



Howard County, Maryland

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012



Howard County, Maryland

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Certain Appointed Officials

Lonnie Robbins
Chief Administrative Officer
Stanley J. Milesky
Director of Finance
James M. Irvin
Director of Public Works
Margaret A. Nolan
County Solicitor
Marsha S. McLaughlin
Director of Planning and Zoning
Raymond S. Wacks
Budget Administrator
Craig Glendenning
County Auditor

Financial Advisor

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County Executive

Ken Ulman



County Council

Jennifer Terrasa
Chairperson



Mary Kay Sigaty
Vice Chairperson



Calvin Ball
Council Member



Greg Fox
Council Member



Courtney Watson
Council Member



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012



Prepared by the Department of Finance

Howard County, Maryland



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County Executive and Council

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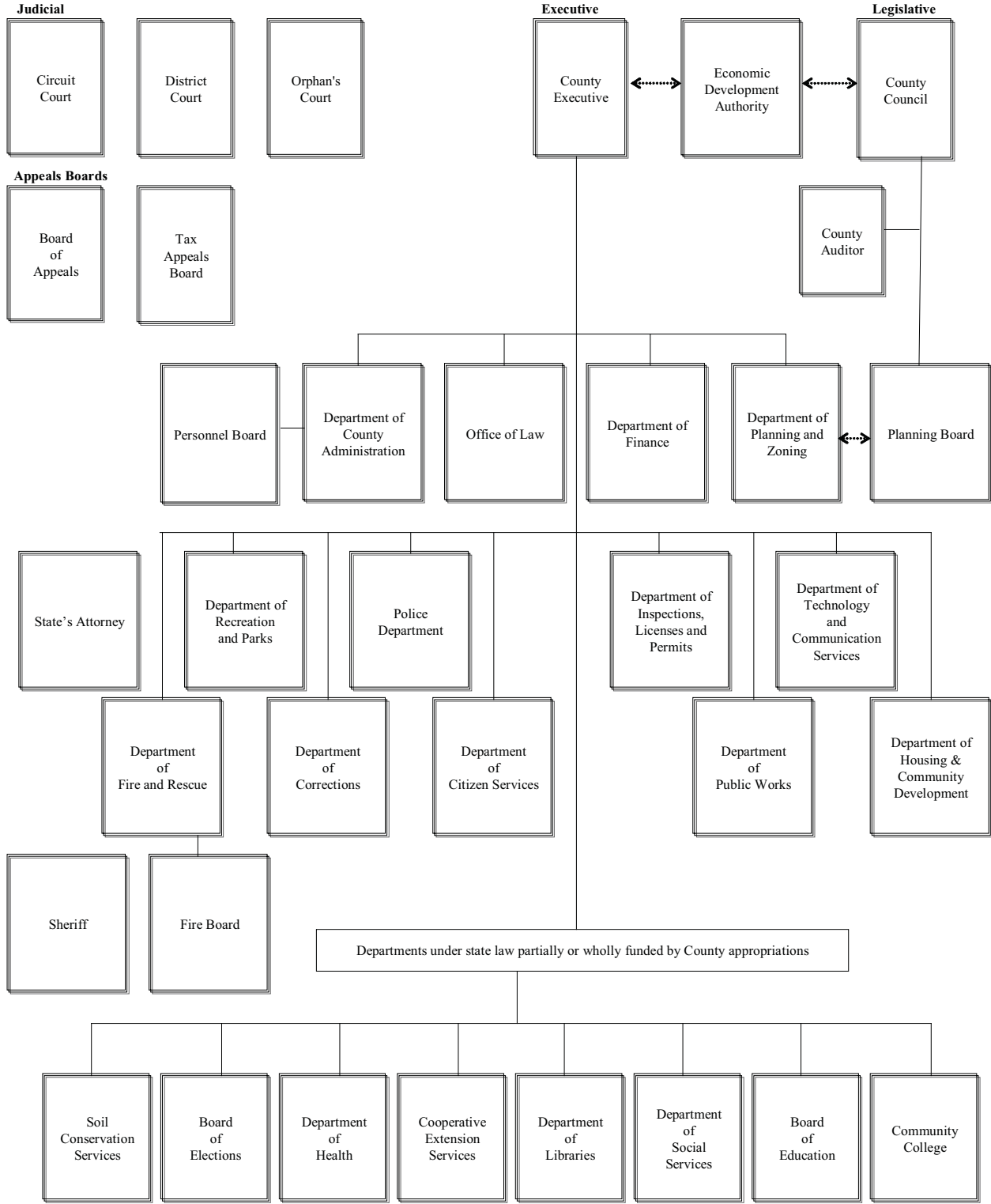
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HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





HOWARD COUNTY DEPARTMENT OF FINANCE

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FAX 410-313-4433
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January 11, 2013

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 ended June 30, 2012, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the independent auditors' opinion issued by the independent public accounting firm of CohnReznick 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.

CohnReznick LLP licensed certified public accountants performed an independent audit and issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2012. The Independent Auditors' Report is presented as the first element of the Financial Section of this report.

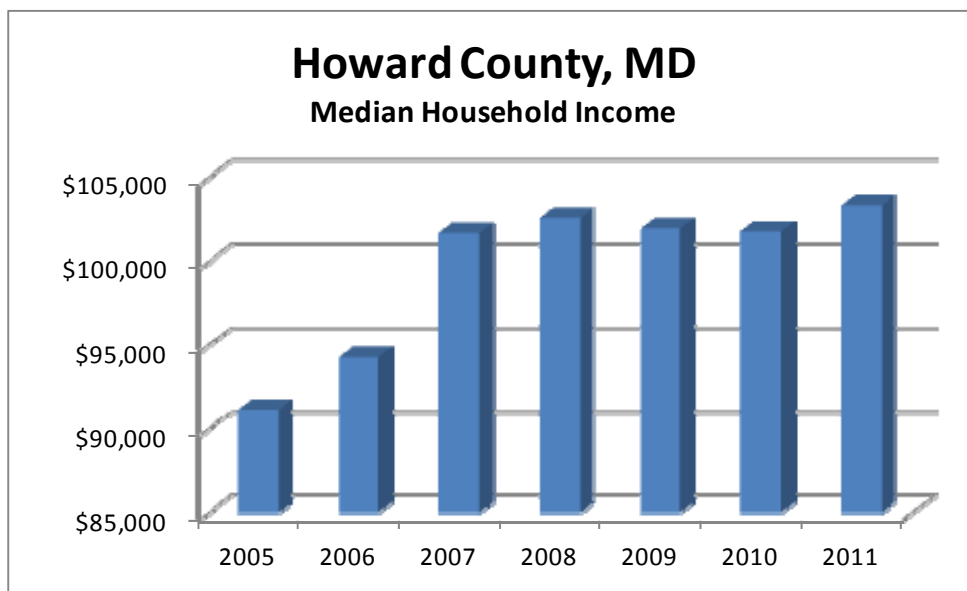
Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. MD&A is designed to complement this letter of transmittal and should be read in conjunction with 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 287,085 residents based on estimates by the Department of Planning and Zoning. According to the U.S. Census Bureau, American Community Survey, 2011, Howard County again had the third highest median income in the nation. Howard County was ranked the healthiest Maryland county in 2010 by the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute. The Ellicott City/Columbia area ranked 2nd on the 2010 “Best Places to Live in America” list by *Money Magazine*. According to the National Center for Transit Research at the University of South Florida, Howard County is one of the Best Workplaces for Commuters. Howard County was ranked the 9th most digital county in the nation by the Center for Digital Government and the National Association of Counties.



Source: United States Department of Commerce, Bureau of the Census, State and County QuickFacts

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, the Howard Community College, the Howard County Public Library, 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 the 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

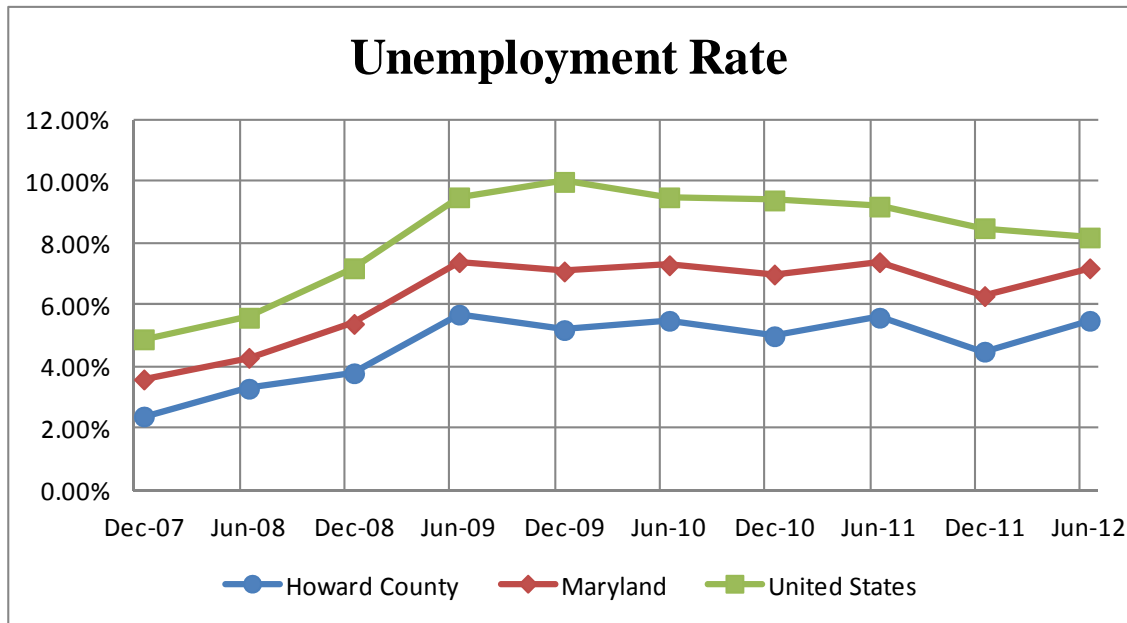
The Howard County budget is a comprehensive plan of all funds spent by County departments and agencies. As required by county law, the budget consists of the current operating expense and revenue budget (with five years spending projections), the capital budget and capital program, and the budget message. 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. The committee advises the Executive and provides guidelines for setting debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in late January or early February. After a public process that involves two public hearings, and a thorough review of departmental requests, the County Executive submits a proposed capital budget not later than ninety days prior to the end of the fiscal year. The Executive must submit a proposed operating budget to the County Council not later than seventy days prior to the end of the fiscal year. 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 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 Department of Education School Board'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 fiscal year currently ending. Expenditure authority for the operating budget is at the fund and department level in major categories including personnel costs, various operating expenses, and capital costs. 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, which combined comprise the fourth largest market in the United States. Employment is expected to remain stable and the unemployment rate should continue to remain below the state (7.2%) and national (8.2%) levels as evidenced by the June 2012 rate of 5.5%.



Source: United States Department of Labor, Bureau of Labor Statistics.

LOCAL ECONOMY

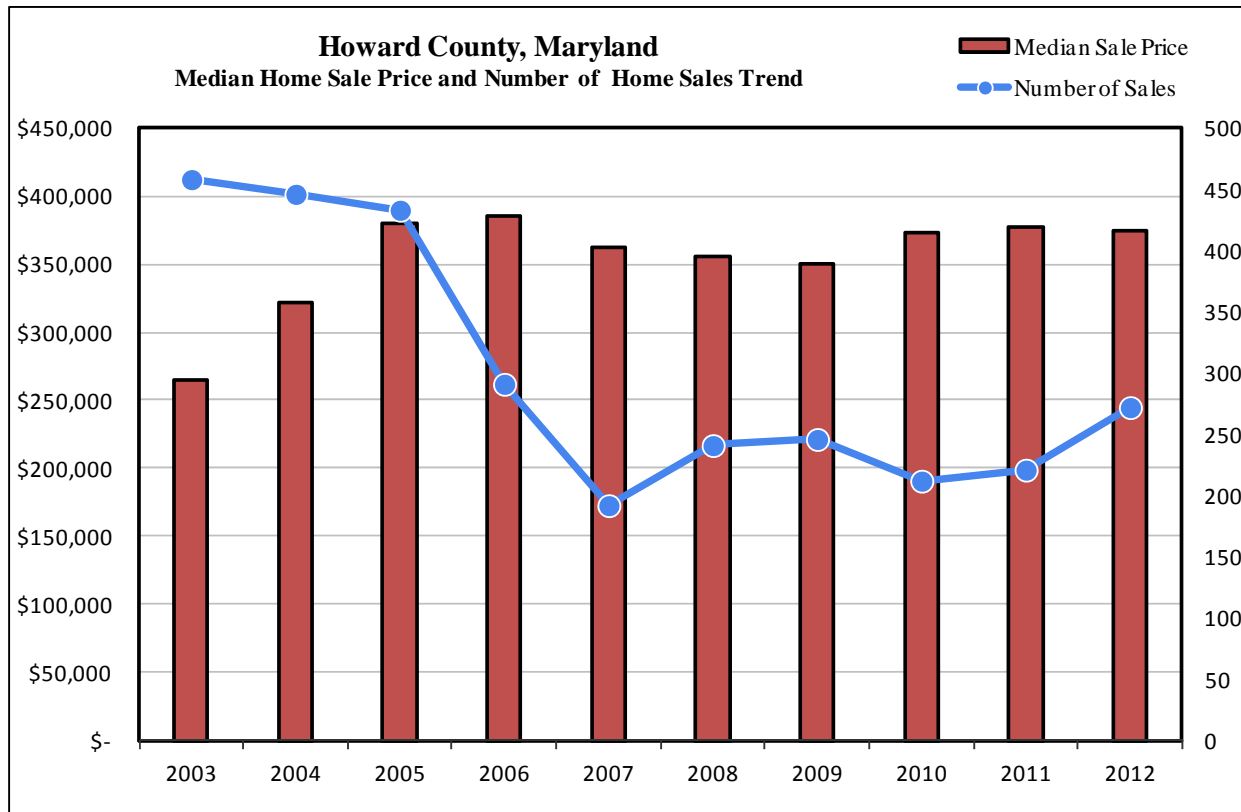
Because of Howard County's ideal geographic location, substantial growth in a wide variety of industries has resulted. Over 9,160 businesses in Howard County employ 154,504 workers in industries such as technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing and multinational corporations. The service sector is the largest industry in the County, employing three-quarters of the workforce. In the service industry, government contracts are generating new business opportunities for startups providing technical labor through the much anticipated Base Realignment & Closure (BRAC) program. Fort George Meade is less than two miles outside the County border and 5,800 highly skilled positions were transferred there directly under BRAC. In addition, it is estimated that through 2015 another 21,000 new jobs will be created due to expansion at Fort Meade including the activation of the United States Cyber Command on May 21, 2010.

Commercial real estate vacancy rates continued to decline despite an increase of over 14 million square feet of space in the past 5 years to accommodate Fort Meade related growth. The average rental rate per square foot has continued to rebound to within 25 cents of pre-recession rates. The September 2011 vacancy rate was 10.2% which is approximately 1% less than the vacancy rate 5 years ago.

Fiscal Year 2012 property tax collections increased 1.0% above the previous fiscal year. In its FY 2013 budget Howard County projected a 1.76% increase in property tax collections. 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 13.3% when compared to the actual for Fiscal Year 2011. Due to increases in the number of employed residents and median incomes, the FY 2013 projection for income tax collections represents a 4.4% increase from FY 2012 budgeted revenues.

County revenues related to housing activity remained sluggish in FY 2012. The decline in the real estate market that began in FY 2006 continued to have an effect in FY 2012. Recordation tax, a leading indicator of the health of the local real estate market, increased 9.2% from the previous year but was still 41.3% below the FY 2006 level. The FY 2013 budget projected no change in recordation tax collections compared to FY 2012. Another indicator of the continued struggling economy is investment income. Revenue from this source decreased 19.5% in FY 2012 and is still 89.2% below FY 2008 revenue. The FY 2013 budget anticipated no increase in interest rates resulting in level investment income earnings.



Source: Metropolitan Regional Information Systems Inc. and Coastal Association of REALTORS

Looking forward, overall economic performance is not expected to improve significantly in FY 2013. In the face of declining revenues, Howard County developed a FY 2013 budget that allows it to absorb the anticipated reduction in revenues. The County took the necessary steps to deal with the situation while adding to its Rainy Day Fund, by focusing on opportunities to reduce spending and increase efficiencies.

It is anticipated that the FY 2013 gross assessable base of Howard County will decrease by 2.4%. However, the taxable assessments will continue to increase slightly each year. This is because the homestead tax credit limits taxable increases on homeowner occupied properties to 5% per year, and despite the decrease in home values most residential properties are still phasing in the pre-2006 housing market increases. About 80% of homeowner occupied properties in Howard County receive this credit. The demand for real estate is up somewhat in Howard County, especially in the residential resale market, where the average time that homes are on the market declined from 93 to 83 days between September 2011 and 2012.

MAJOR INITIATIVES

The County will continue the strong fiscal management policies which have led to Triple-A ratings from all three credit rating agencies. The County will take advantage of opportunities to expand the diverse local economy created by the location of the U.S. Cyber Command at nearby Fort Meade through the new Entrepreneurial Center, operated by the Howard County Economic Development Authority. In order to maintain our highly educated workforce, the County continues to invest in our top-ranked school system. Recognizing our responsibility to the environment and the health of the Chesapeake Bay, the County has created a program to create partnerships with residents, businesses, and institutions to address storm water pollution on a County-wide basis.

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 1M in the Notes to the 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 program 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 may use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that the bond issue might be compromised in a competitive sale.

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 personal income, assessable base growth; and to evaluate expenditure levels with consideration of the long-term obligations facing the County 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. It is also the task of this Committee to assess the County's ability to repay bond debt and the Committee 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. All deposits at June 30, 2012 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party in the County's name. Investment activities are governed by State laws and, accordingly, the County invests in certificates of deposit (Maryland State banks only), repurchase agreements, bankers acceptances, U.S. Government and Federal agency obligations, Treasury and government mutual funds, and the State investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy.

The investment policy for the two Howard County retirement plans establishes 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 for the fiscal year ended June 30, 2011. This was the thirty-sixth 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, 2012. This was the nineteenth 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 communications device.

A very special thank you to Thompson Betts, Lori Buchman, Sarah Flaig, Paul German, Silvia Gould, Verda Hall, Michelle Harrod, Nicole Hogue, Sean Hollywood, Yusef Ibrahim, Rafiu Ighile, Angela Price, Jennifer Skiratko, and Sima Taghavi 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,



Stanley J. Milesky
Director of Finance



OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

January 11, 2013

CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Ken Ulman
County Executive

Honorable Members of the County Council

Jennifer Terrasa, Chairperson
Mary Kay Sigaty, Vice Chairperson
Calvin Ball
Greg Fox
Courtney Watson

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 CohnReznick 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, 2012, excepting that the audit was not submitted to the County Council and to the County Executive prior to December 1, 2012. 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



The Department of Citizen Services employees work to enhance the quality of life for all county residents. The Department's programs, services and employees touch the lives of children and youth, their parents, people with disabilities, individuals in crisis, older adults and consumers who have complaints about a business. Seniors get help filling out a Senior Tax Credit form (above); and over 4,000 visitors attend the annual 50+EXPO, sponsored by the Department.



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, 2011

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



Christopher P. Morrell
President

Jeffrey R. Emer
Executive Director

Financial Section

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



Independent Auditor's Report

County Council
Howard County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard Community College, or the Howard County Housing Commission, which represent 36 percent, 59 percent and 44 percent, respectively, of the assets, net assets, and revenues of the total governmental activities, the business-type activities, and the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Agricultural Land Preservation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 11, 2013, on our consideration of Howard County, Maryland'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplemental schedules of funding progress for Pension Trust funds and Other Post Employment Benefit (OPEB) Trust and required schedule of employer contributions for OPEB Trust Fund on pages 3 through 13 and 63 through 64 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.

As fully described in note 18 to the financial statements, certain errors were noted which resulted in the restatement of prior year balances.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard County, Maryland's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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.

Baltimore, Maryland
January 11, 2013



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, 2012. 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 of the County exceeded its liabilities at the close of the most recent fiscal year by \$844.7 million. That amount is net of a \$525.3 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 \$420.3 million and for college projects is \$68.2 million. Ownership of the buildings owned by the Public School System transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements and construction in progress is \$927.9 million.
- The \$54.4 million increase in the government's total net assets is primarily due to an increase in the local income tax revenue of \$27.0 million and \$21.0 million in contributed capital.
- The County's local income tax revenues increased this year by \$27.0 million or 8.2% this due to increases in the number of employed residents and the median income.
- Approximately 60.5% of the total governmental fund balance, \$148.5 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned. Available fund balance for the General Fund was \$111.9 million, or 13.3% of total General Fund expenditures.
- At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$245.6 million, an increase of about \$45.5 million in comparison with the prior year. Specifically, the fund balance of the General Fund increased by \$19.2 million due to an increase in income tax revenue of \$42.0 million. In addition, the fund balance of the General Capital Projects Fund increased by \$16.8 million primarily due to recognizing grant revenue of \$31.8 million and \$15.6 million for expenditures on the Inter-County Broadband Network capital project and various capital projects for the Community College such as the Allied Health Services building.
- The reserve for the budget stabilization account balance is \$56.3 million, a decrease of \$0.5 million or 6.5% of fiscal year 2012 general fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2010 expenditures). We have reached that target and assigned \$2.2 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 \$91.2 million (8.3%) during the current fiscal year. The major factors in this increase were the issuance of \$219.4 million in Consolidated Public Improvement (CPI) Project Bonds, \$56.2 million in Metropolitan (Metro) District Project Bonds, \$5.4 million in Special Facility Revenue Bonds, and a \$0.5 million draw on the State Water Quality Revolving Loan Fund. The County refunded \$120.3 million in CPI bonds, \$17.7 million in Metro bonds, and \$5.8 million in Special Facility Revenue bonds, and retired \$56.6, \$7.7, and \$4.1 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$555,000 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 Assets*. This is the Countywide position presenting information that includes all County assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets 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 assets 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 state highways. The business-type activities of the County include the operations of water and sewer 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 can be found on pages 15-16 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 non-major funds is provided in the form of combining statements in a later 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. By doing so, readers may better understand the long-term impact of the government's near-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, highway capital projects, and general capital projects funds, all of which are major funds. Data from the other twelve 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 funds are provided in the combining section of this report.

The basic governmental fund financial statements can be found on pages 17-22 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 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 communications systems, risk management self-insurance program, and employee benefits self-insurance. Because the internal service funds' services predominately 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 and for the public golf course, both of which are 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 internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements can be found on pages 23-25 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 can be found on pages 26-27 of this report.

The Component Unit financial statements can be found on pages 28-29 of this report.

Notes to the 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 the Financial Statements can be found immediately after the Basic Financial Statements on pages 31-62.

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 to its employees. Required supplementary information can be found on page 63-64 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and is considered to be supplementary information. Combining and individual fund statements and schedules start on page 65 of this report.

Detailed capital asset schedules for governmental and proprietary funds appear on pages 95-97. Schedules providing additional long-term debt detail start on page 99. The Statistical Section begins on page 111.

Government-Wide Financial Analysis

Over time, changes in net assets serve as a useful indicator of a government's financial position. Howard County's assets exceeded liabilities by \$844.7 million at the close of the most recent fiscal year.

The largest portion of the County's net assets 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, 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, 2012, debt outstanding for education projects is \$420.3 million and for college projects is \$68.2 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 assets of \$616.5 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of \$262.0 million.

An additional portion of the County's net assets (\$143.7 million or 17.0%) represents resources subject to external restrictions on their usage.

Summary of Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011 *	2012	2011 **	2012	2011
Current and other assets	\$ 505,166,494	443,070,170	194,514,606	177,926,066	699,681,100	620,996,236
Capital assets	1,251,579,487	1,160,265,322	663,099,053	619,618,427	1,914,678,540	1,779,883,749
Total assets	1,756,745,981	1,603,335,492	857,613,659	797,544,493	2,614,359,640	2,400,879,985
Long-term liabilities						
outstanding	1,320,866,201	1,188,722,944	259,452,989	234,584,071	1,580,319,190	1,423,307,015
Other liabilities	172,581,835	170,674,733	16,712,923	16,567,220	189,294,758	187,241,953
Total liabilities	1,493,448,036	1,359,397,677	276,165,912	251,151,291	1,769,613,948	1,610,548,968
Net assets:						
Invested in capital assets						
net of related debt	797,341,525	780,074,223	429,005,565	412,443,596	1,226,347,090	1,192,517,819
Restricted	82,432,184	83,470,483	61,315,957	132,071,680	143,748,141	215,542,163
Unrestricted	(616,475,764)	(619,606,891)	91,126,225	1,877,926	(525,349,539)	(617,728,965)
Total net assets	\$ 263,297,945	243,937,815	581,447,747	546,393,202	844,745,692	790,331,017

* Restated by (\$15,195,173) to correct construction-in-progress, and \$4,622,000 to correct the landfill closure obligation, for a net total of (\$10,573,173).

** Restated by (\$320,685) to correct the accounting of connection fees from revenue to liability.

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

The County's net assets increased by \$54.4 million during the current fiscal year as the result of a \$19.4 million increase in governmental activities and a \$35.1 million increase in business-type activities. The governmental activities increase is primarily due to a \$27.0 million increase in income tax revenue. The business-type activities increase is due to \$10.0 million in contributed capital and the accumulation of ad valorem revenues to fund future capital projects.

