,600	23,470	24,016
Number of water customers	70,646	70,062	72,229	73,121	74,153	74,991	74,206	75,266	75,933	76,586
Average daily sewage treatment (thousands of gallons)	26,530	24,628	26,350	26,860	26,980	27,500	27,660	24,880	24,850	29,100
Number of sewer customers	66,862	68,163	68,872	69,727	70,714	71,547	72,474	73,537	74,215	74,872
Golf course										
Rounds played	35,525	34,309	36,142	35,432	34,197	31,260	31,271	23,003	30,196	31,997

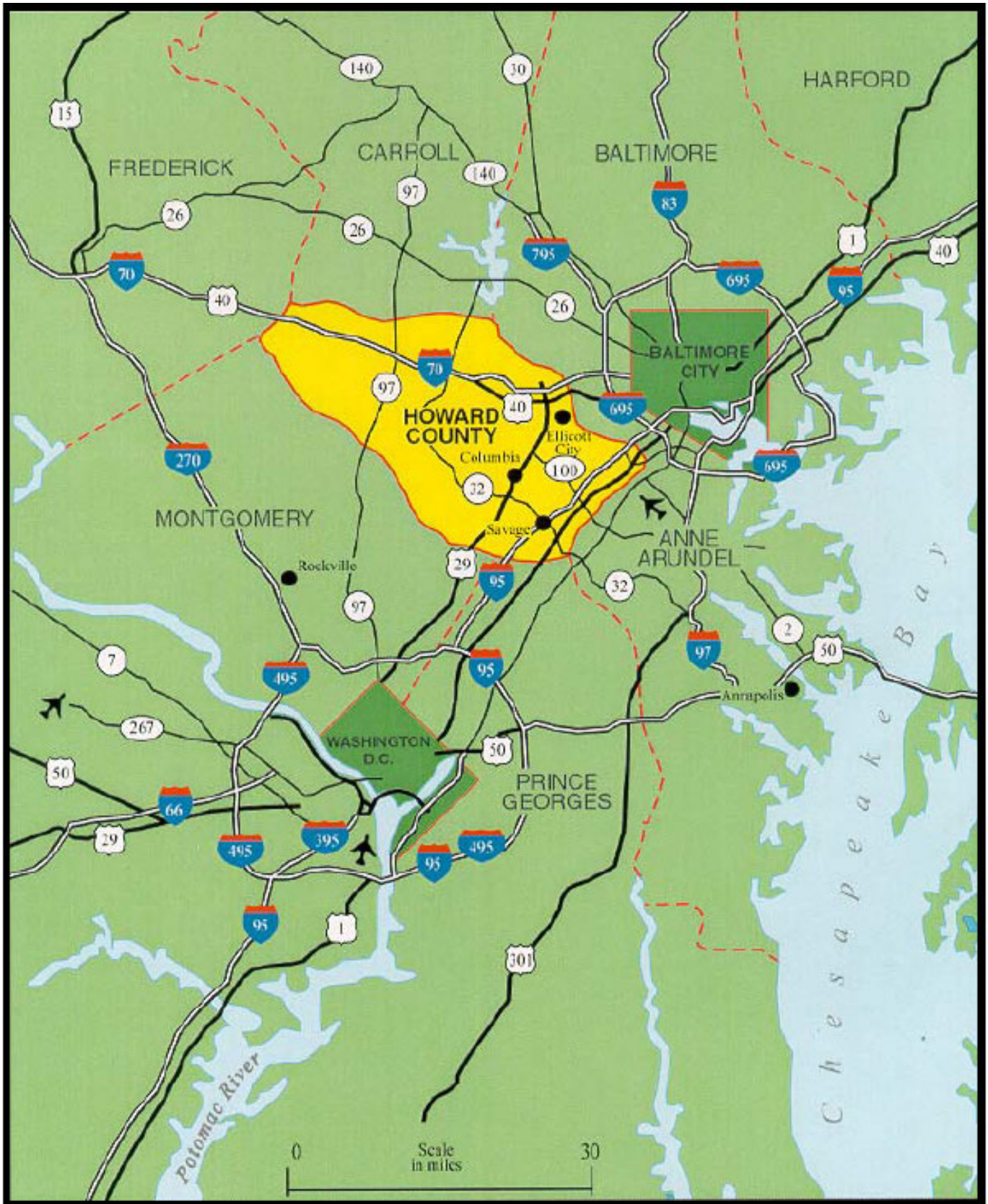
Sources: Various Howard County Departments

Note: Indicators are not available for the State highways or education functions.

(a) Senior centers renamed to 50+ centers in 2015.



Howard County Regional Location





Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043
(410) 313-2195 TDD 313-2323