The deficit in unrestricted net assets for governmental activities decreased by \$3.1 million this year because of the following factors:

- The outstanding debt for School capital projects (see discussion above) decreased by \$12.7 million.
- Revenue from other governments which comprises local income, transfer, recordation, building excise, hotel/motel, admission, county development, and mobile home taxes increased overall by \$33.9 million.
- The County's net OPEB obligation increased by \$42.2 million.

Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011 *	2012	2011 **	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 124,679,085	97,594,321	52,864,646	50,662,802	177,543,731	148,257,123
Operating grants and contributions	46,323,888	26,559,373	29,880,497	30,884,327	76,204,385	57,443,700
Capital grants and contributions	68,472,451	24,715,975	21,109,099	24,010,348	89,581,550	48,726,323
General revenues						
Property taxes	504,771,008	504,884,233	-	-	504,771,008	504,884,233
Local Income taxes	358,356,561	331,334,252	-	-	358,356,561	331,334,252
Other taxes	54,343,807	47,446,303	-	-	54,343,807	47,446,303
Other	11,633,238	3,707,021	170,617	196,349	11,803,855	3,903,370
Total revenues	1,168,580,038	1,036,241,478	104,024,859	105,753,826	1,272,604,897	1,141,995,304
Expenses						
General government	84,025,615	35,202,457	-	-	84,025,615	35,202,457
Public safety	184,324,533	173,962,616	-	-	184,324,533	173,962,616
Public works	115,231,452	114,387,280	-	-	115,231,452	114,387,280
Recreation and parks	29,974,257	28,954,639	-	-	29,974,257	28,954,639
Legislative and judicial	22,248,551	21,684,449	-	-	22,248,551	21,684,449
Community services	45,302,315	44,622,516	-	-	45,302,315	44,622,516
State highways	2,900,053	1,917,170	-	-	2,900,053	1,917,170
Education	610,774,387	605,271,207	-	-	610,774,387	605,271,207
Interest on long term debt	53,851,903	37,102,195	-	-	53,851,903	37,102,195
Water & Sewer	-	-	67,635,638	66,636,363	67,635,638	66,636,363
Golf course	-	-	1,921,518	1,762,425	1,921,518	1,762,425
Total expenses	1,148,633,066	1,063,104,529	69,557,156	68,398,788	1,218,190,222	1,131,503,317
Increase (decrease) in net assets	19,946,972	(26,863,051)	34,467,703	37,355,038	54,414,675	10,491,987
Transfers	(586,842)	2,995,034	586,842	(2,995,034)	-	-
Increase (decrease) in net assets	19,360,130	(23,868,017)	35,054,545	34,360,004	54,414,675	10,491,987
Net assets beginning	243,937,815	267,805,832	546,393,202	512,033,198	790,331,017	779,839,030
Net assets ending	\$ 263,297,945	\$ 243,937,815	581,447,747	546,393,202	844,745,692	790,331,017

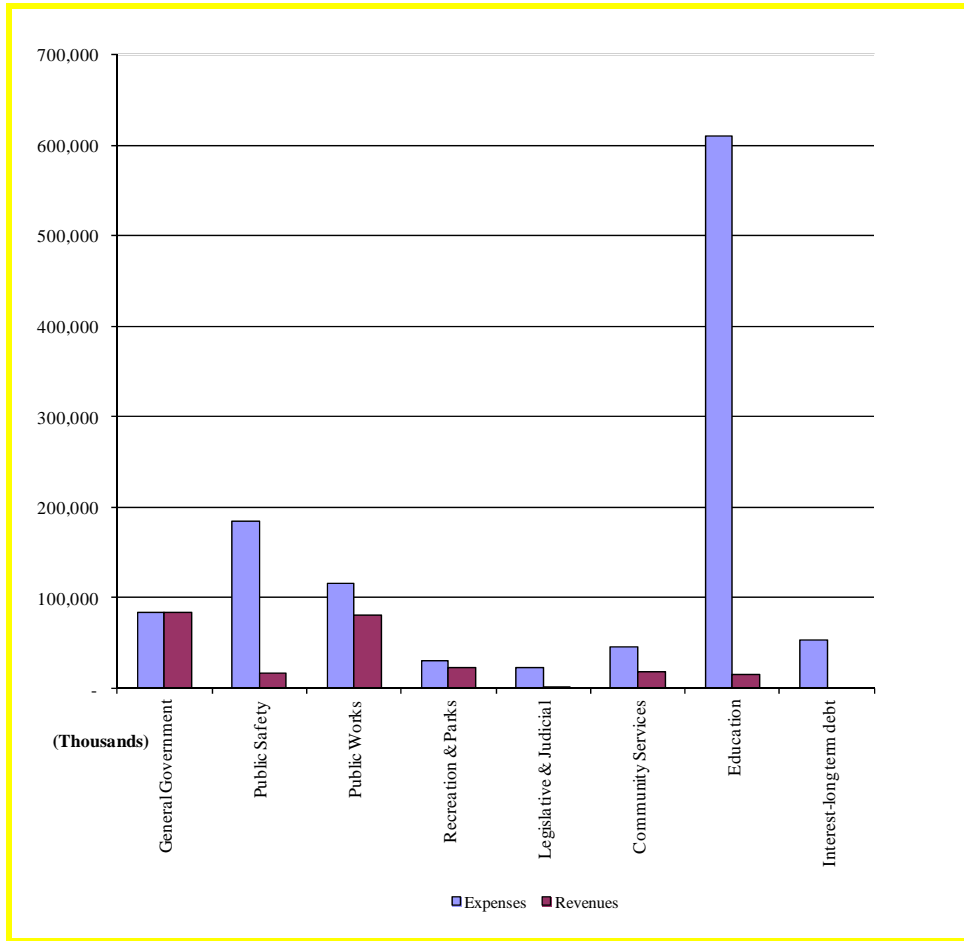
* Restated by (\$15,195,173) to correct construction-in-progress, and \$4,622,000 to correct the landfill closure obligation, for a net total of (\$10,573,173).

** Restated by (\$320,685) to correct the accounting of connection fees from revenue to liability.

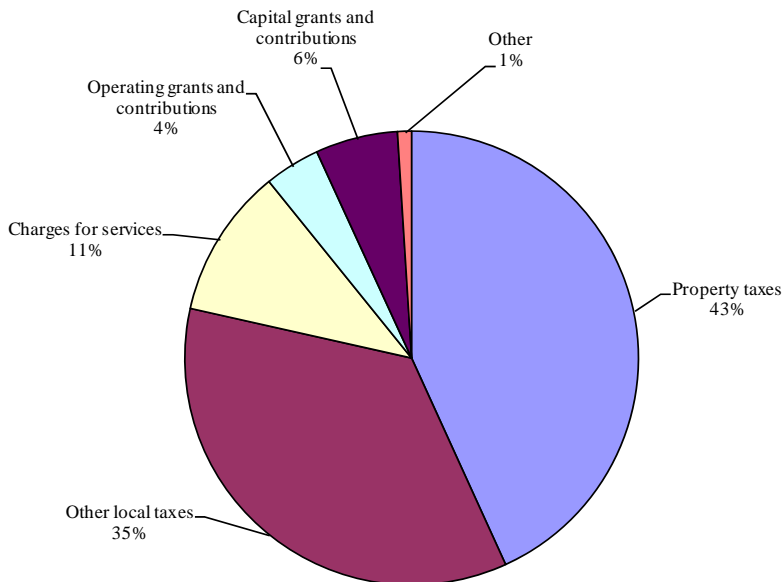
Governmental activities. Governmental activities increased the County's net assets by \$19.4 million. Key elements of this increase are as follows:

- Program Revenues increased overall by \$90.6 million (60.9%). The County recognized \$38.4 million in federal grant monies related to expenses funding the Inter-County Broadband Network (ICBN) project. In addition, the County recognized \$15.1 million of revenue in expected contributions from other local governments participating in the ICBN. Furthermore, \$15.6 million of grant revenue was recognized for several Community College capital projects which are nearing completion.
- Local income taxes increased by \$27.0 million or 8.2% this year due to an increase in the number of employed residents and the median income.
- Expenses increased by \$42.2 million for additional Net OPEB Obligation.
- Expenses increased by \$43.2 million for expenses incurred on behalf of the other local government jurisdictions participating in the ICBN project. Per the memorandum of understanding, each local government capitalizes assets built within their jurisdiction.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

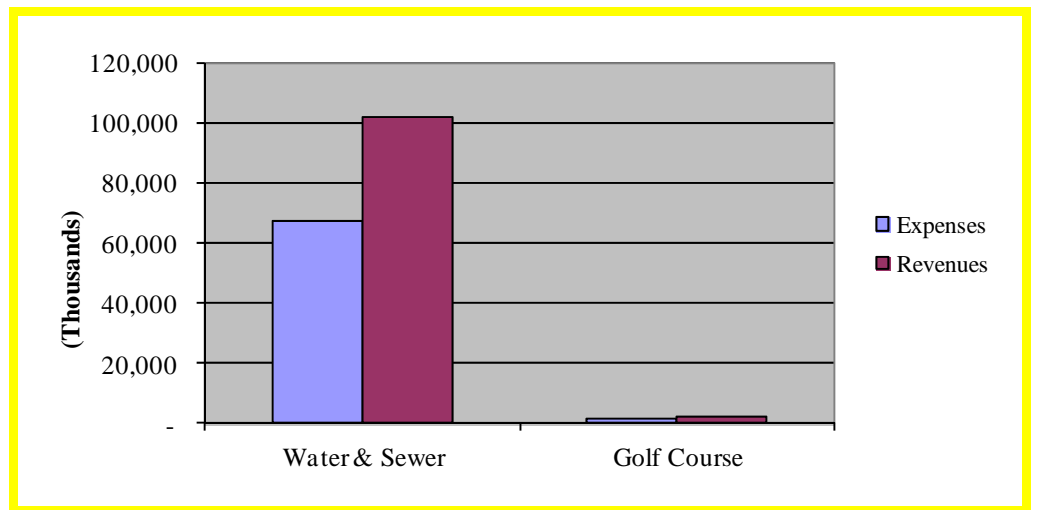


Business-type activities. Business-type activities increased the County’s net assets by \$35.1 million. The components of this increase are as follows:

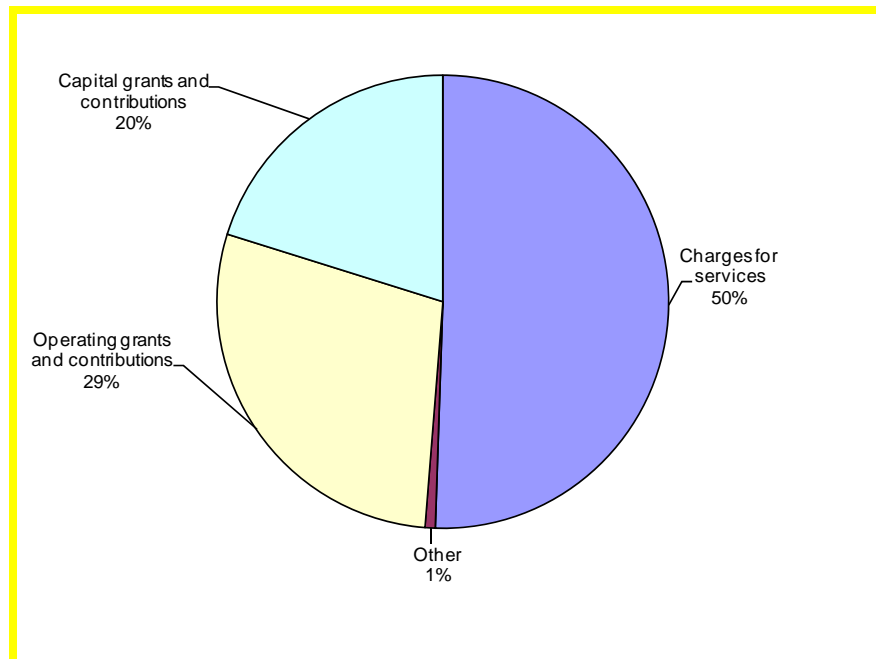
- Charges for services increased by \$2.2 million due to a 9% rate increase for water and sewer usage.
- Operating grants and contributions which totaled \$29.9 million represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is primarily used to fund debt service payments and pay-as-you-go funding on capital projects.
- Capital grants and contributions mainly consisted of the receipt of \$11.0 million in grant funding from the State of Maryland to fund improvements to reduce nitrogen discharge in the reclaimed water system. In addition, \$10.0 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 decreased by \$3.2 million from fiscal year 2011.

Business-type activities are shown comparing costs to revenues generated by related services. Both water and sewer and the golf course activities 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 \$245.6 million, an increase of \$45.5 million in comparison with the prior year. Of this fund balance, \$14.6 million is nonspendable, \$82.4 million is restricted by enabling legislation, \$102.8 million is committed by the County at the highest level of authority, \$117.8 million is assigned, and (\$72.0) million is deficit unassigned fund balance.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund is \$111.9 million, \$19.2 million or 20.7% more than the prior year, due to a \$42.0 million increase in local income tax revenue.

The \$77.0 million total fund balance of the Agricultural Land Preservation Fund is a \$4.5 million increase from the prior year. The increase is the result of increases in fair value of US Treasury Strips investments.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a negative \$56.5 million. This is a timing issue due to capital project expenditures occurring before revenues are recognized.

The highway capital projects fund is used to track the construction of bridges, roads, sidewalks, and intersections. The fund balance is \$48.6 million of which \$43.3 million represents funds restricted for public road facilities.

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 and the Special Recreation Facility Fund (golf course), 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. Net assets of the water and sewer operations at the end of the year amounted to

\$574.1 million, and those for the golf course operation were \$5.3 million. The total increase in net assets in each fund was \$34.0 million and \$0.9 million, respectively.

Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original general fund expenditure and revenue budgets did not change in total during the current fiscal year.

Due to uncertainty surrounding the economy at the beginning of the fiscal year, the County held back on expenditures and spent \$9.0 million less than the budget. The County collected \$31.9 million more in local income taxes than budgeted due to recovery in the local jobs market. As a result, operating transfers in that were budgeted to be transferred from several other funds were not completed.

Total debt service final budget amounts compared to expenditures and encumbrances for the period show a favorable variance of \$5.6 million. Likewise, interest on investments fell short of budgeted revenue by \$4.8 million. This occurred because interest income and expenses on variable rate debt, commercial paper, are budgeted high to allow for increases in interest rates during the year.

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, 2012 is \$1.9 billion (net of accumulated depreciation). Capital assets includes land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and storm water management systems. The total increase in the County's investment in capital assets for the current fiscal year was 7.6% (a 7.9% increase for governmental activities and a 7.0% increase for business-type activities).

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

- \$28.1 million for land purchases for agricultural land preservation program easements
- \$24.9 million for the Water Reclamation Plant expansion and enhancement
- \$9.0 million combined on the Blandair Regional Park, North Laurel Park, and Western Regional Park
- \$7.2 million on the Little Patuxent Parallel Sewer system
- \$6.8 million in developer donated roads, storm drainage, and water and sewer lines
- \$6.6 million combined for the new Savage fire station, Glenwood fire station, and relocation of the Elkridge fire station
- \$6.3 million from the acquisition of Belmont Estate
- \$1.3 million for fire & rescue equipment

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011 *	2012	2011	2012	2011
Land and land improvements	\$ 500,575,074	470,374,442	10,802,873	10,802,873	511,377,947	481,177,315
Buildings	166,816,273	149,845,607	93,588,630	73,665,111	260,404,903	223,510,718
Improvements other than buildings	36,253,187	27,578,798	25,688,496	25,739,727	61,941,683	53,318,525
Equipment	45,346,918	42,891,223	2,892,139	1,127,457	48,239,057	44,018,680
Infrastructure	177,748,993	171,777,099	298,255,655	270,060,641	476,004,648	441,837,740
Construction in progress	324,839,042	297,798,153 *	231,871,260	238,222,618	556,710,302	536,020,771
Total capital assets	\$1,251,579,487	1,160,265,322	663,099,053	619,618,427	1,914,678,540	1,779,883,749

* Restated by (\$15,195,173) to correct construction-in-progress

Additional information on the County's capital assets can be found in Note 7 on pages 46-47 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$1.2 billion. Of this amount, \$1.18 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 827,580,000	783,854,998	184,990,000	154,210,000	1,012,570,000	938,064,998
State water quality loan	2,850,000	4,050,000	38,364,211	41,957,623	41,214,211	46,007,623
Landfill closure obligation	31,896,000	31,719,000 *	-	-	31,896,000	31,719,000
Agricultural land preservation program	94,622,770	71,121,600	-	-	94,622,770	71,121,600
Special facility revenue bonds	-	-	5,400,000	6,330,000	5,400,000	6,330,000
Other	4,737,514	4,945,142	1,004,953	2,034,984	5,742,467	6,980,126
Total outstanding debt	\$ 961,686,284	895,690,740	229,759,164	204,532,607	1,191,445,448	1,100,223,347

* Restated by \$4,622,000 due to prior period adjustment

The County's total long-term debt increased by \$91.2 million (8.3%) during the current fiscal year. The major factors in this increase were the issuance of \$219.4 million in Consolidated Public Improvement (CPI) Project Bonds, \$56.2 million in Metropolitan (Metro) District Project Bonds, \$5.4 million in Special Facility Revenue Bonds, and a \$0.5 million draw on the State Water Quality Revolving Loan Fund. The County refunded \$120.3 million in CPI bonds, \$17.7 million in Metro bonds, and \$5.8 million in Special Facility Revenue bonds, and retired \$56.6, \$7.7, and \$4.1 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$555,000 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. Additionally, the County entered into \$25.3 million of installment purchase agreements for the purchase of properties in the Agricultural land preservation program.

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 \$2.2 billion, which is significantly in excess of Howard County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 8 starting on page 48 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 2012 unemployment rate for the County was 5.5% (peaked at 5.6% in June 2011 and was 4.5% in December 2012). This compares favorably to the state's unemployment rate of 7.2% and the national rate of 8.2% for the same period. The County's rate was 2.3% in April 2008.
- The occupancy rate for commercial space as of June 2012 was 90.5%, up from 87.6% a year ago. Howard County had 341,387 square feet (SF) of new commercial space come on line 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 2013 fiscal year.

The fiscal year 2013 general fund budget is \$27.9 million or 3.2% more than the fiscal year 2012 budget. This increase is the result of a \$6.8 million increase in pay-as-you-go funding of one-time expenditures, \$15.3 million increase in Education and \$3.4 million increase for public safety.

The County's property tax and income tax rates remained the same for Fiscal Year 2013. The Building Excise Tax (used to fund road expansion) rates were increased 4% (based on the Baltimore Cost Index). Water charges were increased 9% to offset an increase in the cost of water purchased from Baltimore City. The rural fire taxing district was eliminated and one rate for the entire county was established at a 0.3% higher rate. No changes were made to the annual refuse and recycling fees or the water and sewer ad valorem.

Currently Known Facts, Decisions and Conditions

The County is anticipating a moderate revenue increase in FY 2013. FY 2013 income tax received through November 2012 is up 2% over FY 2012 and is running ahead of budgeted expectation for that period. All other major revenue sources are on budget for FY 2013.

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 or e-mailed to smilesky@howardcountymd.gov. Complete financial reports are also available on our web site www.howardcountymd.gov.



The Department of Finance hosted a retreat that brought key agency representatives from throughout the county together to discuss issues that may have a financial impact on Howard County (above). Department employees joined with County Executive Ken Ulman in support of his 3d annual "20 Minute Cleanup," an initiative that encourages people throughout the county to help protect the environment by spending just 20 minutes picking up litter (below).



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 Assets
June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and cash equivalents	\$ 151,443,843	11,542,901	162,986,744	71,003,955
Investments	-	-	-	116,563,779
Receivables:				
Property taxes, net	4,830,561	181,813	5,012,374	-
Due from other governments	65,757,311	-	65,757,311	12,994,589
Other	875,366	10,631,098	11,506,464	5,356,225
Materials and supplies	1,466,703	873,710	2,340,413	2,638,145
Prepays	116,163	-	116,163	1,332,673
Restricted assets:				
Equity in pooled cash and cash equivalents	167,324,873	100,074,207	267,399,080	18,188,394
Investments	51,159,626	-	51,159,626	-
Property taxes	593,088	-	593,088	-
Due from other governments	43,643,150	-	43,643,150	-
Water & sewer assessments receivable	-	67,790,308	67,790,308	-
Other receivables	14,494,614	349,173	14,843,787	5,253,680
Materials and supplies	503,312	-	503,312	-
Prepays	899,198	-	899,198	-
Internal balances	(2,015,536)	2,015,536	-	-
Other assets	4,074,222	1,055,860	5,130,082	-
Capital assets:				
Land and land improvements	500,575,074	10,802,873	511,377,947	59,660,103
Construction in progress	324,839,042	231,871,260	556,710,302	176,392,858
Buildings and improvements, net	203,069,460	119,277,126	322,346,586	969,863,650
Machinery and equipment, net	45,346,918	2,892,139	48,239,057	8,576,588
Infrastructure, net	177,748,993	298,255,655	476,004,648	-
Other capital assets	-	-	-	2,861,506
Other non-current assets	-	-	-	3,294,882
Total assets	1,756,745,981	857,613,659	2,614,359,640	1,453,981,027
LIABILITIES				
Accounts payable and other current liabilities	40,954,204	11,476,689	52,430,893	96,316,480
Accrued interest payable	15,763,908	3,165,063	18,928,971	-
Accrued wages and benefits	8,757,677	362,174	9,119,851	1,699,366
Deposits	143,890	1,261,022	1,404,912	422,565
Bond anticipation notes	100,000,000	-	100,000,000	-
Due to primary government	-	-	-	3,628,967
Unearned revenues	6,962,156	447,975	7,410,131	26,412,457
Noncurrent liabilities:				
Due within one year	55,432,819	13,262,960	68,695,779	4,521,127
Due in more than one year, net	1,265,433,382	246,190,029	1,511,623,411	87,465,881
Total liabilities	1,493,448,036	276,165,912	1,769,613,948	220,466,843
NET ASSETS				
Invested in capital assets, net of related debt	797,341,525	429,005,565	1,226,347,090	1,140,690,379
Restricted for:				
Public school facilities	13,541,939	-	13,541,939	-
Public road facilities	43,347,318	-	43,347,318	-
Forest conservation	4,198,678	-	4,198,678	-
Fire & rescue services	14,207,864	-	14,207,864	-
Park land watershed facilities	6,420,194	-	6,420,194	-
Program open space	253,786	-	253,786	-
Storm water construction	456,891	-	456,891	9,385,270
Speed enforcement	5,514	-	5,514	-
Debt service	-	61,315,957	61,315,957	13,992,915
Unrestricted	(616,475,764)	91,126,225	(525,349,539)	69,445,620
Total net assets	\$ 263,297,945	581,447,747	844,745,692	1,233,514,184

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

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2012

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Gov Activities	Bus Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 84,025,615	42,534,975	9,036,707	31,876,449	(577,484)	-	(577,484)	-
Public safety	184,324,533	12,303,996	5,156,361	-	(166,864,176)	-	(166,864,176)	-
Public works	115,231,452	46,145,115	13,623,800	20,940,627	(34,521,910)	-	(34,521,910)	-
Recreation and parks	29,974,257	13,591,958	8,941,490	44,011	(7,396,798)	-	(7,396,798)	-
Legislative and judicial	22,248,551	825,500	480,254	-	(20,942,797)	-	(20,942,797)	-
Community services	45,302,315	9,277,541	9,085,276	-	(26,939,498)	-	(26,939,498)	-
State highways	2,900,053	-	-	-	(2,900,053)	-	(2,900,053)	-
Education	610,774,387	-	-	15,611,364	(595,163,023)	-	(595,163,023)	-
Interest on long term debt	53,851,903	-	-	-	(53,851,903)	-	(53,851,903)	-
Total governmental activities	1,148,633,066	124,679,085	46,323,888	68,472,451	(909,157,642)	-	(909,157,642)	-
Business type activities:								
Water and sewer	67,635,638	50,729,734	29,880,497	20,994,108	-	33,968,701	33,968,701	-
Golf course	1,921,518	2,134,912	-	114,991	-	328,385	328,385	-
Total business-type activities	69,557,156	52,864,646	29,880,497	21,109,099	-	34,297,086	34,297,086	-
Total primary government	1,218,190,222	177,543,731	76,204,385	89,581,550	(909,157,642)	34,297,086	(874,860,556)	-
Component units:								
Public school system	811,703,012	30,378,027	133,145,452	69,628,997	-	-	-	(578,550,536)
Community college	93,419,663	35,599,759	1,155,741	26,082,939	-	-	-	(30,581,224)
Library	21,662,645	858,870	-	-	-	-	-	(20,803,775)
Housing commission	29,329,563	6,014,415	1,520,714	10,604,325	-	-	-	(11,190,109)
Total component units	\$ 956,114,883	72,851,071	135,821,907	106,316,261	-	-	-	(641,125,644)
General revenues:								
Property taxes					\$ 504,771,008	-	504,771,008	513,652,584
Local income taxes					358,356,561	-	358,356,561	-
Transfer tax					25,801,013	-	25,801,013	-
Recordation tax					15,944,953	-	15,944,953	-
Building excise tax					5,240,060	-	5,240,060	-
Hotel / motel tax					4,221,636	-	4,221,636	-
Admission tax					2,394,199	-	2,394,199	-
County development tax					164,703	-	164,703	-
Mobile home tax					577,243	-	577,243	-
Intergovernmental, unrestricted					780,358	-	780,358	204,294,163
Unrestricted investment income					9,636,106	170,617	9,806,723	271,623
Miscellaneous					1,216,774	-	1,216,774	10,651,033
Transfers					(586,842)	586,842	-	-
Total general revenues and transfers					928,517,772	757,459	929,275,231	728,869,403
Change in net assets					19,360,130	35,054,545	54,414,675	87,743,759
Net assets - beginning of year, as previously reported					254,510,988	546,713,887	801,224,875	1,145,770,425
Adjustment to restate net assets					(10,573,173)	(320,685)	(10,893,858)	-
Net assets - beginning of year, as restated					243,937,815	546,393,202	790,331,017	1,145,770,425
Net assets - end of year					\$ 263,297,945	581,447,747	844,745,692	1,233,514,184

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

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2012

	General	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 101,488,692	-	-	-	17,238,714	118,727,406
Receivables:						
Property taxes, net	4,830,561	-	-	-	-	4,830,561
Due from other governments	63,892,609	-	-	-	-	63,892,609
Due from other funds	1,465,747	-	-	-	-	1,465,747
Other	287,807	-	-	-	68,896	356,703
Restricted assets:						
Pooled cash and cash equivalents	-	24,635,688	41,374,407	50,882,841	50,431,937	167,324,873
Investments	-	51,159,626	-	-	-	51,159,626
Due from other funds	-	-	-	1,727,748	-	1,727,748
Prepaid expense	-	-	-	-	899,198	899,198
Economic development loans	-	-	-	-	54,209	54,209
Housing loans	-	-	-	-	14,062,620	14,062,620
Property taxes	-	-	-	-	593,088	593,088
Materials and supplies	-	-	-	-	503,312	503,312
Due from other governments	-	1,160,131	30,405,291	286,448	11,778,780	43,630,650
Other	-	-	12,500	90,603	287,182	390,285
Total assets	171,965,416	76,955,445	71,792,198	52,987,640	95,917,936	469,618,635
LIABILITIES						
Due to other funds	-	-	-	-	3,193,495	3,193,495
Accounts payable / accrued liabilities	3,211,745	6,304	22,309,747	1,673,590	6,165,630	33,367,016
Accrued wages and benefits	5,792,593	5,231	67,321	5,865	2,827,854	8,698,864
Bond anticipation notes	-	-	91,466,005	2,400,818	6,133,177	100,000,000
Deposits and connection fees	4,558,907	-	-	-	166,075	4,724,982
Claims payable	964,498	-	-	-	-	964,498
Deferred revenue	45,558,921	-	14,425,418	286,448	12,807,059	73,077,846
Total liabilities	60,086,664	11,535	128,268,491	4,366,721	31,293,290	224,026,701
FUND BALANCES						
Nonspendable:						
Inventory	-	-	-	-	503,303	503,303
Long term receivables:						
Noncurrent economic development loans	-	-	-	-	54,209	54,209
Noncurrent housing loans receivables	-	-	-	-	14,062,620	14,062,620
Restricted for:						
Public school facilities	-	-	13,541,939	-	-	13,541,939
Public road facilities	-	-	-	43,347,318	-	43,347,318
Forest conservation	-	-	-	-	4,198,678	4,198,678
Fire & rescue services	-	-	-	-	14,207,864	14,207,864
Speed enforcement	-	-	-	-	5,514	5,514
Park land watershed facilities	-	-	-	-	6,420,194	6,420,194
Program open space	-	-	-	-	253,786	253,786
Storm water construction	-	-	-	-	456,891	456,891
Committed for:						
Budget stabilization account	56,258,912	-	-	-	-	56,258,912
Agricultural land preservation	-	11,469,869	-	-	-	11,469,869
Community renewal programs	-	-	-	-	865,551	865,551
Environmental services	-	-	-	-	15,831,624	15,831,624
Health department	-	-	-	-	11,466,775	11,466,775
Recreation programs	-	-	-	-	3,111,597	3,111,597
Fire house & training facilities	-	-	-	-	3,775,813	3,775,813
Assigned for:						
Future balloon payments	-	51,159,626	-	-	-	51,159,626
Subsequent year's expenditures	-	14,314,415	-	-	-	14,314,415
Subsequent years' budget stabilization account	2,235,809	-	-	-	-	2,235,809
Other post-employment benefits	8,826,780	-	-	-	-	8,826,780
Funding for grants	3,116,000	-	-	-	-	3,116,000
Funding for dept of housing	300,000	-	-	-	-	300,000
Purchase commitments	14,922,464	-	-	-	-	14,922,464
Pay-as-you-go contribution to capital projects	15,602,000	-	-	-	-	15,602,000
Capital projects	-	-	-	5,273,601	2,013,659	7,287,260
Unassigned	10,616,787	-	(70,018,232)	-	(12,603,432)	(72,004,877)
Total fund balances	111,878,752	76,943,910	(56,476,293)	48,620,919	64,624,646	245,591,934
Total liabilities and fund balances	\$ 171,965,416	76,955,445	71,792,198	52,987,640	95,917,936	469,618,635

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 Assets
June 30, 2012

Amounts reported for governmental activities in the statement of net assets (page 15) are different because:

Total fund balances - governmental funds (page 17) \$ 245,591,934

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 assets. 39,879,264

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	\$	(925,052,770)	
Capital lease		(4,737,514)	
Deferred refunding gain/loss and costs		(64,008,084)	
Bond issuance costs		4,060,464	
Accrued interest payable		(15,763,908)	
Compensated absences		(20,270,818)	
Net OPEB obligation		(262,038,493)	
Landfill closure & post closure		<u>(31,896,000)</u>	(1,319,707,123)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,231,404,421

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 66,129,449

Net assets of governmental activities (page 15) \$ 263,297,945

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, 2012

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 441,680,420	-	-	-	62,548,082	504,228,502
Other local taxes	380,761,023	6,614,956	6,450,253	5,240,060	12,900,506	411,966,798
State shared taxes	780,358	-	-	-	-	780,358
Revenues from other governments	5,545,170	-	49,111,176	579,169	25,376,617	80,612,132
Charges for services	12,077,717	-	-	-	37,420,777	49,498,494
Interest on investments	424,438	8,741,448	137,666	61,877	122,568	9,487,997
Installment interest from housing loans	-	-	-	-	148,109	148,109
Licenses and permits	5,754,961	-	-	-	-	5,754,961
Fines and forfeitures	2,965,759	-	-	-	568,947	3,534,706
Developer contributions	-	-	-	1,260,748	296,158	1,556,906
Rental of property	-	-	-	-	196,214	196,214
Recoveries for interfund services	11,720,813	-	-	-	-	11,720,813
Payments from component units	817,842	-	-	-	-	817,842
Miscellaneous program revenues	2,569,979	11,946	18,145,151	94,265	1,506,662	22,328,003
Total revenues	865,098,480	15,368,350	73,844,246	7,236,119	141,084,640	1,102,631,835
EXPENDITURES						
Current:						
General government	21,806,479	-	-	-	3,421,057	25,227,536
Legislative & judicial	20,500,799	-	-	-	418,519	20,919,318
Public works	64,504,205	1,027,856	3,633,951	-	23,432,055	92,598,067
Public safety	97,256,575	-	-	-	71,575,810	168,832,385
Recreation and parks	14,650,239	-	-	-	13,349,672	27,999,911
Community services	15,850,156	-	-	-	20,821,631	36,671,787
Education	512,211,257	-	72,111,630	-	-	584,322,887
Capital improvements	-	28,118,612	59,120,496	17,240,664	42,041,760	146,521,532
Debt service:						
Principal	56,630,000	1,751,930	-	-	-	58,381,930
Interest	34,951,420	5,227,488	-	-	-	40,178,908
Total expenditures	838,361,130	36,125,886	134,866,077	17,240,664	175,060,504	1,201,654,261
Excess (deficiency) of revenues over expenditures	26,737,350	(20,757,536)	(61,021,831)	(10,004,545)	(33,975,864)	(99,022,426)
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	25,450,977	1,001,542	4,108,349	30,560,868
Capital related debt issued	-	-	73,223,712	6,073,899	30,012,391	109,310,002
Refunding bonds issued	-	-	103,091,726	2,453,714	4,569,560	110,115,000
Installment purchase agreements issued	-	25,253,100	-	-	-	25,253,100
Payment to bond refunding escrow agent	-	-	(120,748,552)	(2,874,204)	(5,362,527)	(128,985,283)
Transfers in	15,334,285	-	3,945,920	5,619,648	13,565,531	38,465,384
Transfers out	(22,866,099)	-	(7,137,250)	(3,439,699)	(6,775,706)	(40,218,754)
Total other financing sources and uses	(7,531,814)	25,253,100	77,826,533	8,834,900	40,117,598	144,500,317
Net change in fund balances	19,205,536	4,495,564	16,804,702	(1,169,645)	6,141,734	45,477,891
Fund balances - beginning	92,673,216	72,448,346	(73,280,995)	49,790,564	58,482,912	200,114,043
Fund balances-ending	\$ 111,878,752	76,943,910	(56,476,293)	48,620,919	64,624,646	245,591,934

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, 2012

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances - total governmental funds (page 19) \$ 45,477,891

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 exceeds depreciation in the current period is as follows:

Capital outlays	97,229,994	
Less: Depreciation expense	<u>(22,702,231)</u>	74,527,763

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 assets differs from the change in fund balance by the cost of the land and buildings sold. (3,411,837)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 18,710,827

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	1,552,392	
Revenues that do not provide current financial resources	<u>13,916,474</u>	15,468,866

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (89,089,370)

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. (1,579,387)

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. (40,744,623)

Change in net assets of governmental activities (page 16). \$ 19,360,130

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, 2012

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 441,546,112	441,546,112	441,680,416	134,304
Other local taxes	349,465,000	349,465,000	380,761,023	31,296,023
State shared taxes	768,596	768,596	780,358	11,762
Revenues from other governments	5,051,500	5,051,500	5,545,170	493,670
Charges for services	10,749,820	10,749,820	11,996,926	1,247,106
Interest on investments	5,459,890	5,459,890	628,847	(4,831,043)
Licenses and permits	5,513,050	5,513,050	5,787,187	274,137
Recoveries for interfund services	11,561,965	11,561,965	11,720,813	158,848
Fines and forfeitures	3,251,500	3,251,500	3,050,804	(200,696)
Payments from component units	860,479	860,479	817,842	(42,637)
Miscellaneous	2,703,030	2,703,030	2,571,343	(131,687)
Total revenues	836,930,942	836,930,942	865,340,729	28,409,787
EXPENDITURES				
Current:				
General government	24,900,042	24,886,291	22,460,279	2,426,012
Legislative & judicial	21,995,108	22,142,247	20,864,992	1,277,255
Public works	64,938,877	65,137,504	63,665,929	1,471,575
Public safety	99,259,069	99,820,818	96,691,860	3,128,958
Recreation and parks	14,442,989	14,360,193	14,358,018	2,175
Community services	16,599,081	16,684,353	15,954,093	730,260
Education	509,913,630	512,211,257	512,211,257	-
Debt service:				
Principal payments on debt	56,630,006	56,630,006	56,630,000	6
Interest payments on debt	40,548,555	40,548,555	34,951,420	5,597,135
Total expenditures	849,227,357	852,421,224	837,787,848	14,633,376
Excess (deficiency) of revenues over expenditures	(12,296,415)	(15,490,282)	27,552,881	43,043,163
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	16,294,000	16,294,000	-	(16,294,000)
Transfers in	22,253,215	22,253,215	15,061,411	(7,191,804)
Transfers out	(26,250,800)	(23,056,933)	(22,786,712)	270,221
Total other financing sources (uses)	12,296,415	15,490,282	(7,725,301)	(23,215,583)
Net change in fund balance	-	-	19,827,580	19,827,580
Plus prior year encumbrances lapsed	-	-	1,286,269	-
Fund balances - beginning	-	-	94,849,365	-
Fund balances - ending	\$ -	-	115,963,214	-

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
Agricultural Land Preservation Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 5,125,000	5,125,000	6,614,956	1,489,956
Investment income	5,000,000	5,000,000	8,741,448	3,741,448
Miscellaneous program revenue	15,000	15,000	11,946	(3,054)
Total revenues	10,140,000	10,140,000	15,368,350	5,228,350
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	1,658,078	6,308,078	1,026,686	5,281,392
Agricultural land preservation board	1,900	1,900	583	1,317
Contingency	42,413,271	36,403,271	-	36,403,271
Capital improvements	-	-	28,118,612	(28,118,612)
Total public works	44,073,249	42,713,249	29,145,881	13,567,368
Debt service:				
Principal payments on debt	755,720	1,751,930	1,751,930	-
Interest payments on debt	4,864,877	5,228,667	5,227,488	1,179
Total debt service	5,620,597	6,980,597	6,979,418	1,179
Total expenditures	49,693,846	49,693,846	36,125,299	13,568,547
Excess (deficiency) of revenues over expenditures	(39,553,846)	(39,553,846)	(20,756,949)	18,796,897
OTHER FINANCING SOURCES				
Appropriation from fund balance	39,553,846	39,553,846	20,756,949	18,796,897
Installment purchase agreements issued	-	-	25,253,100	(25,253,100)
Total other financing sources	39,553,846	39,553,846	46,010,049	(6,456,203)
Net change in fund balance	-	-	25,253,100	25,253,100
Less appropriation from fund balance	-	-	(20,756,949)	-
Fund balances - beginning	-	-	72,450,566	-
Fund balances - ending	\$ -	-	76,946,717	-

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

Howard County, Maryland
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities			Gov't Activities- Internal Service Funds
	Water and Sewer	Special Recreation Facility	Total	
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 11,462,107	80,794	11,542,901	32,716,444
Prepaid expenses	-	-	-	116,163
Receivables:				-
Service billings	10,631,098	-	10,631,098	-
Property taxes	181,813	-	181,813	-
Due from other governments	-	-	-	1,864,702
Other receivables	-	-	-	518,663
Materials and supplies	830,605	43,105	873,710	1,466,703
Restricted assets:				-
Equity in pooled cash and cash equivalents	99,514,112	560,095	100,074,207	-
Water and sewer assessments	7,034,446	-	7,034,446	-
Total current assets	129,654,181	683,994	130,338,175	36,682,675
Noncurrent assets:				
Restricted assets:				
Receivables:				-
Water and sewer assessments	60,755,862	-	60,755,862	-
Other receivables	69,173	280,000	349,173	-
Materials and supplies	-	-	-	-
Capital assets:				-
Land	2,117,977	8,684,896	10,802,873	-
Construction in progress	231,871,260	-	231,871,260	-
Buildings and improvements, net	416,798,708	734,073	417,532,781	-
Machinery and equipment, net	2,803,112	89,027	2,892,139	20,175,065
Other assets	1,055,860	-	1,055,860	-
Total noncurrent assets	715,471,952	9,787,996	725,259,948	20,175,065
Total assets	845,126,133	10,471,990	855,598,123	56,857,740
LIABILITIES				
Current liabilities:				
Accounts payable	11,073,233	403,456	11,476,689	1,611,773
Accrued wages and benefits	362,174	-	362,174	378,170
Compensated absences	26,700	-	26,700	35,466
Unpaid insurance claims	-	-	-	5,041,890
Deposits and connection fees	-	-	-	75,000
Current liabilities	11,462,107	403,456	11,865,563	7,142,299
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,261,022	-	1,261,022	-
Developer agreement rebates and deposits	64,051	-	64,051	-
Deferred water and sewer assessments	2,089,614	-	2,089,614	-
Other debt payable	4,254,595	-	4,254,595	-
Bonds payable	6,450,000	378,000	6,828,000	-
Interest payable	3,165,063	-	3,165,063	-
Current liabilities payable from restricted assets	17,284,345	378,000	17,662,345	-
Total current liabilities	28,746,452	781,456	29,527,908	7,142,299
Noncurrent liabilities:				
Developer agreement rebates and deposits	1,064,150	-	1,064,150	-
Deferred water and sewer assessments	18,047,817	-	18,047,817	-
Net OPEB obligation	4,334,241	-	4,334,241	-
Compensated absences	797,078	-	797,078	953,069
Unpaid insurance claims	-	-	-	6,867,572
Special revenue bonds payable	-	5,022,000	5,022,000	-
Metropolitan district bonds payable	183,480,161	-	183,480,161	-
Deferred refunding amount	(24,542)	(640,482)	(665,024)	-
Deferred revenue	447,975	-	447,975	-
Other long-term debt	34,109,606	-	34,109,606	-
Total noncurrent liabilities	242,256,486	4,381,518	246,638,004	7,820,641
Total liabilities	271,002,938	5,162,974	276,165,912	14,962,940
NET ASSETS				
Invested in capital assets, net of related debt	424,257,087	4,748,478	429,005,565	20,175,065
Restricted:				-
For debt service	60,755,862	560,095	61,315,957	-
Unrestricted	89,110,246	443	89,110,689	21,719,735
Total net assets	\$ 574,123,195	5,309,016	579,432,211	41,894,800
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			2,015,536	
Net assets of business-type activities			<u>581,447,747</u>	

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

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Special Recreation Facility	Total	
Operating revenues:				
User charges	\$ 47,290,793	-	47,290,793	76,388,037
Greens and cart fees	-	1,502,774	1,502,774	-
Range fees	-	108,100	108,100	-
Merchandise	-	114,133	114,133	-
Food and beverage	-	313,790	313,790	-
Insurance recoveries	-	-	-	896,516
Miscellaneous sales and services	681,529	96,115	777,644	2,133,799
Total operating revenues	47,972,322	2,134,912	50,107,234	79,418,352
Operating expenses:				
Salaries and employee benefits	10,723,376	-	10,723,376	11,431,722
Contractual services	4,556,742	1,458,542	6,015,284	9,232,629
Supplies and materials	1,643,909	-	1,643,909	2,393,548
Business and travel	57,195	-	57,195	66,622
Vehicle fuels and supplies	2,005,275	-	2,005,275	6,730,925
Purchased water and transmission charges	13,813,807	-	13,813,807	-
Sewage treatment charges	7,580,918	-	7,580,918	-
Share of county administrative expenses	3,808,853	-	3,808,853	661,901
Insurance claims	910,132	-	910,132	43,263,174
Other administrative	1,406	-	1,406	31,600
Depreciation expense	14,210,827	48,727	14,259,554	4,746,222
Less: house connection and capitalized overhead costs	(47,096)	-	(47,096)	-
Total operating expenses	59,265,344	1,507,269	60,772,613	78,558,343
Operating income (loss)	(11,293,022)	627,643	(10,665,379)	860,009
Nonoperating revenues (expenses):				
Ad valorem charges	29,880,497	-	29,880,497	-
Water and sewer assessment charges	2,757,412	-	2,757,412	-
Interest on investments	140,567	30,050	170,617	45,462
Interest expense	(8,189,329)	(413,068)	(8,602,397)	-
Gain (loss) on sale of capital assets	(318,913)	(1,181)	(320,094)	693,312
Other, net	-	114,991	114,991	-
Total nonoperating revenues (expenses)	24,270,234	(269,208)	24,001,026	738,774
Net income (loss) before contributions and transfers	12,977,212	358,435	13,335,647	1,598,783
Capital contributions	20,994,108	-	20,994,108	-
Transfers in	-	587,000	587,000	1,800,000
Transfers out	-	(158)	(158)	(633,472)
Change in net assets	33,971,320	945,277	34,916,597	2,765,311
Total net assets - beginning (as previously reported)	540,472,560	4,363,739	-	39,129,489
Prior period adjustment	(320,685)	-	-	-
Total net assets - beginning (as restated)	540,151,875	-	-	39,129,489
Total net assets - ending	\$ 574,123,195	5,309,016	137,948	81,024,289
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			137,948	
Change in net assets of business -type activities			35,054,545	

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, 2012

	Water & Sewer	Special Recreation Facility	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 53,979,181	2,134,912	56,114,093	78,774,050
Cash paid to suppliers	(30,978,029)	(1,503,244)	(32,481,273)	(55,418,591)
Cash paid to / for employees	(10,039,588)	-	(10,039,588)	(11,682,513)
Cash paid for interfund services used	(5,291,039)	-	(5,291,039)	(7,128,139)
Other operating cash receipts	(1,316)	-	(1,316)	121,839
Net cash provided by operating activities	7,669,209	631,668	8,300,877	4,666,646
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers in from other funds	-	-	-	1,800,000
Operating subsidies and transfers in (out) to other funds	-	586,842	586,842	(633,472)
Net cash provided by noncapital financing activities	-	586,842	586,842	1,166,528
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	40,764,665	5,400,000	46,164,665	-
Proceeds from state loan	544,844	-	544,844	-
Cash receipts from assessments & connection charges	29,961,992	-	29,961,992	-
Acquisition and construction of capital assets	(51,399,563)	-	(51,399,563)	(6,484,516)
Capital contribution	3,353,951	-	3,353,951	-
Proceeds from grant and capital contribution	10,979,448	-	10,979,448	-
Payment of long term debt principal	(11,833,266)	(6,330,000)	(18,163,266)	-
Interest paid on long term debt	(8,159,565)	(472,247)	(8,631,812)	-
Net cash provided by (used in) capital and related financing activities	14,212,506	(1,402,247)	12,810,259	(6,484,516)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	140,566	30,050	170,616	45,462
Net cash provided by investing activities	140,566	30,050	170,616	45,462
Net increase (decrease) in cash and cash equivalents	22,022,281	(153,687)	21,868,594	(605,880)
Balances - beginning of the year	88,953,938	794,576	89,748,514	33,322,324
Balances - end of the year	110,976,219	640,889	111,617,108	32,716,444
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	(11,293,022)	627,643	(10,665,379)	860,009
Adjustments to reconcile operating income to net cash:				
Depreciation expense	14,210,826	48,727	14,259,553	4,746,222
Change in assets and liabilities:				
Decrease (increase) in accounts and other receivables	5,768,477	-	5,768,477	(424,528)
Decrease in prepaid expenses	-	-	-	(116,163)
Decrease (increase) in inventories	11,042	(1,050)	9,992	(173,169)
Decrease in operating accounts payables	(1,979,150)	(43,652)	(2,022,802)	(513,065)
Increase in compensated absences and net opeb obligation	951,036	-	951,036	287,341
Total adjustments	18,962,231	4,025	18,966,256	3,806,638
Net cash provided by operating activities	\$ 7,669,209	631,668	8,300,877	4,666,647

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

Howard County, Maryland
Statement of Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds and Agency Funds
June 30, 2012

	<u>Pension and OPEB Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Equity in pooled cash and cash equivalents	\$ -	5,642,776
Receivables:		
Property tax	-	304,769
Interest and dividends	1,080,744	-
Employer contributions	1,139,821	-
Employee contributions	307,073	-
Sale of investments	4,506,845	-
Other	71,159	-
Investments, at fair value:		
Cash	15,744	-
Common stocks	141,921,562	-
Mutual funds	214,786,838	-
Money market funds	9,195,765	-
Fixed income securities	182,591,758	-
Real estate	29,799,805	-
Other	-	-
Prepaid insurance	22,546	-
Total assets	<u>585,439,660</u>	<u>5,947,545</u>
LIABILITIES		
Accounts payable		
Investments purchased	1,759,815	-
Other	1,745,341	326,200
Deposits	-	5,621,345
Total liabilities	<u>3,505,156</u>	<u>5,947,545</u>
NET ASSETS		
Held in trust for pension and OPEB benefits	<u>\$ 581,934,504</u>	

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

Howard County, Maryland
Statement of Changes in Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2012

ADDITIONS

Contributions:

Employer	\$	46,209,601
Member		8,467,313

Total contributions		54,676,914
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Investment income:

Net change in fair value of investments	(21,911,605)
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Interest	4,590,253
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Dividends	11,991,624
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Other	91,652
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Investment expense	(2,060,314)
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Net investment (loss) income	(7,298,390)
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Total additions	47,378,524
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DEDUCTIONS

Benefits	36,615,168
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Administrative expenses	499,981
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Total deductions	37,115,149
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Change in net assets	10,263,375
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Net assets - beginning	571,671,129
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Net assets - ending	\$	581,934,504
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The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Net Assets
Component Units
June 30, 2012

	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 41,006,465	25,271,074	1,812,796	2,913,620	71,003,955
Investments	106,529,277	8,284,006	1,321,326	429,170	116,563,779
Receivables:					
Due from other governments	6,269,985	6,724,604	-	-	12,994,589
Other	2,461,988	1,766,502	48,858	1,078,877	5,356,225
Materials and supplies	1,861,902	776,143	-	100	2,638,145
Prepays	477,707	586,537	203,138	65,291	1,332,673
Restricted assets:					
Equity in pooled cash and cash equivalents	119,474	-	229,642	17,839,278	18,188,394
Mortgage receivable	-	-	-	5,253,680	5,253,680
Capital assets:					
Land	27,943,851	1,086,851	164,453	30,464,948	59,660,103
Construction in progress	134,379,894	36,500,420	-	5,512,544	176,392,858
Buildings and improvements, net	793,536,439	138,248,596	-	38,078,615	969,863,650
Machinery and equipment, net	4,142,706	4,149,493	284,389	-	8,576,588
Other capital assets	-	208,805	2,613,902	38,799	2,861,506
Other non-current assets	-	-	-	3,294,882	3,294,882
Total assets	1,118,729,688	223,603,031	6,678,504	104,969,804	1,453,981,027
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	89,191,399	5,075,023	1,513,152	536,906	96,316,480
Accrued salaries and benefits	-	1,276,706	422,660	-	1,699,366
Deposits	-	63,636	-	358,929	422,565
Due to primary government	-	3,628,967	-	-	3,628,967
Unearned revenues	21,864,946	3,013,997	346,425	1,187,089	26,412,457
Long term liabilities:					
Due within one year	2,462,950	396,187	-	1,661,990	4,521,127
Due in more than one year, net	11,541,825	10,571,768	945,933	64,406,355	87,465,881
Total liabilities	125,061,120	24,026,284	3,228,170	68,151,269	220,466,843
NET ASSETS					
Invested in capital assets, net of related debt	956,124,876	170,291,739	3,062,744	11,211,020	1,140,690,379
Restricted for:					
Education	1,235,579	7,920,049	229,642	-	9,385,270
Business type operations	145,314	562,205	-	13,285,396	13,992,915
Unrestricted	36,162,799	20,802,754	157,948	12,322,119	69,445,620
Total net assets	\$ 993,668,568	199,576,747	3,450,334	36,818,535	1,233,514,184

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, 2012**

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Total
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Public School System	Community College	Library	Housing Commission	
Component units:									
Public school system	\$ 811,703,012	30,378,027	133,145,452	69,628,997	(578,550,536)	-	-	-	(578,550,536)
Community college	93,419,663	35,599,759	1,155,741	26,082,939	-	(30,581,224)	-	-	(30,581,224)
Library	21,662,645	858,870	-	-	-	-	(20,803,775)	-	(20,803,775)
Housing commission	29,329,563	6,014,415	1,520,714	10,604,325	-	-	-	(11,190,109)	(11,190,109)
Total component units	\$ 956,114,883	72,851,071	135,821,907	106,316,261	(578,550,536)	(30,581,224)	(20,803,775)	(11,190,109)	(641,125,644)
General revenues:									
Property taxes					\$ 467,617,041	25,951,335	16,345,254	3,738,954	513,652,584
Intergovernmental, unrestricted					170,135,804	30,239,153	3,919,206	-	204,294,163
Investment income					71,568	58,634	1,234	140,187	271,623
Miscellaneous					1,619,982	-	-	9,031,051	10,651,033
Total general revenues					639,444,395	56,249,122	20,265,694	12,910,192	728,869,403
Change in net assets					60,893,859	25,667,898	(538,081)	1,720,083	87,743,759
Net assets - beginning of year					932,774,709	173,908,849	3,988,415	35,098,452	1,145,770,425
Net assets - end of year					\$ 993,668,568	199,576,747	3,450,334	36,818,535	1,233,514,184

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



The Department of Fire & Rescue Services employees work to educate, protect and serve residents and those who work in and travel through Howard County. Community outreach efforts are a key priority, and members of the Department were out in force participating in a community health day where they held a “Pump-a-thon” to teach hundreds of participants about the new Hand-Only CPR.

Notes to Basic Financial Statements

The Notes are an integral part of the financial statements.



Notes to Basic Financial Statements

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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 5 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 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 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 confirmed 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
10375 Little Patuxent Parkway
Columbia, Maryland 21044

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and Statement of Activities present financial information on all 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. Governmental 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 *Agricultural Land Preservation Fund* accounts for 25% of the local transfer tax and also 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, and also public schools and buildings for the Community College.

The *Highway Capital Projects Fund* accounts for road resurfacing and construction, bridge improvements, sidewalks and curbs, and intersection improvements.

The County reports the following major proprietary funds:

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 *Special Recreation Facility Fund* accounts for the operations and related debt service costs of a public golf course opened in September 1996. 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.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditure 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, fines for speed enforcement, and fees for health services.

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.

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 and mailing services; technology and communication operations; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; and County employee health benefits 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 of street lights districts for energy costs, State property tax, Bay Restoration Fee, surety bonds held on construction work, and multifarious funds donated to the County.

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 by contacting the County via e-mail at staghavi@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 will act as a funding mechanism for the employers' cost of retiree benefits.

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

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. 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 unappropriated 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 2012, the Council approved one capital budget transfer and eight operating budget supplements.

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

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 currently limits its purchases to maturities of one year or less (except those items described in the next paragraph). 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. 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 its 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.

F. Loans Receivable

For the purposes of the fund financial statements, Special Revenue Fund expenditures relating to housing loans in the Community Renewal Fund are charged to operations upon funding, and the loans are recorded with an offset to a nonspendable fund balance account. For purposes of the government-wide financial statements, housing loans are not offset by restricted net assets accounts.

G. Inventory

Materials and supplies are valued at cost, using the weighted average method. Materials and supplies are recorded as an asset when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting.

H. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). They are recorded at historical or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value at the date contributed. Capital assets are defined by Howard County as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year.

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	Furniture and equipment	5-20

* Multiple classes of vehicles and useful lives were established for vehicles in fiscal year 2012.

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 increase 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 have no leave accrual limit. 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 Assets 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 June 30, 2012.

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 assets and the portion representing interest is initially recorded as a deferred liability and then recognized as revenue when billed.

From 1980 to 2004 the deferred liability increased as the water and sewer system was being built. The liability 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. Fund Balance

In the fund financial statements, fund balance is classified based on extent to which a government 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 which includes the County charter, ordinances, and resolutions. 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. The County Executive assigns fund balance amounts in the General Fund. 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 other four fund balance categories are reported.

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

M. 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. 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. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as an expenditure 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 where 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 overall general fund final budget did not change from the original. However, several programs within the general fund were modified during the year by resolution.

The financial statements are reconciled on below:

	<u>General Fund</u>	<u>Agricultural Land Pres. Fund</u>
Budgetary basis - revenues and other sources over expenditures and other uses	\$ 19,827,580	25,253,100
Adjustments:		
Appropriation of prior year fund balances	-	(20,756,949)
Current year encumbrances outstanding	9,417,584	(587)
Prior year encumbrances expended this year	(6,457,094)	-
Effect of recording contractual services expenditures - modified accrual basis	(3,533,847)	-
Other	(48,687)	-
GAAP basis - net change in fund balances	\$ 19,205,536	4,495,564

The ending fund balances are reconciled as follows:

	<u>General Fund</u>	<u>Agricultural Land Pres. Fund</u>
Budgetary basis, June 30, 2012	\$ 115,963,214	76,946,717
Adjustments:		
Current year encumbrances outstanding	9,417,584	-
Prior year encumbrances outstanding	990,349	-
Effects of recording prior year payroll accrual on a modified accrual basis	(10,251,507)	(9,720)
Contractual expenditures recorded on a modified accrual basis	(3,592,182)	-
Other	(648,706)	6,913
GAAP basis, June 30, 2012	\$ 111,878,752	\$ 76,943,910

N. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at 7 percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2012 budget was prepared, the fiscal year 2010 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2010 audited expenditures. A reduction of \$544,699 was made to the fund in fiscal year 2012, which resulted in achieving the charter target of \$56,258,912.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures	Percentage	Charter Target
2012	2010	\$ 803,698,741	7%	\$ 56,258,912
2013	2011	\$ 817,281,569	7%	\$ 57,209,710
2014	2012	\$ 846,730,879	7%	\$ 59,271,162

O. Net Assets Restricted by Enabling Legislation

Net assets restricted by enabling legislation represent accumulated net assets 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 assets in the government-wide Statement of Net Assets, are as follows at year-end:

Governmental activities	\$ 82,432,184
Business-type activities	61,315,975
Total	\$ 143,748,141

P. Implementation of New Accounting Principles

The County adopted the provisions of two Governmental Accounting Standards Board Statements:

Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*": This Statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans (that is, agent employers).

Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*": This Statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

Adoption of these standards has no material impact on the County's basic financial 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 will be discussed separately below.

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. None of the component units have a policy covering deposits. The carrying amount of total deposits, including certificates of deposit, for the County was \$48,907,714 and the bank balance was \$53,676,610 at June 30, 2012. The bank balance was covered by federal depository insurance or by collateral held by the County's agent in the County's name. The component units had a combined bank balance of \$70,168,353. Of that amount, \$42,293,881 was covered by federal depository insurance or by collateral held in the component unit's name and the remaining \$27,874,472 was covered by collateral held in the pledging bank's trust department or by the pledging bank's agent in the component unit's name.

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 the 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 - 5%, and mutual funds - 60%. State law places no limits on these types of investments. Another restriction that is only in the County's policy limits 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.

The table below reconciles the County's deposits (\$48,907,714) and investments (\$1,016,591,991) to the government-wide Statement of Net Assets and the Statement of Fiduciary Net Assets - Pension and Other Post-Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	\$	168,629,527
Restricted equity in pooled cash and cash equivalents		267,399,080
Investments - Fair Value		629,471,098
Total	\$	1,065,499,705

Investments of the County and its component units as of June 30, 2012:

Investments	Fair Value		
	Primary Government	Component Units	Reporting Entity
Repurchase agreements	\$ 120,000,000	-	120,000,000
U.S. Government securities	51,159,626	-	51,159,626
U.S. Government - Sponsored Enterprises	180,000,000	-	180,000,000
Maryland Local Govt. Investment Pool	82,120,743	130,715,926	212,836,669
Money market funds	5,000,150	14,031	5,014,181
Mutual funds	-	8,284,006	8,284,006
Equity in properties under home ownership	-	4,114,516	4,114,516
Total	\$ 438,280,519	143,128,479	581,408,998

Interest Rate Risk: The County's investment policy requires that the majority of investments will 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 8). 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 June 30, 2012, the County did not have any callable investments. Therefore, all investment maturity dates were considered when calculating the weighted average maturity.

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

Investment Type	Fair Value	Weighted Average Maturity (in years)
Repurchase agreements	\$ 120,000,000	0.08
U.S. Government securities	51,159,626	8.87
U.S. Government-Sponsored Enterprises	180,000,000	0.69
Total	\$ 351,159,626	
Portfolio weighted average maturity		1.67

The Maryland Local Government Investment Pool and the money market funds used by the County are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940. The County's investments in these pools are not included in the computation of weighted average maturity.

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.

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 and the Federal Farm Credit Bank. At June 30, 2012, investments in these U.S. Government Sponsored Enterprises represent 42.72% and 8.54% respectively, of the County's total investments.

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. The target allocation is 67.5% equities (including alternative investments and real estate) and 32.5% fixed income. The minimum and maximum percentages for equities are 35% and 92.5% (including 27.5% alternative investments and 10% real estate), respectively, and for fixed income are 22.5% and 42.5%, respectively.

Investments of the Plans as of June 30, 2012:

Investments	Fair Value
Common stocks	\$ 141,921,562
Mutual funds	187,885,057
Money market funds	7,815,090
Fixed income	182,591,758
Real estate	29,799,805
Total	\$ 550,013,272

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	Weighted Average Maturity (in years)
Corporate bonds	\$ 43,631,328	8.39
U.S. Government - Sponsored Enterprises	30,317,076	21.53
Municipal securities	5,908,456	18.16
U.S. Government securities	11,346,005	0.57
Total	\$ 91,202,865	
Portfolio weighted average maturity		2.06

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. As of June 30, 2012, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable	Fair Value
AAA to A	\$ 51,583,940
BBB to B	29,380,362
Total	\$ 80,964,302

Custodial Credit Risk: State Street invests in Government Short Term Investment Fund (GSTIF) on behalf of the Plans. At June 30, 2012, the amount in this fund at fair value was \$6,363,546 which was partially used for settlement of open purchases of \$1,759,815. 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 3-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. As of June 30, 2012, there were hedges in place to reduce exposure to the Australian dollar.

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 37.5% at any given time. As of June 30, 2012, the Plans' exposure to foreign currency risk is as follows:

<u>Investment Type</u>	<u>Currency</u>	<u>Fair Value</u>
Common stock	Euro currency	\$ 70
Foreign currency	Euro currency	111,818
Foreign currency	Japanese Yen	1,024
Total		\$ 112,912

Other Post-Employment Benefits (OPEB) Trust Funds' Cash, Cash Equivalent 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 US Bank as custodian for their assets.

Investments: The Plans' investment policy includes an asset allocation plan for its investments. The target allocation is 65% equity mutual funds and 35% fixed income mutual funds. The minimum and maximum percentages for equities are 40% and 80%, respectively, and for fixed income are 20% and 60%, respectively.

Investments of the Plans as of June 30, 2012:

<u>Investments</u>	<u>Fair Value</u>
Mutual funds	\$ 26,901,781
Money market funds	1,380,675
Total	\$ 28,282,456

Credit Risk: The Maryland Local Government Investment Pool is rated AAA by Standard & Poor's. The money market funds used by US Bank are unrated, as are the mutual funds used by the Plans.

3. Receivables and Deferred Revenue

Receivables at year-end of the County's major individual Governmental Funds, Enterprise Funds and Non-major Governmental Funds, and other funds (including Internal Service Funds and Fiduciary Funds) in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Agricultural Land Pres. Fund	General Capital Projects	Highway Capital Projects	Enterprise Funds	Nonmajor and Other Funds	Total
Receivables:							
Property taxes	\$ 4,886,054	-	-	-	181,813	897,857	5,965,724
Service billings	-	-	-	-	10,631,098	518,663	11,149,761
Water and sewer assessments	-	-	-	-	67,790,308	-	67,790,308
Due from other governments	63,892,609	1,160,131	30,405,291	286,448	-	13,643,482	109,387,961
Other	287,807	-	12,500	90,603	349,173	21,578,549	22,318,632
Gross receivables	69,066,470	1,160,131	30,417,791	377,051	78,952,392	36,638,551	216,612,386
Less: Allowance for uncollectables	(55,493)	-	-	-	-	-	(55,493)
Total Receivable	\$ 69,010,977	1,160,131	30,417,791	377,051	78,952,392	36,638,551	216,556,893

Governmental funds report deferred revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Most of the receivables in the Enterprise Funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established. At June 30, 2012, the various components of deferred revenue reported are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental funds:		
General Fund:		
Due from governmental agencies	\$ 521,500	-
Income tax	40,247,053	-
Property tax	4,538,312	-
Escrow	-	252,056
General Capital Projects Fund	14,425,418	-
Highway Capital Projects Fund	-	286,448
Non-major funds:		
Property tax	514,978	-
Due from governmental agencies	5,848,548	3,134,809
Recreation program fees	-	3,308,724
Total governmental funds	\$ 66,095,809	6,982,037

4. Interfund Receivables, Payables and Transfers

The composition of inter-fund balances at year-end is as follows:

Due to/from other funds:

The balances due to Governmental funds are the result of loans made to cover operating cash deficits.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major Special Revenue Funds	\$ 1,465,747
Highway Capital Projects Fund	Non-major Capital Projects Funds	1,727,748
		<u>\$ 3,193,495</u>

Transfers:

Interfund transfers for the year ended June 30, 2012 consisted of the following:

Fund	Reconciliation of Transfers In and Out							
	General	Capital Projects			Non-major Special Revenue	Internal Service	Enterprise	Total In
		General	Highway	Non-major				
General	\$ -	7,137,250	3,439,699	4,638,535	85,171	33,472	158	15,334,285
Capital Projects:								
General	3,345,920	-	-	-	-	600,000	-	3,945,920
Highway	5,619,648	-	-	-	-	-	-	5,619,648
Non-major	1,656,595	-	-	-	1,710,000	-	-	3,366,595
Non-major Special Revenue	10,128,936	-	-	-	70,000	-	-	10,198,936
Internal Service	1,800,000	-	-	-	-	-	-	1,800,000
Enterprise	315,000	-	-	-	272,000	-	-	587,000
Total Out	\$ 22,866,099	7,137,250	3,439,699	4,638,535	2,137,171	633,472	158	40,852,384

The transfers out from the General Fund are operating funding to a State Agency and the County's golf course enterprise fund, the disbursement of pay-as-you-go funding to various capital projects, 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.

5. Due From Other Governments

The amounts due from other governments are primarily tax and grant revenues (including matching funds from other jurisdictions) due from Federal, State, or Local governments.

6. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed values 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 by December 31. If delinquent, taxes are charged 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 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 revenues 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).

7. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 470,374,442	33,767,134	3,566,502	500,575,074
Construction in progress	297,798,154 *	91,006,172	63,965,284	324,839,042
Total capital assets, not being depreciated	<u>768,172,596</u>	<u>124,773,306</u>	<u>67,531,786</u>	<u>825,414,116</u>
Capital assets being depreciated:				
Buildings	216,494,156	21,325,443	-	237,819,599
Improvements other than buildings	66,716,266	11,757,575	60,000	78,413,841
Machinery and equipment	121,670,301	14,223,993	8,617,158	127,277,136
Infrastructure	313,594,556	14,937,254	-	328,531,810
Total capital assets, being depreciated	<u>718,475,279</u>	<u>62,244,265</u>	<u>8,677,158</u>	<u>772,042,386</u>
Less accumulated depreciation for:				
Buildings	66,648,549	4,354,777	-	71,003,326
Improvements other than buildings	39,137,468	3,083,186	60,000	42,160,654
Machinery and equipment	78,779,078	11,260,963	8,109,823	81,930,218
Infrastructure	141,817,457	8,965,360	-	150,782,817
Total accumulated depreciation	<u>326,382,552</u>	<u>27,664,286</u>	<u>8,169,823</u>	<u>345,877,015</u>
Total capital assets, being depreciated, net	<u>392,092,727</u>	<u>34,579,979</u>	<u>507,335</u>	<u>426,165,371</u>
Governmental activities capital assets, net	<u>\$ 1,160,265,323</u>	<u>159,353,285</u>	<u>68,039,121</u>	<u>1,251,579,487</u>

* Restated due to prior period adjustment of \$15,195,173. See note 18 for further details.

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

Governmental activities:	Amount
General government	\$ 3,364,840
Public safety	2,931,525
Public facilities	13,633,931
Legislative and judicial	17,385
Community services	137,782
Recreation and parks	1,975,456
Education	641,313
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	4,746,221
Total depreciation expense - governmental activities	\$ 27,448,453

Capital asset activity for business-type activities for the fiscal year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 10,802,873	-	-	10,802,873
Construction in progress	238,222,618	51,567,713	57,919,071	231,871,260
Total capital assets, not being depreciated	<u>249,025,491</u>	<u>51,567,713</u>	<u>57,919,071</u>	<u>242,674,133</u>
Capital assets being depreciated:				
Buildings	129,185,533	22,578,000	-	151,763,533
Improvements other than buildings	55,817,485	1,927,290	-	57,744,775
Machinery and equipment	3,749,403	2,309,875	1,168,544	4,890,734
Infrastructure	491,093,670	37,596,465	-	528,690,135
Total capital assets, being depreciated	<u>679,846,091</u>	<u>64,411,630</u>	<u>1,168,544</u>	<u>743,089,177</u>
Less accumulated depreciation for:				
Buildings	55,520,422	2,654,480	-	58,174,902
Improvements other than buildings	30,077,758	1,978,521	-	32,056,279
Machinery and equipment	2,621,946	225,101	848,451	1,998,596
Infrastructure	221,033,029	9,401,451	-	230,434,480
Total accumulated depreciation	<u>309,253,155</u>	<u>14,259,553</u>	<u>848,451</u>	<u>322,664,257</u>
Total capital assets, being depreciated, net	<u>370,592,936</u>	<u>50,152,077</u>	<u>320,093</u>	<u>420,424,920</u>
Business-type activities capital assets, net	<u>\$ 619,618,427</u>	<u>101,719,790</u>	<u>58,239,164</u>	<u>663,099,053</u>

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

Business-type activities:	Amount
Water and sewer system	\$ 14,210,827
Golf course	48,726
Total depreciation expense - business-type activities	<u>\$ 14,259,553</u>

Construction Commitments

Howard County government total encumbrances outstanding as of June 30, 2012 were \$101,384,616.

8. Long-Term Debt

A. Primary Government

A summary of long-term debt outstanding for the primary government at June 30, 2012 is as follows:

	Due Dates	Interest Rates	Amount Outstanding
<u>Governmental Activities:</u>			
Consolidated public improvement bonds	2012-2032	1.85% to 5.55%	\$ 827,580,000
State water quality revolving loan	2013-2016	2.41%	2,850,000
Total debt subject to statutory limit			830,430,000
Compensated absences	various	not applicable	21,223,886
Capital leases	various	not applicable	4,737,514
Net OPEB obligation	various	not applicable	262,038,493
Landfill closure obligation	various	not applicable	31,896,000
Agricultural and preservation program	2012-2031	2.73% to 8.60%	94,622,770
Total Governmental Activities			(1) <u>\$ 1,244,948,663</u>
<u>Business Type Activities:</u>			
Metropolitan district bonds	2012-2041	1.25% to 5.00%	\$ 184,990,000
Special facility revenue bonds	2012-2021	2.475%	5,400,000
State water quality revolving loan	2012-2029	1.00% to 4.33%	38,364,211
Compensated absences	various	not applicable	823,778
Net OPEB obligation	various	not applicable	4,334,241
Major water and sewer agreements	various	not applicable	1,004,953
Total Business Type Activities			(2) <u>234,917,183</u>
Total Debt			<u>\$ 1,479,865,846</u>

Note (1): Does not include deferred refunding premium liability of \$74,006,290, economic refunding loss of (\$9,998,214), and unpaid insurance claims of \$11,909,462 shown in the Statement of Net Assets.

Note (2): Does not include deferred refunding premium of \$4,965,919, unamortized discount of (\$25,757), and economic refunding loss of (\$665,034) shown in the Statement of Net Assets. Also, does not include developer agreement rebates of \$123,247 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) or deferred water and sewer assessments of \$20,137,431.

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds, State Water Quality Revolving Loan, Local Government Insurance Trust, and Maryland State Retirement) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At June 30, 2012 the statutory debt limit was \$2,168,520,965 providing a debt margin of \$1,338,090,965. The authorized, unissued General County Bonds, Metropolitan District Bonds, and Water Quality Bonds at June 30, 2012 were \$393,308,053, \$175,085,798, and \$21,076,635 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 its debt agreement provisions.

The changes in long-term debt for the primary government for the year ended June 30, 2012 are as follows:

	Balance			Balance June 30, 2012	Amounts
	June 30, 2011	Additions	Retirements		Due Within One Year
Consolidated public improvement bonds (1)	\$ 783,854,998	219,425,002	175,700,000	827,580,000	52,325,000
State water quality revolving loan	4,050,000	-	1,200,000	2,850,000	10,000
Compensated absences	20,885,772	1,344,667	1,006,553	21,223,886	936,740
Capital leases	4,945,142	-	207,628	4,737,514	233,704
Landfill closure obligation	31,719,000 *	177,000	-	31,896,000	-
Agricultural land preservation program	71,121,600	25,253,100	1,751,930	94,622,770	1,927,375
Total long-term debt	<u>916,576,512</u>	<u>246,199,769</u>	<u>179,866,111</u>	<u>982,910,170</u>	<u>55,432,819</u>
Metropolitan district bonds (2)	154,210,000	56,215,000	25,435,000	184,990,000	6,450,000
Special facility revenue bonds	6,330,000	5,400,000	6,330,000	5,400,000	378,000
State water quality revolving loan	41,957,623	544,843	4,138,255	38,364,211	4,254,594
Compensated absences	781,608	71,046	28,876	823,778	98,690
Major water and sewer agreements	2,034,984	-	1,030,031	1,004,953	-
Total enterprise fund	<u>205,314,215</u>	<u>62,230,889</u>	<u>36,962,162</u>	<u>230,582,942</u>	<u>11,181,284</u>
Total	<u>\$ 1,121,890,727</u>	<u>308,430,658</u>	<u>216,828,273</u>	<u>1,213,493,112</u>	<u>66,614,103</u>

* Restated due to prior period adjustment of \$4,622,000. See note 18 for further details.

Note (1): Does not include deferred refunding premium liability of \$74,006,290, economic refunding loss of (\$9,998,214), unpaid insurance claims of \$11,909,462, and net OPEB obligation of \$262,038,493 shown in the Statement of Net Assets.

Note (2): Does not include deferred refunding premium of \$4,965,919, unamortized discount of (\$25,757), and economic refunding loss of (\$665,034) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of \$4,334,241, developer agreement rebates of \$123,247 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) or deferred water and sewer assessments of \$20,137,431.

The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of General County bonds and other long-term debt. 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 November 17, 2011, the County issued \$182,055,000 in **Consolidated Public Improvement Project and Refunding Bonds** with an effective interest rate of 2.860 percent and \$36,245,000 in **Metropolitan District Project and Refunding Bonds** with an effective interest rate of 3.313 percent. The County issued these bonds to refund \$120,270,000 and \$17,740,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively; pay off \$100,000,000 of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2011 Series (BANs); and to pay bond issuance costs. The savings or aggregate difference in debt service, from refunding Consolidated Public Improvement Bonds was \$8,354,656 and from refunding Metropolitan District Bonds was \$2,352,959. The economic gain or net present value of savings, from refunding Consolidated Public Improvement Bonds was \$7,298,233 and from refunding Metropolitan District Bonds was \$2,281,684.11.

On April 11, 2012, the County issued \$37,370,002 in **Consolidated Public Improvement Bonds** with an effective interest rate of 3.160 percent and \$19,970,000 in **Metropolitan District Bonds** with an effective interest rate of 3.620 percent. The County issued these bonds to provide funding for certain capital projects and to pay bond issuance costs.

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 June 30, 2012, 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 plant and \$14,210,000 was used to refund Consolidated Public Improvement Bonds. The outstanding balances of these loans are \$38,364,211 and \$2,850,000, respectively.

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 10).

During fiscal year 1995, the County issued **Special Facility Revenue Bonds** in the amount of \$10,675,000. On June 1, 2003, the County refunded the balance of the **Special Facility Revenue Bonds**, which was \$9,220,000, and issued **Golf Course Refunding Bonds** in the amount of \$9,880,000. On May 30, 2012, the County refunded the balance of the 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 is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at June 30, 2012 is \$560,000. If a deficiency exists in the debt service reserve fund securing the note, the County is obligated to restore the amount in the debt service reserve fund to \$560,000 not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until the note has been paid in full. This 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 debt service reserve fund is a general contractual obligation of the County.

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 ten percent of the purchase price at closing, with equal annual principal payments over 20 years with interest.

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 or Enterprise Fund. At June 30, 2012, \$127,525,000 of Consolidated Public Improvement Bonds and \$5,925,000 of Metropolitan District Bonds are considered defeased.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term debt as of June 30, 2012 is as follows:

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds		Agricultural Land Program	
	Principal	Interest	Principal	Interest
2013	\$ 52,335,000	37,735,070	1,927,375	5,477,545
2014	54,925,000	35,565,275	2,018,375	5,416,703
2015	53,480,000	32,961,307	1,927,375	5,350,171
2016	52,655,000	30,435,964	2,018,375	5,289,329
2017	50,810,000	27,827,628	8,530,575	5,222,798
2018-2022	237,985,000	103,220,471	43,672,875	18,507,847
2023-2027	225,850,000	50,094,109	24,997,875	5,639,877
2028-2032	102,390,000	10,322,833	9,529,945	560,809
Total	\$ 830,430,000	328,162,657	94,622,770	51,465,079

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Special Facility Revenue Bonds		Water Quality	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 6,450,000	7,402,560	378,000	135,504	4,254,594	1,084,059
2014	8,380,000	7,241,879	439,000	119,351	3,179,302	912,006
2015	8,780,000	6,892,973	450,000	108,362	3,251,704	839,604
2016	7,605,000	6,535,598	461,000	97,098	3,171,029	757,817
2017	7,895,000	6,213,113	473,000	85,553	3,240,265	688,582
2018-2022	38,570,000	26,417,644	2,549,000	244,063	17,295,261	2,348,969
2023-2027	35,910,000	19,493,650	650,000	2,588	3,152,172	329,805
2028-2032	29,705,000	12,612,391	-	-	819,884	63,842
2033-2037	25,525,000	6,946,001	-	-	-	-
2038-2042	16,170,000	1,854,764	-	-	-	-
	<u>\$ 184,990,000</u>	<u>101,610,573</u>	<u>5,400,000</u>	<u>792,519</u>	<u>38,364,211</u>	<u>7,024,684</u>

B. Component Units

The changes in long-term obligations for the component units for the year ended June 30, 2012 are as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
Public School System:				
Capital leases and compensated absences	\$ 16,946,490 *	1,924,459	4,866,174	14,004,775
Community College:				
Loans and compensated absences	11,241,634	107,737	381,416	10,967,955
Library:				
Compensated absences	930,594	832,103	816,764	945,933
Housing:				
Loans and compensated absences	48,183,145	21,394,731	3,509,531	66,068,345
Total	<u>\$ 77,301,863</u>	<u>24,259,030</u>	<u>9,573,885</u>	<u>91,987,008</u>

* Beginning balance has been restated - Increase of \$2,922,331 to include workers compensation.

9. Short-Term Debt

The changes in short-term debt for the primary government for the year ended June 30, 2012 are as follows:

<u>Type</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
Bond Anticipation Notes	\$100,000,000	80,000,000	80,000,000	\$ 100,000,000

10. Conduit Debt

From time to time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Multi-Family Rental Housing 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.

As of June 30, 2012, there are 47 series of conduit debt outstanding. The aggregate principal amount payable for the 17 series issued after July 1, 1996 was \$90,770,984. The aggregate principal amount payable for the 30 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$115,328,339.

11. Lease Obligations

Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the year ended June 30, 2012 amounted to \$2,646,769. Future lease payments including any agreed upon percentage increases are as follows:

Fiscal Year	
2013	\$ 2,764,709
2014	1,129,162
2015	988,258
2016	664,754
2017	2,484
2018-2022	12,420

The County, as lessor, leases County-owned tower space under various long-term operating lease agreements. Lease revenues for the year ended June 30, 2012 amounted to \$2,373,570. Future lease revenues are as follows:

Fiscal Year	
2013	\$ 2,303,418
2014	2,179,297
2015	2,213,059
2016	1,996,261
2017	1,136,865
2018-2022	6,308,395

Capital Leases

The County entered into two lease agreements as lessee with Grant Capital Management and one agreement with TD Asset Management Funds for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and must be recorded at the lesser of their fair value or the present value of their future minimum lease payments. Therefore, they have been recorded at the present value of their future minimum lease payments as of the inception date.

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

<u>Year Ending June 30, 2012</u>	<u>Governmental Activities</u>
2013	\$ 491,175
2014	505,909
2015	521,085
2016	536,717
2017	552,819
2018-2021	2,382,897
2022-2024	1,560,052
Total minimum lease payments	6,550,654
Less: amount representing interest	(1,813,140)
Present value of minimum lease payments	<u>\$ 4,737,514</u>

12. Restricted Assets

Federal and State grants, golf course receivables, 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. Developer contributions primarily represent water and sewer projects constructed by developers on behalf of the County in connection with the development of privately owned property. The agreements between the developers and the County relating to such projects provide for specific rebates of construction costs to the developer from bond proceeds based upon house connections within a ten-year period. Any amounts not rebated at the end of ten years are recognized as contributed revenue. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted net assets. 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 reserved for capital projects, funds that are legally restricted for special purposes such as public housing projects, investments in strip treasuries held to maturity for the final payment on the purchase of land development rights, and funds reserved for payment of zero coupon bonds.

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 balance sheet date. 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 costs 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 \$39,339,900. Actual cost 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. As of June 30, 2012, the County has recognized \$31,896,000 of these costs. This cumulative amount reported to date is based on the use of 70.60 percent of the existing cell and 100 percent of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$7,443,900. 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. As described in Note 18 of the Notes to Basic Financial Statements, there was a prior period adjustment to landfill cost liabilities.

14. Retirement Plans

Generally, the majority of employees of the primary government, except certain police and fire officers, participate in the Howard County Retirement Plan ("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. Certain police and fire personnel participate in the Howard County Police and Fire Employees' Retirement Plan ("Police and Fire Plan") which was established July 1, 1990. The Retirement Plan and the Police and Fire Plan are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland. 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. 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 Retirement Plan and the Police and Fire Plan 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. Substantially all of the County's full-time benefited and part-time benefited employees are eligible to participate in the Retirement Plan, except for certain exceptions provided for in Howard County Code Section 1.406. Responsibility for administration and operation of the Retirement Plan and the Police and Fire Plan vests in 7-member Retirement Committees ("Committees"). The Committees and the Trustees have authority to establish and amend the respective benefit and contribution provisions. All full-time and permanent part-time employees of the County must be members of one of the plans. Police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. All other employees hired after July 1, 1995 must enroll in the Retirement Plan.

The payroll for employees covered by the Retirement Plan for the year ended June 30, 2012 was \$91,395,392. The payroll for police and fire employees covered by the Police and Fire Plan for the year ended June 30, 2012 was \$59,290,015. The payroll for employees covered by the State Retirement System and State Pension System for the year ended June 30, 2012 was \$2,145,304 and \$4,870,355 respectively. The County's total payroll was approximately \$190,446,481. 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.

The Retirement Plan and the Police and Fire Plan provide retirement benefits as well as death and disability benefits and cost-of-living adjustments. Under the conditions of the Retirement Plan, participants attaining the age of 62 who have completed two years of eligibility service and the sum of attained age in whole years and years of eligibility service equal at least 67 or participants who have completed 30 years eligibility service, are entitled to a normal retirement benefit. After July 1, 2005, normal retirement is also defined as 20 years of service for participating Corrections employees. For non-Corrections participants, the benefit is 1.55% of the participants average compensation times the participant's creditable service. The Plan permits early retirement for participants who attain the age of 55 and have completed 15 years of eligibility service. The benefit is reduced ½ percent for each month the early retirement date precedes the participant attaining age 62. For participants who reach a termination after August 31, 2002, early retirement is also provided to participants who achieve 25 years of eligibility service. This benefit is reduced by ½ percent each month the benefit commencement date precedes 30 years of eligibility service, or ½ percent for each month the retiree's age precedes age 62, if less. Participating Corrections employees who retire on or after July 1, 2005 are

entitled to receive a normal retirement benefit of 2.5 percent of average compensation multiplied by years of creditable service (up to 20 years) plus 1 percent of average compensation multiplied by service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1 percent of average compensation). Prior to July 1, 2005, other rules applied. The benefit was 2.0 percent of average compensation multiplied by post-1997 creditable service. The benefit for pre-1998 creditable service is 1.55 percent or 2 percent, depending on phase-in rules. Effective July 1, 2011, for AFSCME Local 3085 Employees the benefit is 1.66% of the participant's average compensation times creditable service. Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent 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. Participant contributions are 8.5 percent of base pay for participating Corrections participants with less than 20 years of creditable service, 0 percent for Corrections participants with greater than 20 years of creditable service, and 2 percent of base pay for other participants. Effective July 1, 2011, participant contributions are 3.0% of base pay for AFSCME Local 3085 Employees. The County funds the remainder of the cost of its employees' participation in the Retirement Plan.

All of the County's full-time career police and fire officers are eligible to participate in the Police and Fire Plan. Effective January 1, 2003, employees attaining the age of 62 who have completed 5 years of eligibility service and employees who have completed 20 years of eligibility service are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50 percent (with 20 years of service) to 80 percent (with 30 years of service) of average compensation for police; and from 50 percent (with 20 years of service) to 70 percent (with 30 years of service) of average compensation for fire fighters. Participants become vested after 5 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 2.5 percent of average compensation times the number of years of creditable service at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent 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. Participant contributions are 11.6 percent of pay for participating Police Department Employees and 7.7 percent of pay for participating Fire Department Employees. The County funds the remainder of the cost of its employees' participation in the Police and Fire 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.

The Retirement Plan and the Police and Fire Plan's funding policies provide for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. During the year ended June 30, 2012 contributions to the Police and Fire plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2011. However, contributions to the Retirement Plan was made in excess of actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2011. This increase in contribution was necessary in order to spread significant increases recommended by the actuary for the coming years. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the accrued actuarial liability.

Actuarial assumptions are as follows:

	Howard County Retirement Plan	Police and Fire Retirement Plan
Contribution rates:		
County	11.9%	29.6%
Plan members	2.0-8.5%	7.7-11.6%
Annual Required Contribution (thousands)	\$10,539	\$18,051
Contributions made (thousands)	\$10,719	\$18,051
Actuarial valuation date	7/1/11	7/1/11
Actuarial methods and significant assumptions:		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, increases 3.0% annually	Level percentage of pay, increases 3.0% annually
Remaining amortization period**	14-28 years, except actuarial gains and losses which are amortized over 15 year open amortization period.	11-22 years, except actuarial gains and losses which are amortized over a 15 year open amortization period.
Asset valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	8% compounded annually, gross of investment expenses	8% compounded annually, gross of investment expenses
Projected salary increases*	4.0-7.0%	4.50-8.25%
Cost-of-living adjustments	3%, compounded annually	2%, compounded annually

* Includes inflation at 3%

** Closed amortization period

Required six year trend information for the Retirement Plan and the Police and Fire Plan is as follows:

	<u>Year Ending</u>	<u>Annual Pension Cost (000)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
Retirement Plan	6/30/07	9,695	100	0
	6/30/08	10,022	100	0
	6/30/09	9,745	100	0
	6/30/10	9,758	102	0
	6/30/11	10,304	100	0
	6/30/12	10,719	102	0
Police and Fire Plan	6/30/07	13,549	100	0
	6/30/08	14,717	100	0
	6/30/09	14,426	100	0
	6/30/10	14,881	105	0
	6/30/11	15,677	100	0
	6/30/12	18,051	100	0

The funded status of both plans as of the most recent valuation date is presented below (dollar amounts in millions).

Schedule of Funding Progress - Howard County Retirement Plan

Actuarial Valuation Date of July 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2011	\$ 253.1	\$ 273.7	92.5%	\$ 20.6	\$ 86.5	23.8%

Schedule of Funding Progress - Howard County Fire and Police Employees' Retirement Plan

Actuarial Valuation Date of July 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2011	\$ 288.4	\$ 378.3	76.2%	\$ 89.9	\$ 55.7	161.6%

The multiyear schedule of funding progress for both plans can be found in the required supplementary information section (RSI) and presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing overtime relative to the AALs for benefits.

The Plan's investments are reported at fair market value. Short-term investments consisting of money market funds are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is approximated by the net asset value of the Plan's share of ownership of the co-mingled real estate investment funds. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities.

Generally, all employees of the component units participate in The State of Maryland Employees' Retirement and Pension Systems ("Employees' Retirement and Pension Systems") and the Teachers' Retirement and Pension Systems ("Teachers' Retirement and Pension Systems"). The component units' employer contributions to the Employees' Retirement and Pension Systems were \$5,374,180, \$5,204,226 and \$3,799,270 for the years ended June 30, 2012, 2011, and 2010 respectively. Contributions to the Teachers' Retirement and Pension Systems are made directly by the State of Maryland according to State statute on behalf of the component units and amounted to \$64,256,904, \$64,193,297 and \$55,529,077 in 2012, 2011, and 2010, respectively.

The State Retirement Agency issues a publicly available Comprehensive Annual Financial Report that includes the Systems' financial statements and required supplementary information. That report may be obtained by writing to the State Retirement and Pension System of Maryland, State Retirement Agency, 120 East Baltimore Street, 14th Floor, Baltimore, Maryland 21202-6700 or by calling (800) 492-5909.

15. Other Post-Employment Benefits

In the financial statements for the fiscal year ending 2008, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 43, Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans and GASB 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.

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, Howard County Library, Mental Health Authority, and Economic Development Authority), and its component units, Howard County Community College and Howard County Public School System.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 14. 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 fifteen years of County service, and immediately preceding retirement, 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 the eligible retirees who must have provided ten years of service with the school system and have retired at the Howard County Public School System.

Plan membership at June 30, 2011, per the most recent actuarial valuation, consisted of the following:

Retirees and beneficiaries receiving benefits	2,356
Active plan members	9,576
Deferred vested terminations	<u>48</u>
Total	<u>11,980</u>

There are no separate financial statements for the Plan.

Basis of Accounting

The Plan’s financial information is prepared on the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees’ insurance costs are incurred. For FY 2012, the Plan’s insurance costs were \$19.7 million; \$5.8 million was paid by the retirees and the balance was paid by the County and its component units through the County’s self insurance fund (internal service fund).

Funding Policies and Funded Progress

The Plan’s funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). In FY 2012, the County contributed \$3,500,000 to the trust. The County’s eight year phase-in funding policy has been deferred due to the extraordinary economic downturn. Fiscal Year 2013 includes funding for pay-as-you go OPEB costs as well as \$3,826,780 to the trust.

As of June 30, 2011, per the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$649,960,000 and there was \$21,306,000 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was \$628,654,000. The annual covered payroll of active employees covered by the Plan was \$689,354,711 and the ratio of the UAAL to covered payroll was 91%.

The required contribution amount and OPEB expense per the most recent actuarial valuation report with valuation date of 2/1/2011 for Board of Education, 1/1/2011 for General Government, and 3/1/2011 for College are presented on the next page:

	Actuarial Unfunded Accrued Liability (1)	Amortization of Actuarial Unfunded Accrued Liability (2)	Normal Cost (3)	Annual Required Contribution (2)+(3)	ARC Funding (4)	Paygo Funding (5)	Net OPEB Obligation (NOO) (2)+(3)-(4)-(5)
Schools	\$ 373,780,000	\$ 17,894,000	\$ 18,185,000	\$ 36,079,000	\$ 2,067,800	\$ 10,853,721	\$ 23,157,479
College	20,159,000	965,000	1,520,000	2,485,000	142,100	166,950	2,175,950
County ¹	234,715,000	11,237,000	11,394,000	22,631,000	1,290,100	2,919,184	18,421,716
	628,654,000	30,096,000	31,099,000	61,195,000	3,500,000	13,939,855	43,755,145
			Beginning balance				223,258,924
			Less NOO amortization				10,687,359
			Plus interest on NOO				10,046,652
			Total NOO				\$ 266,373,362

¹ Enterprise fund share of PAYGO funding and net OPEB obligation is \$746,629 and \$4,334,241 respectively.

The Plan's annual OPEB cost (AOC) and the net OPEB obligation of the plan for the current and prior two years were as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Contribution	% of AOC contributed	Net OPEB Obligation
2010	\$ 78,700,853	\$ 8,109,983	10%	\$ 172,750,242
2011	62,140,045	11,631,993	19%	223,258,294
2012	61,195,000	17,439,855	28%	266,372,734

The Plan's actuarial value of plan assets and actuarial accrued liability as of the implementation year are as follows:

Fiscal Year	Plan Assets	AAL
2008	\$ -	\$ 707,256,000
2009	14,000,000	687,464,000
2010	20,229,000	848,066,000
2011	19,820,099	671,151,000
2012	21,306,000	649,960,000

Actuarial Assumptions

The actuarial methods and significant assumptions used by the actuary are summarized in this note to conform to the disclosure requirements for GASB statements 43 and 45.

Actuarial valuation date	2/1/11 for Board of Ed, 1/1/11 for General Government and 3/1/11 for College
Actuarial cost method	Projected Unit Credit
Amortization method	Amortized over a closed period of 27 years using level percentage of pay.
Asset valuation method	Fair Value. Assets are assumed to earn a 7.4% return.
Actuarial trend assumption:	Medical and prescription drug trend rate applied to FY 2012 is 7.50%. This rate decreases by 1.70% in FY 2012. The ultimate rate is 4.20%. Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.00%
Salary increases	3.00%

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

Statement of Net Assets

Assets

Receivables:	
Interest and dividends	\$ 60
Investments, at fair value:	
Cash	15,744
Mutual funds	26,901,781
Money market funds	1,380,675
Total assets	\$ 28,298,260

Liabilities

Accounts payable	
Other	1,291,214
Total liabilities	1,291,214
Net assets held in trust for other post employment benefits	
	\$ 27,007,046

Statement of Changes in Net Assets

Additions

Contributions:	
Employer	\$ 17,439,855
Total contributions	17,439,855
Investment income:	
Net change in fair value of investments	(744,013)
Interest	-
Dividends	783,154
Investment expense	(45,046)
Net investment (loss) income	(5,905)
Total additions	17,433,950

Deductions

Benefits	14,276,338
Administrative expenses	10,753
Total deductions	14,287,091
Change in net assets	3,146,859
Net assets - beginning of year	23,860,187
Net assets - end of year	\$ 27,007,046

16. 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 tax, 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.

17. 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 Fund provides full coverage for employee benefits and long-term disability claims. The Risk Management 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 on 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 provided by the reporting entity's Risk Management Fund. The County pays an annual premium to LGIT for this coverage. The reporting entity participates in LGIT in the areas of excess property, general and automobile liability coverages. LGIT consists of various counties and local municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages which would otherwise be unavailable, and loss control and risk management services. Claims settled by the County in the past five fiscal years have not exceeded the Risk Management Fund's retention to trigger payment by LGIT except for property losses occurring during the dual blizzards of 2010.

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 program.

As of June 30, 2012, the combined net assets for the two Internal Service Funds are \$9,771,576 and are reported as unrestricted in the Internal Service Funds. The combined claims liability of the two funds, \$11,909,462 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 2012 and 2011 are presented in the schedule below.

		Current Year Claims and			Expected Amount	
	<u>Beginning of Year</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year</u>	<u>Due Within One Year</u>	
2012	\$ 11,820,019	43,261,387	(43,171,944)	11,909,462	5,041,890	
2011	\$ 11,858,574	41,691,435	(41,729,990)	11,820,019	5,242,093	

The current portion is included under accounts payable and other current liabilities and the non-current portion is included under noncurrent liabilities – due in more than one year on the government-wide Statement of Net Assets.

18. Individual Fund Disclosure and Prior Period Adjustments

The Grants Fund will eliminate its deficit of (\$4,279,730) through receipt of intergovernmental revenues.

The General Capital Improvement, Public Libraries, and Storm Drainage Capital Projects Funds will eliminate their deficits of (\$56,471,532), (\$1,649,294), and (\$2,851,815), respectively, through future bond sales.

The deficit of (\$780,000) in the Risk Management Self-Insurance Internal Service Fund will be eliminated via increased funding in fiscal year 2013.

The adjustment to the beginning balance of construction in progress in governmental activities for \$15,195,173, is to remove expenses that have been capitalized as part of Howard County's assets under construction (AUC) when they should not have been.

The adjustment to the beginning balance of long-term debt of the primary government results from a correction of the number of years remaining to monitor and maintain the unlined landfill cells which were capped in fiscal year 2000. The correction resulted in a reduction of the total liability for closure and post-closure costs of \$4,622,000.

The adjustment to deposits and connection fees in the enterprise fund results from a correction of how deposits for unconnected systems were processed. This correction increased the liability \$320,685.

The beginning balance of net assets of Howard County Retirement Plan and Howard County Police and Fire Plan was restated in order to correct the allocation ratios used to determine investments at fair value between the two plans.

19. Commitments and Contingencies

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 the management of the County, no material refunds will be required as a result of expenditures disallowed by the grantors.

Construction

The County had \$752,800,421 authorized but unobligated capital project appropriations at June 30, 2012.

Litigation

The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Solicitor that such lawsuits and claims will not have a material adverse impact on the County's financial condition.

Lease Commitment

On December 1, 2011, the County entered into a lease agreement with the Howard County Housing Commission ("Commission"), one of the County's financial reporting Component Units. In exchange for the County performing its obligations under the lease agreement, the Commission will issue its Series 2011 revenue bonds, and use the proceeds to help finance the cost of developing, constructing and equipping the project known as the "Hilltop Redevelopment Phase 1 Residential & Recreation Center" (the "Project"), to benefit the County and its residents.

As lessee, the County has committed to a thirty-two (32) year initial lease term, which terminates on June 1, 2043. The lease provides for mutually agreed upon two (2) additional lease extensions of five (5) years each, under the same terms and conditions of the initial lease agreement.

**Required Supplementary
Information**



Howard County, Maryland
Required Supplementary Information
Pension Trust Funds
For the Year Ended June 30, 2012

Required supplementary information (unaudited) for the Howard County Retirement Plan for the years ended June 30, 2010, 2011 and 2012 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/09	228,132,672	245,225,658	93.0%	17,092,986	85,231,182	20.1%
7/1/10	237,414,529	253,782,682	93.6%	16,368,153	84,845,897	19.3%
7/1/11	253,098,813	273,668,860	92.5%	20,570,047	86,499,656	23.8%

Required supplementary information (unaudited) for the Howard County Police and Fire Employees' Retirement Plan for the years ended June 30, 2010, 2011 and 2012 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/09	253,566,998	322,469,583	78.6%	68,902,585	52,145,928	132.1%
7/1/10	266,984,658	348,701,993	76.6%	81,717,335	53,308,475	153.3%
7/1/11	288,375,566	378,296,941	76.2%	89,921,375	55,656,754	161.6%

**Howard County, Maryland
Required Supplementary Information
Other Post Employment Benefits Funds
For the Year Ended June 30, 2012**

Schedule of funding progress (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2012 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/07	-	707,256,000	0.0%	707,256,000	486,385,877	145.4%
7/1/08	14,000,000	687,464,000	2.0%	673,464,000	627,617,736	107.3%
7/1/10	19,820,099	671,151,000	3.0%	651,330,901	650,701,932	100.1%

Schedule of employer contribution (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2012 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligations
6/30/08	73,601,000	21,977,714	30%	51,623,286
6/30/09	65,168,000	14,732,748	23%	102,159,373
6/30/10	78,925,000	8,109,983	10%	172,750,242
6/30/11	62,754,000	11,631,993	19%	223,258,294
6/30/12	61,195,000	17,439,855	28%	266,372,374

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**
- **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, 2012

	Budget Amounts		Revenues	Variance with
	Original	Final		Final budget Over (Under)
Property taxes:				
Real, personal and corporate	\$ 438,853,177	438,853,177	439,845,344	992,167
Payment in lieu of taxes	1,362,935	1,362,935	1,401,438	38,503
Additions and abatements	-	-	(705,235)	(705,235)
Interest on taxes	1,330,000	1,330,000	1,120,592	(209,408)
Tax sale revenue	-	-	18,277	18,277
Total property taxes	441,546,112	441,546,112	441,680,416	134,304
Other local taxes:				
Local income tax surcharge	325,465,000	325,465,000	357,346,675	31,881,675
Admission tax	2,200,000	2,200,000	2,394,199	194,199
Recordation	17,000,000	17,000,000	15,944,953	(1,055,047)
Mobile home	600,000	600,000	577,243	(22,757)
Hotel / motel	4,200,000	4,200,000	4,220,635	20,635
Heavy Equipment	-	-	277,318	277,318
Total other local taxes	349,465,000	349,465,000	380,761,023	31,296,023
State shared taxes:				
Highway	753,596	753,596	780,358	26,762
Corporate	15,000	15,000	-	(15,000)
Total state shared taxes	768,596	768,596	780,358	11,762
Revenues from other governments	5,051,500	5,051,500	5,545,170	493,670
Charges for services:				
Sale of maps and publications	60,000	60,000	38,928	(21,072)
Civil marriage	10,000	10,000	9,210	(790)
Tax certificates	350,580	350,580	234,424	(116,156)
Planning and zoning fees	515,000	515,000	491,672	(23,328)
IRB and MIDFA loan fees	2,000	2,000	1,000	(1,000)
Rental housing inspection fees	1,300,000	1,300,000	1,655,809	355,809
Extension development agreement fees	40,000	40,000	29,600	(10,400)
Development - review fees	975,000	975,000	898,913	(76,087)
Development - specifications	1,000	1,000	-	(1,000)
Developer - water and sewer overhead	500,000	500,000	436,794	(63,206)
Sale of topographic maps	-	-	3	3
House type revision fees	87,000	87,000	94,228	7,228
Master in chancery fees	133,800	133,800	163,313	29,513
Police records check	38,000	38,000	53,312	15,312
Sheriff fees	400,000	400,000	401,508	1,508
Boarding prisoners	1,446,000	1,446,000	1,903,859	457,859
Weekender inmate fees	40,000	40,000	45,434	5,434
Parking meters	50,000	50,000	26,528	(23,472)
Private road revenue	7,500	7,500	-	(7,500)
Other charges for services	96,000	96,000	116,250	20,250
Other business appl fees	150,000	150,000	-	(150,000)
Internal Service Charges	-	-	111,017	111,017
Food and beverage	80,000	80,000	95,359	15,359
CATV franchise fee	4,467,940	4,467,940	5,189,765	721,825
Total charges for services	10,749,820	10,749,820	11,996,926	1,247,106

(Continued)

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2012

	Budget Amounts		Revenues	Variance with Final budget Over (Under)
	Original	Final		
Interest on investments	5,459,890	5,459,890	628,847	(4,831,043)
Licenses and permits:				
Beer, wine and liquor	265,500	265,500	261,610	(3,890)
Traders	450,500	450,500	532,712	82,212
Peddlers and solicitors	12,000	12,000	13,560	1,560
Building	2,695,450	2,695,450	2,882,691	187,241
Electrical	1,021,100	1,021,100	1,052,451	31,351
Plumbing	895,000	895,000	856,995	(38,005)
Signs	30,000	30,000	46,150	16,150
Mobile home park	7,000	7,000	6,650	(350)
Animal license	62,000	62,000	49,238	(12,762)
Marriage license	9,000	9,000	9,305	305
Marriage license surcharge	65,000	65,000	74,440	9,440
Other	500	500	1,385	885
Total licenses and permits	5,513,050	5,513,050	5,787,187	274,137
Recoveries for interfund services:				
Streetlight districts	16,000	16,000	8,400	(7,600)
Public works operations - utility pro rata	3,456,836	3,456,836	3,456,836	-
Fire and rescue fund	4,440,714	4,440,714	4,440,714	-
Office of law - self insurance	506,585	506,585	434,191	(72,394)
Pension plan	225,354	225,354	204,963	(20,391)
Employee health benefits fund	0	0	49,233	49,233
Agricultural land preservation fund	630,368	630,368	630,368	-
Public works - W&S capital projects pro rata	400,000	400,000	366,666	(33,334)
Waste management pro rata	1,046,108	1,046,108	1,046,108	-
Public works - water and sewer developer capital projects	450,000	450,000	541,666	91,666
General county capital projects pro rata share	390,000	390,000	541,668	151,668
Total recoveries for interfund services	11,561,965	11,561,965	11,720,813	158,848
Fines and forfeitures	3,251,500	3,251,500	3,050,804	(200,696)
Component units return of funding:				
Community college	860,479	860,479	817,842	(42,637)
Total component units	860,479	860,479	817,842	(42,637)
Miscellaneous revenues:				
Commissions, rents and concessions	1,450,000	1,450,000	1,461,602	11,602
Sale of property and equipment	14,400	14,400	21,044	6,644
Other revenue	788,630	788,630	522,242	(266,388)
Miscellaneous program Revenue	450,000	450,000	559,606	109,606
Insurance Recoveries	-	-	6,849	6,849
Total miscellaneous revenue	2,703,030	2,703,030	2,571,343	(131,687)
Total revenues	836,930,942	-	836,930,942	865,340,729
Other sources of financial resources:				
Transfers in:				
Operating Transfer In	7,000,000	7,000,000	-	(7,000,000)
DRP self sustaining fund	3,394,802	3,394,802	3,389,457	(5,345)
DILP technology debt	117,378	117,378	-	(117,378)
Excise tax debt	3,443,943	3,443,943	3,439,699	(4,244)
Fire and rescue reserve fund	1,234,976	1,234,976	1,230,140	(4,836)
Public school system debt	7,062,116	7,062,116	7,000,115	(62,001)
Speed Cameras	-	-	2,000	2,000
Total transfers in	22,253,215	-	22,253,215	(7,191,804)
Appropriation from fund balance	16,294,000	16,294,000	-	(16,294,000)
Total revenues and other sources of financial resources	\$ 875,478,157	\$ 875,478,157	\$ 880,402,140	\$ 4,923,983

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2012

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<u>General Government</u>						
Office of the county executive	\$ 1,040,555	1,040,555	1,040,547	8	1,040,555	-
Office of the county administrator:						
Contribution for OPEB	-	126,249	126,249	-	126,249	-
Bureau of staff services:						
Staff services	2,461,791	2,411,791	1,958,685	311,619	2,270,304	141,487
Environmental sustainability	442,787	442,787	261,886	161,884	423,770	19,017
Office of human rights	709,375	709,375	706,565	-	706,565	2,810
Workforce development	255,978	255,978	255,912	-	255,912	66
Total bureau of staff services	3,869,931	3,946,180	3,309,297	473,503	3,782,800	163,380
Bureau of management services:						
Budget division	718,456	718,456	684,459	2,209	686,668	31,788
Human resources	1,546,371	1,546,371	1,455,513	34,625	1,490,138	56,233
Purchasing division	1,036,969	1,086,969	1,066,460	-	1,066,460	20,509
Central services	710,794	710,794	676,743	-	676,743	34,051
Public information	963,010	963,010	865,922	155	866,077	96,933
Total bureau of management services	4,975,600	5,025,600	4,749,097	36,989	4,786,086	239,514
Total office of the county administrator	8,845,531	8,971,780	8,058,394	510,492	8,568,886	402,894
Department of economic development	1,669,661	1,669,661	1,669,661	-	1,669,661	-
Total dept of economic development	1,669,661	1,669,661	1,669,661	-	1,669,661	-
Department of finance:						
Office of the director	1,599,272	1,458,351	1,067,388	268,429	1,335,817	122,534
Bureau of accounting	1,618,850	1,699,771	1,537,443	162,268	1,699,711	60
Bureau of revenue and customer service	1,399,583	1,399,480	1,281,746	50,054	1,331,800	67,680
Utility and miscellaneous billing	534,387	534,387	461,504	18,215	479,719	54,668
Bureau of payroll / disbursements	1,184,561	1,244,561	1,178,844	37,736	1,216,580	27,981
State assessment office	1,624,000	1,624,103	1,624,103	-	1,624,103	-
Total department of finance	7,960,653	7,960,653	7,151,028	536,702	7,687,730	272,923
Office of law	3,387,660	3,387,660	3,255,109	2,500	3,257,609	130,051
Technology and communication services	295,982	295,982	214,838	21,000	235,838	60,144
General fund contingency	1,700,000	1,560,000	-	-	-	1,560,000
Total General Government	24,900,042	24,886,291	21,389,577	1,070,702	22,460,279	2,426,012
<u>Legislative and Judicial</u>						
Legislative:						
Contribution for OPEB	-	97,272	97,272	-	97,272	-
County council	2,054,549	2,054,549	1,958,885	756	1,959,641	94,908
County auditor	838,596	838,596	727,635	95,390	823,025	15,571
Board of license commissioners	105,566	105,566	98,816	-	98,816	6,750
Zoning board	117,781	117,781	103,235	-	103,235	14,546
Board of appeals	142,097	142,097	82,886	2,500	85,386	56,711
Total legislative	3,258,589	3,355,861	3,068,729	98,646	3,167,375	188,486

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2012

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Judicial:						
Circuit court	\$ 2,489,867	2,539,734	2,457,107	7,867	2,464,974	74,760
Orphans' court	49,982	49,982	48,495	-	48,495	1,487
Sheriff's department	6,379,161	6,379,161	6,167,577	6,005	6,173,582	205,579
State attorney's office	6,884,629	6,884,629	6,749,565	150	6,749,715	134,914
Total judicial	15,803,639	15,853,506	15,422,744	14,022	15,436,766	416,740
Board of election supervisors	1,380,769	1,380,769	1,061,028	-	1,061,028	319,741
Election expense	1,552,111	1,552,111	830,752	369,071	1,199,823	352,288
Total Legislative and Judicial	21,995,108	22,142,247	20,383,253	481,739	20,864,992	1,277,255
Public Works						
Department of public works:						
Office of the director	4,352,552	4,311,729	3,584,696	77,627	3,662,323	649,406
Contribution for OPEB	-	201,037	201,037	-	201,037	-
Total office of the director	4,352,552	4,512,766	3,785,733	77,627	3,863,360	649,406
Bureau of engineering:						
Administrative management division	514,896	656,048	633,520	-	633,520	22,528
Transportation & watershed management	1,174,846	1,153,998	1,153,998	-	1,153,998	-
Construction inspection division	2,864,459	2,667,949	2,648,447	-	2,648,447	19,502
Survey and drafting division	836,266	938,472	847,047	91,424	938,471	1
Total bureau of engineering	5,390,467	5,416,467	5,283,012	91,424	5,374,436	42,031
Bureau of highways:						
Operations	1,185,307	1,065,873	1,065,872	-	1,065,872	1
Highway maintenance division	15,504,890	15,630,230	13,332,632	2,297,338	15,629,970	260
Traffic engineering division	1,237,418	1,234,741	1,017,130	199,581	1,216,711	18,030
Total bureau of highways	17,927,615	17,930,844	15,415,634	2,496,919	17,912,553	18,291
Bureau of facilities:						
Administration	7,596,447	6,876,400	6,763,739	95,438	6,859,177	17,223
Building and ground maintenance	6,974,094	7,814,727	7,095,851	648,679	7,744,530	70,197
Total bureau of facilities	14,570,541	14,691,127	13,859,590	744,117	14,603,707	87,420
Bureau of environmental services:						
Stormwater management	1,670,478	1,562,486	1,162,832	306,833	1,469,665	92,821
Total bureau of environmental services	1,670,478	1,562,486	1,162,832	306,833	1,469,665	92,821
Total department of public works	43,911,653	44,113,690	39,506,801	3,716,920	43,223,721	889,969
Department of inspections, licenses and permits:						
Operations division	1,942,986	1,844,283	1,663,599	95,900	1,759,499	84,784
Inspection and enforcement division	2,834,368	2,933,071	2,932,234	-	2,932,234	837
Plan review division	1,033,457	1,033,457	1,003,964	-	1,003,964	29,493
Licenses and permits division	656,929	656,929	642,383	11	642,394	14,535
Total dept of inspection, license and permits	6,467,740	6,467,740	6,242,180	95,911	6,338,091	129,649

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2012

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Department of planning and zoning:						
Office of the director	\$ 1,232,876	1,282,666	1,174,991	-	1,174,991	107,675
Division of land development	1,143,582	1,142,882	1,115,487	-	1,115,487	27,395
Division of research	821,483	823,983	775,457	19,404	794,861	29,122
Public service and zoning administration	933,815	933,815	861,837	-	861,837	71,978
Environmental and community planning	889,464	889,464	734,469	43,956	778,425	111,039
Development engineering division	1,146,936	1,091,936	1,049,974	-	1,049,974	41,962
Conservation easements program	352,742	352,742	289,956	-	289,956	62,786
Total department of planning and zoning	6,520,898	6,517,488	6,002,171	63,360	6,065,531	451,957
Soil conservation district	561,508	561,508	561,508	-	561,508	-
Department of transportation	7,477,078	7,477,078	3,999,159	3,477,919	7,477,078	-
Total Public Works	64,938,877	65,137,504	56,311,819	7,354,110	63,665,929	1,471,575
Public Safety						
Police department:						
Office of the chief	4,532,570	4,496,070	4,192,430	-	4,192,430	303,640
Contribution for OPEB	-	561,749	561,749	-	561,749	-
Animal control division	1,473,659	1,473,659	1,291,057	11,213	1,302,270	171,389
Administrative command	643,644	684,144	652,849	-	652,849	31,295
Command operations	33,293,851	34,344,851	34,185,764	-	34,185,764	159,087
Bureau of criminal investigations	10,919,284	11,456,225	10,670,672	-	10,670,672	785,553
Special operations bureau	7,186,473	6,482,473	5,905,047	13,102	5,918,149	564,324
Information and technology bureau	13,093,641	12,677,341	12,403,786	30,648	12,434,434	242,907
Human resource bureau	4,246,612	3,896,612	3,700,874	126,263	3,827,137	69,475
Management services bureau	9,340,275	9,218,634	8,459,805	46,055	8,505,860	712,774
Investigations and special operations	267,508	267,508	204,465	-	204,465	63,043
Total police department	84,997,517	85,559,266	82,228,498	227,281	82,455,779	3,103,487
Department of corrections	14,261,552	14,261,552	14,229,567	6,514	14,236,081	25,471
Total Public Safety	99,259,069	99,820,818	96,458,065	233,795	96,691,860	3,128,958
Recreation and Parks						
Department of recreation and parks	14,442,989	14,241,399	14,057,168	182,056	14,239,224	2,175
Contribution for OPEB	-	118,794	118,794	-	118,794	-
Total Recreation and Parks	14,442,989	14,360,193	14,175,962	182,056	14,358,018	2,175
Community Services						
Department of social services	525,341	525,341	485,074	-	485,074	40,267
Citizen services administration	5,203,191	5,251,706	4,659,870	95,138	4,755,008	496,698
Consumer affairs division	408,770	435,710	414,745	-	414,745	20,965
Office on aging	2,862,787	2,775,332	2,616,254	44	2,616,298	159,034
Mental health authority	350,000	350,000	350,000	-	350,000	-
Cooperative extension services	416,464	416,464	407,272	-	407,272	9,192
Contribution for OPEB	-	97,272	97,272	-	97,272	-

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2012

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
County grants in-aid:						
Adaptive living	\$ 17,000	17,000	17,000	-	17,000	-
Alianza	13,260	13,260	13,260	-	13,260	-
American red cross	10,000	10,000	10,000	-	10,000	-
Autism society / the parents place	37,000	37,000	37,000	-	37,000	-
Bridges to Housing Sta	163,000	163,000	163,000	-	163,000	-
Center african american culture	33,600	33,600	33,600	-	33,600	-
Community action council	699,000	699,000	699,000	-	699,000	-
Crisis intervention	1,371,620	1,386,050	1,386,050	-	1,386,050	-
Domestic violence center	468,478	619,059	619,059	-	619,059	-
Emergency assistance	173,350	173,350	169,246	-	169,246	4,104
Family and children / family life	123,250	347,337	347,337	-	347,337	-
Family and children's service	90,000	-	-	-	-	-
Family Stabilization	250,000	250,000	250,000	-	250,000	-
FIRN (Foreign-born info refer network)	200,040	210,861	210,861	-	210,861	-
Healthy howard	500,000	500,000	500,000	-	500,000	-
Historical society	28,800	28,800	28,800	-	28,800	-
Howard County assn for retarded citizens	152,140	152,140	152,140	-	152,140	-
Humanin	11,188	-	-	-	-	-
Humanin step	200,000	211,188	211,188	-	211,188	-
Korean american center	26,520	26,520	26,520	-	26,520	-
Legal aid bureau	89,500	102,890	102,890	-	102,890	-
Local / regional arts grants	653,140	653,140	653,140	-	653,140	-
Maryland food bank	17,500	17,500	17,500	-	17,500	-
Meals-on-wheels	23,000	23,000	23,000	-	23,000	-
N. Laurel Savage Multi	177,309	88,842	88,842	-	88,842	-
National Alliance on Ment	20,000	20,000	20,000	-	20,000	-
National family resiliency center	32,300	32,300	32,300	-	32,300	-
Neighbor ride	34,400	34,400	34,400	-	34,400	-
On our own	36,100	36,100	36,100	-	36,100	-
Sexual Assault/Child A	234,842	-	-	-	-	-
St. John's mentoring	4,675	4,675	4,675	-	4,675	-
St. Stephen's	22,500	22,500	22,500	-	22,500	-
Therapeutic riding center	7,216	7,216	7,216	-	7,216	-
Tourism council	800,000	800,000	800,000	-	800,000	-
Voices for children	15,400	15,400	15,400	-	15,400	-
Volunteer Center	30,000	30,000	30,000	-	30,000	-
Way Station	29,900	29,900	29,900	-	29,900	-
Winter growth	36,500	36,500	36,500	-	36,500	-
Total grants	6,832,528	6,832,528	6,828,424	-	6,828,424	4,104
Total Community Services	16,599,081	16,684,353	15,858,911	95,182	15,954,093	730,260

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2012

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Education:						
Board of education	\$ 467,617,041	467,617,041	467,617,041	-	467,617,041	-
OPEB contribution on behalf of board of education	-	2,067,800	2,067,800	-	2,067,800	-
Community college	25,951,335	25,951,335	25,951,335	-	25,951,335	-
OPEB contribution on behalf of comm college	-	142,100	142,100	-	142,100	-
Library	16,345,254	16,345,254	16,345,254	-	16,345,254	-
OPEB contribution on behalf of library	-	87,727	87,727	-	87,727	-
Total Education	509,913,630	512,211,257	512,211,257	-	512,211,257	-
Debt Service						
Principal:						
Police	555,016	555,016	555,015	-	555,015	1
Schools	26,916,998	26,916,998	26,916,998	-	26,916,998	-
Community college	2,940,240	2,940,240	2,940,240	-	2,940,240	-
Fire	712,704	712,704	712,704	-	712,704	-
General county projects	15,178,151	15,178,151	15,178,151	-	15,178,151	-
Recreation and parks	2,361,139	2,361,139	2,361,138	-	2,361,138	1
Community renewal	710,214	710,214	710,213	-	710,213	1
Storm drainage	1,040,766	1,040,766	1,040,763	-	1,040,763	3
Excise bonds	2,124,066	2,124,066	2,124,066	-	2,124,066	-
DILP technology	112,200	112,200	112,200	-	112,200	-
School surcharge	3,597,096	3,597,096	3,597,096	-	3,597,096	-
College bonds	381,416	381,416	381,416	-	381,416	-
Total principal	56,630,006	56,630,006	56,630,000	-	56,630,000	6
Interest:						
Police	318,599	318,599	309,398	-	309,398	9,201
Schools	15,633,827	15,633,827	15,365,823	-	15,365,823	268,004
Community college	2,686,759	2,686,759	2,673,267	-	2,673,267	13,492
Fire	522,274	522,274	517,438	-	517,438	4,836
General county	9,618,160	9,618,160	8,513,641	-	8,513,641	1,104,519
Recreation and parks	1,033,663	1,033,663	1,020,318	-	1,020,318	13,345
Community renewal	151,847	151,847	147,587	-	147,587	4,260
Storm drainage	696,925	696,925	687,725	-	687,725	9,200
Excise bonds	1,319,877	1,319,877	1,315,633	-	1,315,633	4,244
DILP Technology	5,178	5,178	5,178	-	5,178	-
School surcharge	3,465,020	3,465,020	3,403,019	-	3,403,019	62,001
College bonds	436,426	436,426	436,426	-	436,426	-
Short term construction note	4,660,000	4,660,000	555,967	-	555,967	4,104,033
Total interest	40,548,555	40,548,555	34,951,420	-	34,951,420	5,597,135
Total Debt Service	97,178,561	97,178,561	91,581,420	-	91,581,420	5,597,141
Total expenditures and encumbrances	849,227,357	852,421,224	828,370,264	9,417,584	837,787,848	14,633,376
Transfers Out:						
Police/Special Operations	-	-	-	-	-	-
Community Services	500	12,500	-	-	-	12,500
Health department	9,184,000	9,184,000	9,184,000	-	9,184,000	-
Golf course	-	315,000	315,000	-	315,000	-
Board Directors Meeting	1,000	-	-	-	-	-
Pay as you go other	14,300,000	10,800,000	10,545,712	-	10,545,712	254,288
Internal Service-fleet	1,800,000	1,800,000	1,800,000	-	1,800,000	-
Community Renewal fund	942,000	942,000	942,000	-	942,000	-
Matching funds county share	3,300	3,300	-	-	-	3,300
County Share circuit court admin	20,000	133	-	-	-	133
Total Transfers Out	26,250,800	23,056,933	22,786,712	-	22,786,712	270,221
Total Expenditures and Encumbrances	\$ 875,478,157	875,478,157	851,156,976	9,417,584	860,574,560	14,903,597



The Department of Housing works to provide affordable housing opportunities for low and moderate income residents of Howard County. Each year, the Department hosts a community-wide education effort, "Come Home to Howard County," a free event that features exhibitors with information on affordable home ownership, mortgage lenders, financial counseling and local rental community offerings.

Non-major Governmental Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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.



**Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012**

	Special Revenue Funds	Capital Project Funds	Total Non-major Governmental Funds
ASSETS			
Pooled cash and cash equivalents	\$ 17,238,714	-	17,238,714
Other receivables	68,896	-	68,896
Restricted assets:			
Pooled cash and cash equivalents	37,309,231	13,122,706	50,431,937
Prepaid expense	1,096	898,102	899,198
Economic development loans	54,209	-	54,209
Housing loans	14,062,620	-	14,062,620
Property taxes	593,088	-	593,088
Materials and supplies	503,312	-	503,312
Due from other governments	9,647,192	2,131,588	11,778,780
Other	257,653	29,529	287,182
Total assets	79,736,011	16,181,925	95,917,936
LIABILITIES			
Due to other funds	1,465,747	1,727,748	3,193,495
Accounts payable / accrued liabilities	2,861,472	3,304,158	6,165,630
Accrued wages and benefits	2,465,615	362,239	2,827,854
Bond anticipation notes	-	6,133,177	6,133,177
Deposits and connection fees	166,075	-	166,075
Deferred revenue	12,803,306	3,753	12,807,059
Total liabilities	19,762,215	11,531,075	31,293,290
FUND BALANCES			
Nonspendable:			
Inventory	503,303	-	503,303
Long term receivables:			
Noncurrent economic development loans	54,209	-	54,209
Noncurrent housing loans receivables	14,062,620	-	14,062,620
Restricted for:			
Forest conservation	4,198,678	-	4,198,678
Fire & rescue services	14,207,864	-	14,207,864
Speed enforcement	5,514	-	5,514
Park land watershed facilities	-	6,420,194	6,420,194
Program open space	-	253,786	253,786
Storm water construction	-	456,891	456,891
Committed for:			
Community renewal programs	865,551	-	865,551
Environmental services	15,831,624	-	15,831,624
Health department	11,466,775	-	11,466,775
Recreation programs	3,111,597	-	3,111,597
Fire house & training facilities	-	3,775,813	3,775,813
Assigned for capital projects	-	2,013,659	2,013,659
Unassigned	(4,333,939)	(8,269,493)	(12,603,432)
Total fund balances	59,973,796	4,650,850	64,624,646
Total liabilities and fund balances	\$ 79,736,011	16,181,925	95,917,936

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Property taxes	\$ 62,548,082	-	62,548,082
Other local taxes	3,225,127	9,675,379	12,900,506
Revenues from other agencies (grants)	21,970,550	3,406,067	25,376,617
Charges for services	37,420,777	-	37,420,777
Interest on investments	103,630	18,938	122,568
Installment interest from housing loans	148,109	-	148,109
Fines and forfeitures	568,947	-	568,947
Developer contributions	194,918	101,240	296,158
Rental of property	196,214	-	196,214
Miscellaneous program revenue	1,468,162	38,500	1,506,662
Total revenues	127,844,516	13,240,124	141,084,640
EXPENDITURES			
Current:			
General government	3,421,057	-	3,421,057
Legislative and judicial	418,519	-	418,519
Public works	23,432,055	-	23,432,055
Public safety	71,575,810	-	71,575,810
Recreation and parks	13,349,672	-	13,349,672
Community services	20,821,631	-	20,821,631
Capital improvements	1,423,000	40,618,760	42,041,760
Total expenditures	134,441,744	40,618,760	175,060,504
Excess (deficiency) of revenues over expenditures	(6,597,228)	(27,378,636)	(33,975,864)
OTHER FINANCING SOURCES (USES)			
Bond premium	89,856	4,018,493	4,108,349
Capital related debt issued	-	30,012,391	30,012,391
Refunding bonds issued	510,955	4,058,605	4,569,560
Payment to bond refunding escrow agent	(600,264)	(4,762,263)	(5,362,527)
Transfers in	10,198,936	3,366,595	13,565,531
Transfers out	(2,137,171)	(4,638,535)	(6,775,706)
Total other financing sources and uses	8,062,312	32,055,286	40,117,598
Net change in fund balances	1,465,084	4,676,650	6,141,734
Fund balances - beginning, as previously reported	58,508,712	(25,800)	58,482,912
Fund balances - ending	\$ 59,973,796	4,650,850	64,624,646

**Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012**

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
ASSETS									
Pooled cash and cash equivalents	\$ -	-	-	-	-	9,983,064	7,238,441	17,209	17,238,714
Other receivables	19,116	-	-	-	-	-	49,780	-	68,896
Permanently restricted assets:									
Pooled cash and cash equivalents	395,211	16,563,687	4,209,673	16,140,660	-	-	-	-	37,309,231
Prepaid expense	-	-	-	-	1,096	-	-	-	1,096
Economic development loans	-	-	-	-	54,209	-	-	-	54,209
Housing loans	14,062,620	-	-	-	-	-	-	-	14,062,620
Property taxes	-	20,365	-	572,723	-	-	-	-	593,088
Materials and supplies	-	-	-	377,010	-	-	126,302	-	503,312
Due from other governments	580,066	-	-	-	7,282,841	1,784,285	-	-	9,647,192
Other	-	217,813	-	-	39,840	-	-	-	257,653
Total assets	15,057,013	16,801,865	4,209,673	17,090,393	7,377,986	11,767,349	7,414,523	17,209	79,736,011
LIABILITIES									
Due to other funds	-	-	-	-	1,465,747	-	-	-	1,465,747
Accounts payable / accrued liabilities	659	704,369	-	124,219	1,447,686	54,057	528,924	1,558	2,861,472
Accrued wages and benefits	105,998	121,982	10,995	1,866,322	-	11,196	338,985	10,137	2,465,615
Deposits and connection fees	22,185	143,890	-	-	-	-	-	-	166,075
Deferred revenue	-	-	-	514,978	8,744,283	235,321	3,308,724	-	12,803,306
Total liabilities	128,842	970,241	10,995	2,505,519	11,657,716	300,574	4,176,633	11,695	19,762,215
FUND BALANCES									
Nonspendable									
Inventory	-	-	-	377,010	-	-	126,302	-	503,312
Long term receivables:									
Noncurrent economic development lo	-	-	-	-	54,209	-	-	-	54,209
Noncurrent housing loans receivables	14,062,620	-	-	-	-	-	-	-	14,062,620
Restricted for:									
Forest conservation	-	-	4,198,678	-	-	-	-	-	4,198,678
Fire & rescue services	-	-	-	14,207,864	-	-	-	-	14,207,864
Speed enforcement	-	-	-	-	-	-	-	5,514	5,514
Committed for:									
Community renewal programs	865,551	-	-	-	-	-	-	-	865,551
Environmental services	-	15,831,624	-	-	-	-	-	-	15,831,624
Health department	-	-	-	-	-	11,466,775	-	-	11,466,775
Recreation programs	-	-	-	-	-	-	3,111,588	-	3,111,588
Unassigned	-	-	-	-	(4,333,939)	-	-	-	(4,333,939)
Total fund balances	14,928,171	15,831,624	4,198,678	14,584,874	(4,279,730)	11,466,775	3,237,890	5,514	59,973,796
Total liabilities and fund balances	\$ 15,057,013	16,801,865	4,209,673	17,090,393	7,377,986	11,767,349	7,414,523	17,209	79,736,011

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2012

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
REVENUES									
Property taxes	\$ -	44,176	-	62,503,906	-	-	-	-	62,548,082
Other local taxes	3,225,127	-	-	-	-	-	-	-	3,225,127
Revenues from other agencies (grants)	300	-	-	119,729	20,175,548	1,674,973	-	-	21,970,550
Charges for services	-	21,962,513	-	65,613	1,415,893	661,709	13,315,049	-	37,420,777
Interest on investments	-	29,365	6,787	44,928	1,169	12,502	8,879	-	103,630
Installment interest from housing loans	148,109	-	-	-	-	-	-	-	148,109
Fines and forfeitures	-	8	75,253	2,000	-	-	2,224	489,462	568,947
Developer contributions	-	-	194,918	-	-	-	-	-	194,918
Rental of property	-	-	-	-	-	-	196,214	-	196,214
Miscellaneous program revenue	500,000	5,728	-	2,914	502,032	457,488	-	-	1,468,162
Total revenues	3,873,536	22,041,790	276,958	62,739,090	22,094,642	2,806,672	13,522,366	489,462	127,844,516
EXPENDITURES									
Current:									
General government	-	-	-	-	3,421,057	-	-	-	3,421,057
Legislative and judicial	-	-	-	-	418,519	-	-	-	418,519
Public works	-	19,696,266	516,266	-	3,219,523	-	-	-	23,432,055
Public safety	-	-	-	65,392,532	5,701,330	-	-	481,948	71,575,810
Recreation and parks	-	-	-	-	92,023	-	13,257,649	-	13,349,672
Community services	3,399,776	-	-	-	9,013,967	8,407,888	-	-	20,821,631
Capital improvements	1,423,000	-	-	-	-	-	-	-	1,423,000
Total expenditures	4,822,776	19,696,266	516,266	65,392,532	21,866,419	8,407,888	13,257,649	481,948	134,441,744
Excess (deficiency) of revenues over expenditures	(949,240)	2,345,524	(239,308)	(2,653,442)	228,223	(5,601,216)	264,717	7,514	(6,597,228)
OTHER FINANCING SOURCES (USES)									
Bond Premium	89,856	-	-	-	-	-	-	-	89,856
Refunding bonds issued	510,955	-	-	-	-	-	-	-	510,955
Payment to bond refunding escrow agent	(600,264)	-	-	-	-	-	-	-	(600,264)
Transfers in	1,013,098	-	1,011	-	827	9,184,000	-	-	10,198,936
Transfers out	-	(29,365)	-	(1,754,928)	(70,000)	-	(280,878)	(2,000)	(2,137,171)
Total other financing sources and uses	1,013,645	(29,365)	1,011	(1,754,928)	(69,173)	9,184,000	(280,878)	(2,000)	8,062,312
Net change in fund balances	64,405	2,316,159	(238,297)	(4,408,370)	159,050	3,582,784	(16,161)	5,514	1,465,084
Fund balances - beginning	14,863,766	13,515,465	4,436,975	18,993,244	(4,438,780)	7,883,991	3,254,051	-	58,508,712
Fund balances - ending	\$ 14,928,171	15,831,624	4,198,678	14,584,874	(4,279,730)	11,466,775	3,237,890	5,514	59,973,796

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 2,500,000	2,500,000	3,106,005	606,005
Revenue from other agencies	-	-	300	300
Miscellaneous	3,020,000	3,020,000	500,000	(2,520,000)
Installment Interest from Housing Loans	10,000	10,000	148,109	138,109
Total revenues	5,530,000	5,530,000	3,754,414	(1,775,586)
EXPENDITURES				
Community services:				
Housing and community development administration	3,599,748	3,599,748	3,395,439	204,309
Community development committee	6,940	6,940	-	6,940
Housing initiatives	500,000	500,000	989	499,011
Capital improvements	2,100,000	2,100,000	1,423,000	677,000
Total expenditures	6,206,688	6,206,688	4,819,428	1,387,260
Excess (deficiency) of revenues over expenditures	(676,688)	(676,688)	(1,065,014)	(388,326)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	134,688	134,688	-	(134,688)
Bond Revenue	(400,000)	(400,000)	-	(400,000)
Transfers in	942,000	942,000	1,012,000	70,000
Transfers out	-	-	-	-
Total other financing sources (uses)	676,688	676,688	1,012,000	335,312
Net change in fund balance			(53,014)	(53,014)
Fund balances - beginning			16,288,351	-
Fund balances - ending			\$ 16,235,337	(53,014)

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Environmental Services Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 20,715,000	20,715,000	21,962,512	1,247,512
Miscellaneous	41,000	41,000	49,913	8,913
Total revenues	20,756,000	20,756,000	22,012,425	1,256,425
EXPENDITURES				
Waste management:				
Administrative services	1,750,559	1,781,452	1,773,438	8,014
Operations	9,113,791	9,082,898	8,368,957	713,941
Collections	5,315,951	5,315,951	5,193,291	122,660
Recycling	6,552,967	6,552,967	5,648,567	904,400
Total expenditures	22,733,268	22,733,268	20,984,253	1,749,015
Excess (deficiency) of revenues over expenditures	(1,977,268)	(1,977,268)	1,028,172	3,005,440
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	7,611,004	7,611,004	-	(7,611,004)
Transfers out	(5,633,736)	(5,633,736)	-	5,633,736
Total other financing sources (uses)	1,977,268	1,977,268	-	(1,977,268)
Net change in fund balance			1,028,172	1,028,172
Plus prior year encumbrances lapsed			2,281,600	-
Fund balances - beginning			11,516,374	-
Fund balances - ending			\$ 14,826,146	1,028,172

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Developer Contributions-Mitigation	\$ 600,000	600,000	183,972	(416,028)
Developer Contributions-Inspections	32,000	32,000	10,946	(21,054)
Fines & Forfeitures	75,000	75,000	75,252	252
Interest on Investments	2,500	2,500	6,788	4,288
Total revenues	709,500	709,500	276,958	(432,542)
EXPENDITURES				
Public Works:				-
Forest Mitigation	935,794	935,794	515,256	420,538
Contingency	3,377,122	3,377,122	-	3,377,122
Total expenditures	4,312,916	4,312,916	515,256	3,797,660
Excess (deficiency) of revenues over expenditures	(3,603,416)	(3,603,416)	(238,298)	3,365,118
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	3,603,416	3,603,416	238,298	(3,365,118)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	3,603,416	3,603,416	238,298	(3,365,118)
Net change in fund balance			-	-
Less appropriation from fund balance			(238,298)	-
Fund balances - beginning			4,444,273	-
Fund balances - ending			\$ 4,205,975	-

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	61,919,962	61,919,962	62,503,906	583,944
Revenues from other agencies	-	50,000	119,729	69,729
Miscellaneous	109,500	109,500	70,526	(38,974)
Total revenues	62,029,462	62,079,462	62,694,161	614,699
EXPENDITURES				
Public safety:				
Metro fire district	73,816,608	74,553,563	63,229,114	11,324,449
Rural fire district	5,445,634	5,445,634	2,256,399	3,189,235
Total expenditures	79,262,242	79,999,197	65,485,513	14,513,684
Excess (deficiency) of revenues over expenditures	(17,232,780)	(17,919,735)	(2,791,352)	15,128,383
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	19,883,669	19,833,669	4,501,352	(15,332,317)
Transfers in	8,509,449	8,509,449	-	(8,509,449)
Transfers out	(11,160,338)	(10,423,383)	(1,710,000)	8,713,383
Total other financing sources (uses)	17,232,780	17,919,735	2,791,352	(15,128,383)
Net change in fund balance			-	-
Plus prior year encumbrances lapsed			16,409	-
Less appropriation from fund balance			(4,501,352)	-
Fund balances - beginning			22,249,646	-
Fund balances - ending			\$ 17,764,703	-

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 25,239,400	25,652,800	14,384,048	(11,268,752)
Grants from state government	5,836,082	5,886,188	5,122,249	(763,939)
Other Local grants	328,976	328,976	263,096	(65,880)
Total revenue from other agencies	31,404,458	31,867,964	19,769,393	(12,098,571)
Interest on investments	-	-	866	866
Charges for services	-	-	1,415,893	1,415,893
Contingency	30,711,242	30,247,736	-	(30,247,736)
Miscellaneous	4,778,682	4,778,682	502,032	(4,276,650)
Total revenues	66,894,382	66,894,382	21,688,184	(45,206,198)
EXPENDITURES				
General government	8,908,399	9,258,422	3,372,052	5,886,370
Public safety	8,852,484	8,905,886	4,877,956	4,027,930
Recreation & parks	166,613	166,613	92,020	74,593
Community services	14,769,440	14,809,440	9,093,438	5,716,002
Public works	3,072,800	3,082,775	2,985,572	97,203
Legislative & judicial	500,156	510,162	418,503	91,659
Contingency	30,000,000	29,536,594	-	29,536,594
Total expenditures	66,269,892	66,269,892	20,839,541	45,430,351
Deficiency of revenues under expenditures	624,490	624,490	848,643	224,153
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	(624,490)	(624,490)	(70,000)	554,490
Total other financing sources	(624,490)	(624,490)	(70,000)	554,490
Net change in fund balance	-	-	778,643	778,643
Fund balances - beginning	-	-	(8,351,476)	-
Fund balances - ending	-	-	\$ (7,572,833)	778,643

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 1,530,000	\$ 406,380	1,674,973	1,268,593
Charges for services	705,900	705,900	661,709	(44,191)
Interest on investments	-	-	12,502	12,502
Other	811,234	911,234	457,488	(453,746)
Total revenues	3,047,134	2,023,514	2,806,672	783,158
EXPENDITURES				
Community services:				
General local health services	9,899,900	9,899,900	9,899,900	-
Grant programs	2,331,234	1,307,614	540,205	767,409
Total expenditures	12,231,134	11,207,514	10,440,105	767,409
Excess (deficiency) of revenues over expenditures	(9,184,000)	(9,184,000)	(7,633,433)	1,550,567
OTHER FINANCING SOURCES				
Capital Improvements				-
Transfers in	9,184,000	9,184,000	9,184,000	-
Transfers out	-	-	-	-
Total other financing sources	9,184,000	9,184,000	9,184,000	-
Net change in fund balance			1,550,567	1,550,567
Fund balances - beginning			7,550,284	-
Fund balances - ending			\$ 9,100,851	1,550,567

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 14,685,000	14,685,000	13,314,969	(1,370,031)
Fines and Forfeitures	1,000	1,000	2,224	1,224
Rental of property	165,000	165,000	196,214	31,214
Total revenues	14,851,000	14,851,000	13,513,407	(1,337,593)
EXPENDITURES				
Recreation and parks:				
Administration	16,118,489	16,118,489	14,016,981	2,101,508
Contingency	352,397	352,397	-	352,397
Total expenditures	16,470,886	16,470,886	14,016,981	2,453,905
Excess (deficiency) of revenues over expenditures	(1,619,886)	(1,619,886)	(503,574)	1,116,312
OTHER FINANCING (USES)				
Transfers out	(1,000,000)	(1,000,000)	(272,000)	728,000
Appropriation from fund balance	2,619,886	2,619,886	775,574	(1,844,312)
Total other financing (uses)	1,619,886	1,619,886	503,574	(1,116,312)
Net change in fund balance			-	-
Less appropriation from fund balance			(775,574)	-
Fund balances - beginning			3,731,390	-
Fund balances - ending			\$ 2,955,816	-

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Speed Enforcement Fund
For the Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines & Forfeitures	1,228,000	1,228,000	489,462	(738,538)
Total revenues	1,228,000	1,228,000	489,462	(738,538)
EXPENDITURES				
Public safety	1,078,000	1,078,000	519,937	558,063
Total expenditures	1,078,000	1,078,000	519,937	558,063
Excess (deficiency) of revenues over expenditures	150,000	150,000	(30,475)	(180,475)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(150,000)	(150,000)	(2,000)	148,000
Total other financing sources (uses)	(150,000)	(150,000)	(2,000)	148,000
Net change in fund balance			(32,475)	(32,475)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	-	\$ (32,475)	(32,475)

**Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2012**

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
RESTRICTED ASSETS					
Equity in pooled cash and cash equivalents	\$ 7,854,014	-	5,268,692	-	13,122,706
Receivables:					
Due from other governments	580,065	-	1,160,131	391,392	2,131,588
Other	-	-	29,529	-	29,529
Prepaid expense	898,102	-	-	-	898,102
Total assets	9,332,181	-	6,458,352	391,392	16,181,925
LIABILITIES					
Due to other funds	-	703,471	-	1,024,277	1,727,748
Accounts payable/accrued liability	1,792,644	-	1,101,437	410,077	3,304,158
Accrued wages and benefits	-	354,823	7,416	-	362,239
Bond anticipation notes	1,750,065	591,000	1,987,012	1,805,100	6,133,177
Deferred revenue	-	-	-	3,753	3,753
Total liabilities	3,542,709	1,649,294	3,095,865	3,243,207	11,531,075
FUND BALANCES					
Restricted for:					
Park land watershed facilities	-	-	6,420,194	-	6,420,194
Program open space	-	-	253,786	-	253,786
Storm water construction	-	-	-	456,891	456,891
Committed for fire house & training facilities	3,775,813	-	-	-	3,775,813
Assigned for capital projects	2,013,659	-	-	-	2,013,659
Unassigned	-	(1,649,294)	(3,311,493)	(3,308,706)	(8,269,493)
Total fund balances	5,789,472	(1,649,294)	3,362,487	(2,851,815)	4,650,850
Total liabilities and fund balances	\$ 9,332,181	-	6,458,352	391,392	16,181,925

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2012

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
REVENUES					
Other local taxes	\$ 3,225,126	-	6,450,253	-	9,675,379
Revenues from other agencies	-	-	2,037,524	1,368,543	3,406,067
Interest on investments	13,518	-	5,420	-	18,938
Developer contributions	-	-	24,000	77,240	101,240
Miscellaneous program revenues	-	-	-	38,500	38,500
Total revenues	3,238,644	-	8,517,197	1,484,283	13,240,124
EXPENDITURES					
Capital improvements	11,216,726	10,325,202	13,071,796	6,005,036	40,618,760
Total expenditures	11,216,726	10,325,202	13,071,796	6,005,036	40,618,760
Excess (deficiency) of revenues over expenditures	(7,978,082)	(10,325,202)	(4,554,599)	(4,520,753)	(27,378,636)
OTHER FINANCING SOURCES (USES)					
Bond premium	390,668	1,728,216	1,381,340	518,269	4,018,493
Capital related debt issued	2,917,556	15,371,592	9,502,469	2,220,774	30,012,391
Refunding bonds issued	505,110	-	1,879,031	1,674,464	4,058,605
Payment to bond refunding escrow agent	(599,590)	-	(2,196,614)	(1,966,059)	(4,762,263)
Transfers in	1,710,000	849	-	1,655,746	3,366,595
Transfers out	(1,243,658)	-	(3,394,877)	-	(4,638,535)
Total other financing sources and (uses)	3,680,086	17,100,657	7,171,349	4,103,194	32,055,286
Net change in fund balances	(4,297,996)	6,775,455	2,616,750	(417,559)	4,676,650
Fund balances - beginning	10,087,468	(8,424,749)	745,737	(2,434,256)	(25,800)
Fund balances - ending	\$ 5,789,472	(1,649,294)	3,362,487	(2,851,815)	4,650,850

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 Assets
Internal Service Funds
June 30, 2012

	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 5,419,047	6,945,269	8,812,732	11,539,396	32,716,444
Prepaid expenses	116,163	-	-	-	116,163
Due from other governments	-	-	-	1,864,702	1,864,702
Receivables	95,981	166,943	225,000	30,739	518,663
Materials and supplies	746,180	720,523	-	-	1,466,703
Total current assets	6,377,371	7,832,735	9,037,732	13,434,837	36,682,675
Noncurrent assets:					
Capital asset:					
Machinery and equipment, net	18,185,217	1,989,848	-	-	20,175,065
Total noncurrent assets	18,185,217	1,989,848	-	-	20,175,065
Total assets	24,562,588	9,822,583	9,037,732	13,434,837	56,857,740
LIABILITIES					
Current liabilities:					
Accounts payable	323,328	572,832	157,525	558,088	1,611,773
Accrued wages and benefits	115,690	238,304	17,762	6,414	378,170
Compensated absences	12,752	20,560	2,154	-	35,466
Unpaid insurance claims	-	-	2,756,118	2,285,772	5,041,890
Deposits and connection fees	-	75,000	-	-	75,000
Total current liabilities	451,770	906,696	2,933,559	2,850,274	7,142,299
Noncurrent liabilities:					
Compensated absences	309,477	594,004	39,690	9,898	953,069
Unpaid insurance claims	-	-	6,844,483	23,089	6,867,572
Total noncurrent liabilities	309,477	594,004	6,884,173	32,987	7,820,641
Total liabilities	761,247	1,500,700	9,817,732	2,883,261	14,962,940
NET ASSETS					
Invested in capital assets, net of related debt	18,185,217	1,989,848	-	-	20,175,065
Unrestricted	5,616,124	6,332,035	(780,000)	10,551,576	21,719,735
Total net assets	\$ 23,801,341	8,321,883	(780,000)	10,551,576	41,894,800

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
Operating revenues:					
User charges	\$ 17,646,495	14,764,463	4,699,228	39,277,851	76,388,037
Insurance recoveries	-	-	219,341	677,175	896,516
Miscellaneous sales and services	544,471	1,060,154	-	529,174	2,133,799
Total operating revenues	18,190,966	15,824,617	4,918,569	40,484,200	79,418,352
Operating expenses:					
Salaries and employee benefits	3,550,920	6,754,988	700,923	424,891	11,431,722
Contractual services	1,750,136	7,063,668	239,419	179,406	9,232,629
Supplies and materials	371,298	2,013,868	7,639	743	2,393,548
Business and travel	2,594	62,808	1,220	-	66,622
Vehicle fuels and supplies	6,532,542	197,457	926	-	6,730,925
Share of county administrative expenses	161,649	48,249	434,191	17,812	661,901
Insurance claims	1,787	-	3,857,440	39,403,947	43,263,174
Other administrative	-	-	-	31,600	31,600
Depreciation	4,168,413	577,809	-	-	4,746,222
Total operating expenses	16,539,339	16,718,847	5,241,758	40,058,399	78,558,343
Operating (loss) income	1,651,627	(894,230)	(323,189)	425,801	860,009
Nonoperating revenues (expenses)					
Interest on investments	7,522	10,002	11,990	15,948	45,462
(Loss) gain on sale of capital assets	107,342	585,970	-	-	693,312
Total nonoperating revenues	114,864	595,972	11,990	15,948	738,774
Net (loss) income before transfers	1,766,491	(298,258)	(311,199)	441,749	1,598,783
Transfers in	1,800,000	-	-	-	1,800,000
Transfers out	(607,522)	(10,002)	-	(15,948)	(633,472)
Change in net assets	2,958,969	(308,260)	(311,199)	425,801	2,765,311
Adjustment to beginning balance	-	-	-	-	-
Total net assets - beginning	20,842,372	8,630,143	(468,801)	10,125,775	39,129,489
Total net assets - ending	\$ 23,801,341	8,321,883	(780,000)	10,551,576	41,894,800

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 18,167,209	15,816,216	4,699,496	40,091,129	78,774,050
Cash paid to suppliers	(7,012,091)	(4,595,028)	(4,066,614)	(39,744,858)	(55,418,591)
Cash paid to / for employees	(3,676,553)	(6,876,938)	(701,163)	(427,859)	(11,682,513)
Cash paid for quasi-external transactions	(1,858,471)	(4,697,351)	(444,299)	(128,018)	(7,128,139)
Other operating cash receipts (disbursements)	-	(97,501)	219,340	-	121,839
Net cash provided by (used in) operating activities	<u>5,620,094</u>	<u>(450,602)</u>	<u>(293,240)</u>	<u>(209,606)</u>	<u>4,666,646</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	(607,522)	(10,002)	-	(15,948)	(633,472)
Operating subsidies and transfers in from other funds	1,800,000	-	-	-	1,800,000
Net cash provided by (used in) noncapital financing activities	<u>1,192,478</u>	<u>(10,002)</u>	<u>-</u>	<u>(15,948)</u>	<u>1,166,528</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(5,987,350)	(497,166)	-	-	(6,484,516)
Net cash used in capital and related financing activities	<u>(5,987,350)</u>	<u>(497,166)</u>	<u>-</u>	<u>-</u>	<u>(6,484,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	7,522	10,002	11,990	15,948	45,462
Net cash provided by investing activities	<u>7,522</u>	<u>10,002</u>	<u>11,990</u>	<u>15,948</u>	<u>45,462</u>
Net increase (decrease) in cash and cash equivalents	832,744	(947,768)	(281,250)	(209,606)	(605,880)
Cash and cash equivalents - beginning of the year	4,586,303	7,893,037	9,093,982	11,749,002	33,322,324
Cash and cash equivalents - end of the year	<u>5,419,047</u>	<u>6,945,269</u>	<u>8,812,732</u>	<u>11,539,396</u>	<u>32,716,444</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating (loss) income	1,651,627	(894,230)	(323,189)	425,801	860,009
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	4,168,413	577,809	-	-	4,746,222
Change in assets and liabilities:					
Decrease (increase) other assets	(209,173)	(111,885)	268	(393,069)	(713,859)
(Decrease) increase accounts and other payables	9,227	(22,296)	29,681	(242,337)	(225,725)
Total adjustments	<u>3,968,467</u>	<u>443,628</u>	<u>29,949</u>	<u>(635,406)</u>	<u>3,806,638</u>
Net cash provided by (used in) operating activities	<u>\$ 5,620,094</u>	<u>\$ (450,602)</u>	<u>\$ (293,240)</u>	<u>\$ (209,605)</u>	<u>4,666,647</u>



The Howard County Police Department has satellite offices throughout the county where officers have a chance to develop personal relationships with neighborhood residents and business owners. Police officers assigned to these neighborhoods share crime prevention and safety messages and work to establish a feeling of trust and cooperation in the community. They also sponsor events like National Night Out where McGruff the crime dog is a popular attraction.

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 Assets
Pension and Other Post Employment Benefits Trust Funds
June 30, 2012

	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	\$ 499,274	581,410	60	1,080,744
Employer contributions	468,623	671,198	-	1,139,821
Employee contributions	94,056	213,017	-	307,073
Sale of investments	2,082,156	2,424,689	-	4,506,845
Other	32,875	38,284	-	71,159
Investments, at fair value:				
Cash	-	-	15,744	15,744
Common stocks	65,567,553	76,354,009	-	141,921,562
Mutual funds	86,802,620	101,082,437	26,901,781	214,786,838
Money market funds	3,340,398	4,474,692	1,380,675	9,195,765
Fixed income securities	84,357,123	98,234,635	-	182,591,758
Real estate	13,767,466	16,032,339	-	29,799,805
Prepaid insurance	10,492	12,054	-	22,546
Total assets	257,022,636	300,118,764	28,298,260	585,439,660
LIABILITIES				
Accounts payable				
Investments purchased	813,032	946,783	-	1,759,815
Other	212,202	241,925	1,291,214	1,745,341
Total liabilities	1,025,234	1,188,708	1,291,214	3,505,156
Net assets held in trust for pension and other post employment benefits	\$ 255,997,402	298,930,056	27,007,046	581,934,504

Howard County, Maryland
Combining Statement of Changes in Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2012

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 10,718,696	18,051,050	17,439,855	46,209,601
Member	2,457,523	6,009,790	-	8,467,313
Total contributions	13,176,219	24,060,840	17,439,855	54,676,914
Investment income:				
Net change in fair value of investments	(9,761,713)	(11,405,879)	(744,013)	(21,911,605)
Interest	2,131,130	2,459,123	-	4,590,253
Dividends	5,203,179	6,005,291	783,154	11,991,624
Other	54,993	36,659	-	91,652
Investment expense	(944,107)	(1,071,161)	(45,046)	(2,060,314)
Net investment (loss) income	(3,316,518)	(3,975,967)	(5,905)	(7,298,390)
Total additions	9,859,701	20,084,873	17,433,950	47,378,524
DEDUCTIONS				
Benefits	8,517,541	13,821,289	14,276,338	36,615,168
Administrative expenses	233,892	255,336	10,753	499,981
Total deductions	8,751,433	14,076,625	14,287,091	37,115,149
Change in net assets	1,108,268	6,008,248	3,146,859	10,263,375
Net assets - beginning of year	257,476,293	290,334,649	23,860,187	571,671,129
Adjustment to beginning balance	(2,587,159)	2,587,159	-	-
Net assets - beginning of year as restated	254,889,134	292,921,808	23,860,187	571,671,129
Net assets - end of year	\$ 255,997,402	298,930,056	27,007,046	581,934,504

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2012

	<u>Street Light District Fund</u>	<u>State Property Tax and Interest Fund</u>	<u>Road Surety Deposit Fund</u>	<u>Multifarious Fund</u>	<u>Total</u>
ASSETS					
Equity in pooled cash and cash equivalents	\$ 1,784,473	900,832	2,071,139	886,332	5,642,776
Property taxes receivable	-	304,769	-	-	304,769
Other receivable	-	-	-	-	-
Total assets	1,784,473	1,205,601	2,071,139	886,332	5,947,545
LIABILITIES					
Accounts payable	-	262,923	-	4,071	266,994
Deposits	1,784,473	942,678	2,071,139	823,055	5,621,345
Other	-	-	-	59,206	59,206
Total liabilities	\$ 1,784,473	1,205,601	2,071,139	886,332	5,947,545

Howard County, Maryland
Combining Statement of Changes Assets and Liabilities
Agency Funds
June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>Street Light District Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,750,269	904,799	870,595	1,784,473
Total assets	1,750,269	904,799	870,595	1,784,473
LIABILITIES				
Accounts payable	-	422,190	422,190	-
Deposits	1,750,269	904,799	870,595	1,784,473
Total liabilities	1,750,269	1,326,989	1,292,785	1,784,473
<u>State Property Tax and Interest Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	882,302	200,463,701	200,445,171	900,832
Property taxes receivable	310,144	131,656,098	131,661,473	304,769
Total assets	1,192,446	332,119,799	332,106,644	1,205,601
LIABILITIES				
Accounts payable	1,049,744	149,963,157	150,749,978	262,923
Deposits	142,702	67,334,016	66,534,040	942,678
Total liabilities	1,192,446	217,297,173	217,284,018	1,205,601
<u>Road Surety Deposit Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	2,359,230	903,614	1,191,705	2,071,139
Property taxes receivable	-	10,000	10,000	-
Total assets	2,359,230	913,614	1,201,705	2,071,139
LIABILITIES				
Deposits	2,359,230	3,508,551	3,796,642	2,071,139
Total liabilities	2,359,230	3,508,551	3,796,642	2,071,139
<u>Multifarious Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	906,068	344,901	364,637	886,332
Other receivable	2,837	15,000	17,837	-
Total assets	908,905	359,901	382,474	886,332
LIABILITIES				
Accounts payable	-	226,084	222,013	4,071
Deposits	822,141	222,506	221,592	823,055
Other liabilities	86,764	-	27,558	59,206
Total liabilities	908,905	222,506	249,150	886,332
<u>Totals - All Agency Funds</u>				
ASSETS				
Equity in pooled cash and cash equivalents	5,897,869	202,617,015	202,872,108	5,642,776
Property taxes receivable	310,144	131,666,098	131,671,473	304,769
Other receivable	2,837	15,000	17,837	-
Total assets	6,210,850	334,298,113	334,561,418	5,947,545
LIABILITIES				
Accounts payable	1,049,744	150,611,431	151,394,181	266,994
Deposits	5,074,342	71,969,872	71,422,869	5,621,345
Other liabilities	86,764	-	27,558	59,206
Total liabilities	\$ 6,210,850	222,581,303	222,844,608	5,947,545

**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, 2012

Function and Activity	Land and Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General government:						
County executive	\$ -	-	7,314	-	-	7,314
Technology and communication	-	-	-	7,492,666	-	7,492,666
Finance	-	-	-	3,271,007	-	3,271,007
Law	-	-	-	-	-	-
County administration	-	-	31,810,224	581,417	-	32,391,641
Total general government	-	-	31,817,538	11,345,090	-	43,162,628
Public safety:						
Corrections	-	-	-	77,383	-	77,383
Fire	1,116,001	6,617,241	8,820	32,126,547	-	39,868,609
Police	-	-	152,820	9,587,445	-	9,740,265
Total public safety	1,116,001	6,617,241	161,640	41,791,375	-	49,686,257
Public facilities:						
Public works	290,411,290	150,473,421	339,311,837	4,470,736	-	784,667,284
Planning and zoning	-	-	-	378,337	-	378,337
Inspections, licenses and permits	-	-	-	2,887,533	-	2,887,533
Transportation	2,679,368	369,000	35,610	8,057,695	-	11,141,673
Total public facilities	293,090,658	150,842,421	339,347,447	15,794,301	-	799,074,827
Legislative and judicial:						
Board of elections	-	-	-	12,295	-	12,295
Circuit court	-	-	-	69,334	-	69,334
County council	-	-	-	-	-	-
State's attorney	-	-	-	59,229	-	59,229
Sheriff	-	-	-	96,391	-	96,391
Total legislative and judicial	-	-	-	237,249	-	237,249
Community services:						
Citizen services	-	-	-	127,836	-	127,836
Health department	-	-	-	711,508	-	711,508
Housing and community development	490,900	3,400,119	-	107,324	-	3,998,343
Library	2,280,636	32,058,771	44,524	121,181	-	34,505,112
Social services	-	-	-	-	-	-
Total community services	2,771,536	35,458,890	44,524	1,067,849	-	39,342,799
Recreation and parks:						
Recreation and parks	98,591,679	44,901,047	35,574,502	2,137,673	-	181,204,901
Total recreation and parks	98,591,679	44,901,047	35,574,502	2,137,673	-	181,204,901
Agricultural land preservation:						
Agricultural land easements	105,005,200	-	-	-	-	105,005,200
Total agricultural land preservation	105,005,200	-	-	-	-	105,005,200
Construction in progress						
Total governmental funds capital assets	\$ 500,575,074	237,819,599	406,945,651	72,373,537	324,839,042	1,542,552,903

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 assets.

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, 2012

Function and Activity	Balances		Assets		Balances		Allowance for Depreciation		Balances	
	June 30, 2011		Additions	Deductions	June 30, 2012	June 30, 2011	Additions	Deductions	June 30, 2012	
General government:										
County executive	\$ 13,334	-	6,020	7,314	8,453	488	6,020	2,921		
Technology and communication	7,943,142	-	450,476	7,492,666	3,928,568	1,412,145	450,476	4,890,237		
Finance	4,132,490	-	861,483	3,271,007	3,560,564	362,427	861,483	3,061,508		
Law	35,984	-	35,984	-	34,498	210	34,708	-		
County administration	32,828,089	-	436,448	32,391,641	18,848,967	1,583,135	431,026	20,001,076		
Total general government	44,953,039	-	1,790,411	43,162,628	26,381,050	3,358,405	1,783,713	27,955,742		
Public safety:										
Corrections	149,893	11,300	83,810	77,383	129,094	3,437	83,811	48,720		
Fire	37,526,884	3,252,929	911,204	39,868,609	21,568,926	2,220,315	730,965	23,058,276		
Police	9,211,709	1,301,732	773,176	9,740,265	6,856,072	714,962	550,877	7,020,157		
Total public safety	46,888,486	4,565,961	1,768,190	49,686,257	28,554,092	2,938,714	1,365,653	30,127,153		
Public facilities:										
Public works	760,169,377	28,174,829	3,676,922	784,667,284	186,855,312	12,556,214	347,133	199,064,393		
Planning and zoning	427,053	48,618	97,334	378,337	301,893	36,066	96,702	241,257		
Inspections, licenses and permits	3,108,005	-	220,472	2,887,533	3,108,005	-	220,472	2,887,533		
Transportation	10,881,597	1,043,652	783,576	11,141,673	2,636,780	1,126,366	412,626	3,350,520		
Total public facilities	774,586,032	29,267,099	4,778,304	799,074,827	192,901,990	13,718,646	1,076,933	205,543,703		
Legislative and judicial:										
Board of elections	47,840	-	35,545	12,295	47,840	-	35,545	12,295		
Circuit court	80,629	-	11,295	69,334	60,954	9,779	11,295	59,438		
County council	15,280	-	15,280	-	15,280	-	15,280	-		
States attorney	59,229	-	-	59,229	59,230	-	-	59,230		
Sheriff	62,423	66,391	32,423	96,391	50,248	8,712	32,423	26,537		
Total legislative and judicial	265,401	66,391	94,543	237,249	233,552	18,491	94,543	157,500		
Community services:										
Citizen services	127,837	-	-	127,837	125,414	300	-	125,714		
Health department	1,042,042	127,703	458,238	711,507	825,597	275,316	581,207	519,706		
Housing and community development	3,998,343	-	-	3,998,343	1,863,672	77,699	-	1,941,371		
Library	34,505,112	-	-	34,505,112	11,881,062	641,175	-	12,522,237		
Social services	263,804	-	263,804	-	263,804	-	263,804	-		
Total community services	39,937,138	127,703	722,042	39,342,799	14,959,549	994,490	845,011	15,109,028		
Recreation and parks:										
Recreation and parks	154,691,712	26,832,771	319,582	181,204,901	30,514,066	1,975,456	234,166	32,255,356		
Total recreation and parks	154,691,712	26,832,771	319,582	181,204,901	30,514,066	1,975,456	234,166	32,255,356		
Agricultural land preservation:										
Agricultural land easements	76,946,200	28,059,000	-	105,005,200	-	-	-	-		
Total agricultural land preservation	76,946,200	28,059,000	-	105,005,200	-	-	-	-		
Total county government	1,138,268,008	88,918,925	9,473,072	1,217,713,861	293,544,299	23,004,202	5,400,019	311,148,482		
Construction in progress	297,798,154 *	91,006,172	63,965,284	324,839,042	-	-	-	-		
Total governmental funds capital assets	\$ 1,436,066,162	179,925,097	73,438,356	1,542,552,903	293,544,299	23,004,202	5,400,019	311,148,482		

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 assets.

* Restated due to prior period adjustment

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



Howard County, Maryland
Capital Assets and Depreciation
Capital Assets Used in the Operation of Enterprise Funds
For the Year Ended June 30, 2012

	Balances		Assets		Balances		Balances		Allowance for Depreciation		Balances	
	June 30, 2011		Additions	Deductions	June 30, 2012		June 30, 2011	Additions	Deductions	June 30, 2012		June 30, 2012
Land:												
Utility	\$	2,117,977	-	-	2,117,977		-	-	-	-	-	-
Golf Course		8,684,896	-	-	8,684,896		-	-	-	-	-	-
Total land		10,802,873	-	-	10,802,873		-	-	-	-	-	-
Buildings:												
Utility		128,127,400	22,578,000	-	150,705,400		55,119,938	2,633,317	-	-	57,753,255	
Golf Course		1,058,133	-	-	1,058,133		400,484	21,163	-	-	421,647	
Total buildings		129,185,533	22,578,000	-	151,763,533		55,520,422	2,654,480	-	-	58,174,902	
Improvements other than buildings:												
Utility		55,669,481	1,927,290	-	57,596,771		30,034,741	1,971,121	-	-	32,005,862	
Golf course		148,004	-	-	148,004		43,017	7,400	-	-	50,417	
Total improvements		55,817,485	1,927,290	-	57,744,775		30,077,758	1,978,521	-	-	32,056,279	
Infrastructure												
Utility		491,093,670	37,596,465	-	528,690,135		221,033,029	9,401,451	-	-	230,434,480	
Golf course		-	-	-	-		-	-	-	-	-	
Total improvements		491,093,670	37,596,465	-	528,690,135		221,033,029	9,401,451	-	-	230,434,480	
Machinery and equipment:												
Utility		3,267,343	2,309,875	1,024,481	4,552,737		2,250,257	204,937	705,569	-	1,749,625	
Golf course		482,060	-	144,063	337,997		371,689	20,164	142,882	-	248,971	
Total machinery and equipment		3,749,403	2,309,875	1,168,544	4,890,734		2,621,946	225,101	848,451	-	1,998,596	
Grand total	\$	690,648,964	64,411,630	1,168,544	753,892,050		309,253,155	14,259,553	848,451	-	322,664,257	

Does not include \$231,871,260 of Construction in Progress.



In addition to maintaining nearly 9,000 acres of parkland and open space, Recreation & Parks' employees offer over 5,600 leisure programs and activities to county residents. They also host the County's annual 4th of July Celebration, Wine in the Woods, the Holiday Mart, summer concerts, runs, walks, tournaments and countless other community events and last year opened the North Laurel Community Center and the Robinson Nature Center.

Long-Term Debt

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



Howard County, Maryland
Schedule of General Long-Term Debt - General County Bonds
Long-Term Obligations
For the Year Ended June 30, 2012

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
General improvement bonds:						
06-29-99	2000-2016	2.41	\$ 14,210,000	2,850,000	475,210	3,325,210
06-01-03	2003-2023	2.00 - 5.00	26,565,326	2,659,500	265,800	2,925,300
02-01-04	2004-2024	2.00 - 5.00	37,724,019	21,611,048	5,359,103	26,970,151
01-01-05	2005-2025	3.00 - 4.25	13,716,504	680,769	22,125	702,894
01-15-06	2006-2026	3.50 - 4.50	23,906,607	2,168,134	122,466	2,290,600
03-15-07	2007-2027	4.00 - 5.00	16,490,227	7,215,682	2,771,087	9,986,769
12-19-07	2009-2019	3.75 - 5.00	29,567,105	12,747,474	1,426,587	14,174,061
02-27-08	2009-2028	3.00 - 5.00	46,633,639	27,164,036	11,596,998	38,761,034
03-23-09	2010-2029	3.50 - 5.00	20,124,587	18,097,701	8,267,295	26,364,996
12-08-09	2011-2022	2.00 - 5.00	24,381,235	24,379,816	7,823,470	32,203,286
03-16-10	2011-2023	3.00 - 5.00	10,746,917	9,644,051	2,636,738	12,280,789
03-16-10	2024-2030	5.00 - 5.55	6,245,844	6,245,844	4,998,547	11,244,391
03-09-11	2012-2031	4.00 - 5.00	46,678,279	45,084,038	21,869,571	66,953,609
11-17-11	2012-2031	3.00 - 5.00	60,090,208	60,090,208	26,845,304	86,935,512
04-11-12	2013-2032	2.00 - 4.00	31,238,087	31,238,087	14,139,230	45,377,317
Total general improvement bonds			408,318,584	271,876,388	108,619,531	380,495,919
Storm drain bonds:						
06-01-03	2003-2023	2.00 - 5.00	1,903,649	294,824	30,429	325,253
02-01-04	2004-2024	2.00 - 5.00	2,214,872	1,409,698	353,161	1,762,859
01-01-05	2005-2025	3.00 - 4.25	341,954	15,657	509	16,166
01-15-06	2006-2026	3.50 - 4.50	1,745,637	160,178	9,046	169,224
03-15-07	2007-2027	4.00 - 5.00	2,465,000	1,202,869	519,352	1,722,221
12-19-07	2009-2019	3.75 - 5.00	897,891	387,114	43,322	430,436
02-27-08	2009-2028	3.00 - 5.00	1,344,420	837,362	380,997	1,218,359
03-23-09	2010-2029	3.50 - 5.00	1,920,227	1,727,753	789,550	2,517,303
12-08-09	2011-2022	2.00 - 5.00	1,639,668	1,639,573	526,138	2,165,711
03-16-10	2011-2023	3.00 - 5.00	2,357,743	2,115,788	578,468	2,694,256
03-09-11	2012-2031	4.00 - 5.00	3,314,757	3,201,545	1,553,020	4,754,565
11-17-11	2012-2031	3.00 - 5.00	3,047,274	3,047,275	1,361,370	4,408,645
04-11-12	2013-2032	2.00 - 4.00	847,964	847,964	383,812	1,231,776
Total storm drain bonds			24,041,056	16,887,600	6,529,174	23,416,774
Police department bonds:						
06-01-03	2003-2023	2.00 - 5.00	874,118	354,525	39,428	393,953
02-01-04	2004-2024	2.00 - 5.00	2,754,040	1,282,572	359,000	1,641,572
01-01-05	2005-2025	3.00 - 4.25	1,978,000	90,569	2,943	93,512
01-15-06	2006-2026	3.50 - 4.50	1,432,986	131,490	7,426	138,916
03-15-07	2007-2027	4.00 - 5.00	176,319	86,400	37,151	123,191
12-19-07	2009-2019	3.75 - 5.00	472,855	203,865	22,815	226,680
02-27-08	2009-2028	3.00 - 5.00	16,000	9,966	4,537	14,503
03-23-09	2010-2029	3.50 - 5.00	357,459	321,629	146,978	468,607
12-08-09	2011-2022	2.00 - 5.00	544,524	544,492	174,727	719,219
03-16-10	2011-2023	3.00 - 5.00	161,000	144,478	39,501	183,979
03-16-10	2024-2030	5.00 - 5.55	623,000	623,000	498,587	1,121,587
03-09-11	2012-2031	4.00 - 5.00	157,000	151,638	73,557	225,195
11-17-11	2012-2031	3.00 - 5.00	2,629,769	2,629,769	1,174,749	3,804,518
04-11-12	2013-2032	2.00 - 4.00	4,671	4,671	2,114	6,785
Total police department bonds			12,181,741	6,578,704	2,583,513	9,162,217
Fire department bonds:						
06-01-03	2003-2023	2.00 - 5.00	793,991	374,310	41,844	416,154
02-01-04	2004-2024	2.00 - 5.00	1,060,772	771,398	185,538	956,936
03-15-07	2007-2027	4.00 - 5.00	134,000	65,389	28,232	93,621
12-19-07	2009-2019	3.75 - 5.00	1,127,193	485,975	54,386	540,361
02-27-08	2009-2028	3.00 - 5.00	559,000	348,169	158,418	506,587
03-23-09	2010-2029	3.50 - 5.00	6,022,000	5,418,385	2,476,097	7,894,482
12-08-09	2011-2022	2.00 - 5.00	252,171	252,156	80,917	333,073
03-16-10	2011-2023	3.00 - 5.00	630,000	565,348	154,569	719,917
03-16-10	2024-2030	5.00 - 5.55	955,000	955,000	764,286	1,719,286
03-09-11	2012-2031	4.00 - 5.00	1,088,000	1,050,841	509,747	1,560,588
11-17-11	2012-2031	3.00 - 5.00	2,498,107	2,498,107	1,116,029	3,614,136
04-11-12	2013-2032	2.00 - 4.00	924,559	924,559	418,481	1,343,040
Total fire department bonds			\$ 16,044,793	13,709,637	5,988,544	19,698,181

(Continued)

Howard County, Maryland
Schedule of General Long-Term Debt - General County Bonds
Long-Term Obligations
For the Year Ended June 30, 2012

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
School bonds:						
06-01-03	2003-2023	2.00 - 5.00	\$ 44,571,096	8,596,926	856,696	9,453,622
02-01-04	2004-2024	2.00 - 5.00	78,248,341	51,941,808	12,924,700	64,866,508
01-01-05	2005-2025	3.00 - 4.25	43,148,176	1,975,670	64,209	2,039,879
01-15-06	2006-2026	3.50 - 4.50	62,704,950	5,694,777	321,600	6,016,377
03-15-07	2007-2027	4.00 - 5.00	59,669,454	29,307,246	12,936,769	42,244,015
12-19-07	2009-2019	3.75 - 5.00	42,951,282	18,517,889	2,072,361	20,590,250
02-27-08	2009-2028	3.00 - 5.00	48,722,941	30,342,609	13,805,029	44,147,638
03-23-09	2010-2029	3.50 - 5.00	28,734,289	25,852,784	11,813,811	37,666,595
12-08-09	2011-2022	2.00 - 5.00	48,771,399	48,768,559	15,649,806	64,418,365
03-16-10	2011-2023	3.00 - 5.00	30,940,242	27,765,103	7,591,137	35,356,240
03-16-10	2011-2017	0.60 - 3.70	12,590,000	21,799,156	17,445,857	39,245,013
03-16-10	2024-2030	5.00 - 5.55	21,799,156	9,135,000	870,093	10,005,093
03-09-11	2012-2031	4.00 - 5.00	42,719,327	41,260,300	20,014,735	61,275,035
11-17-11	2012-2031	3.00 - 5.00	96,429,421	96,429,421	43,079,950	139,509,371
04-11-12	2013-2032	2.00 - 4.00	2,909,215	2,909,215	1,316,792	4,226,007
Total school bonds			664,909,289	420,296,463	160,763,545	581,060,008
Community renewal bonds:						
06-01-03	2003-2023	2.00 - 5.00	1,534,126	157,309	16,459	173,768
02-01-04	2004-2024	2.00 - 5.00	684,423	440,889	110,030	550,919
01-01-05	2005-2025	3.00 - 4.25	20,000	916	30	946
12-19-07	2009-2019	3.75 - 5.00	3,139,952	1,353,749	151,500	1,505,249
12-08-09	2011-2022	2.00 - 5.00	64,052	64,048	20,553	84,601
11-17-11	2012-2031	3.00 - 5.00	510,955	510,955	228,269	739,224
Total community renewal bonds			5,953,508	2,527,866	526,841	3,054,707
Recreation and parks bonds:						
06-01-03	2003-2023	2.00 - 5.00	7,485,140	518,343	52,351	570,694
02-01-04	2004-2024	2.00 - 5.00	3,247,873	1,877,311	485,522	2,362,833
01-01-05	2005-2025	3.00 - 4.25	245,442	11,238	365	11,603
01-15-06	2006-2026	3.50 - 4.50	10,481	962	54	1,016
03-15-07	2007-2027	4.00 - 5.00	3,328,000	1,623,995	701,176	2,325,171
12-19-07	2009-2019	3.75 - 5.00	6,253,677	2,696,192	301,734	2,997,926
02-27-08	2009-2028	3.00 - 5.00	59,000	36,748	16,724	53,472
03-23-09	2010-2029	3.50 - 5.00	533,230	479,782	219,251	699,033
12-08-09	2011-2022	2.00 - 5.00	1,322,416	1,322,339	424,338	1,746,677
03-16-10	2011-2023	3.00 - 5.00	6,000	5,384	1,472	6,856
03-16-10	2024-2030	5.00 - 5.55	1,047,000	1,047,000	837,914	1,884,914
03-09-11	2012-2031	4.00 - 5.00	9,657,518	9,327,677	4,524,712	13,852,389
11-17-11	2012-2031	3.00 - 5.00	10,012,088	10,012,088	4,472,902	14,484,990
04-11-12	2013-2032	2.00 - 4.00	1,369,411	1,369,411	619,834	1,989,245
Total recreation and parks bonds			44,577,276	30,328,470	12,658,349	42,986,819
Community college bonds:						
06-01-03	2003-2023	2.00 - 5.00	11,042,554	574,264	25,075	599,339
02-01-04	2004-2024	2.00 - 5.00	7,370,659	4,810,277	1,195,538	6,005,815
01-01-05	2005-2025	3.00 - 4.25	549,925	25,180	818	25,998
01-15-06	2006-2026	3.50 - 4.50	1,574,339	144,460	8,158	152,618
03-15-07	2007-2027	4.00 - 5.00	17,737,000	8,698,798	3,824,233	12,523,031
12-19-07	2009-2019	3.75 - 5.00	3,010,045	1,297,742	145,232	1,442,974
02-27-08	2009-2028	3.00 - 5.00	10,165,000	6,331,092	2,880,621	9,211,713
03-23-09	2010-2029	3.50 - 5.00	12,028,208	10,821,964	4,945,243	15,767,207
12-08-09	2011-2022	2.00 - 5.00	8,884,535	8,884,018	2,850,877	11,734,895
03-16-10	2011-2023	3.00 - 5.00	4,173,098	3,744,848	1,023,863	4,768,711
03-16-10	2024-2030	5.00 - 5.55	8,735,000	8,735,000	6,990,617	15,725,617
03-09-11	2012-2031	4.00 - 5.00	7,500,119	7,243,961	3,513,934	10,757,895
11-17-11	2012-2031	3.00 - 5.00	6,837,174	6,837,174	3,054,509	9,891,683
04-11-12	2013-2032	2.00 - 4.00	76,094	76,094	34,442	110,536
Total community college bonds			99,683,750	68,224,872	30,493,160	98,718,032
Total bonds			\$ 1,275,709,997	830,430,000	328,162,657	1,158,592,657

Howard County, Maryland
Schedule of Changes in Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2012

	Balance June 30, 2011	Issued	Refunded	Retired	Balance June 30, 2012
General county bonds:					
General improvement	\$ 225,736,894	91,328,294	27,774,383	17,414,417	271,876,388
Storm drain	15,862,011	3,895,238	1,828,886	1,040,763	16,887,600
Police department	7,369,842	2,634,440	2,870,563	555,015	6,578,704
Fire department	11,551,367	3,422,666	551,692	712,704	13,709,637
School bonds	433,007,409	99,338,639	81,535,491	30,514,094	420,296,463
Community renewal bonds	3,285,200	510,955	558,076	710,213	2,527,866
Recreation and parks bonds	23,360,427	11,381,500	2,052,319	2,361,138	30,328,470
Community college bonds	67,731,848	6,913,270	3,098,590	3,321,656	68,224,872
Total bonds	787,904,998	219,425,002	120,270,000	56,630,000	830,430,000
Other long-term debt:					
Compensated absences	20,885,772	1,344,667	-	1,006,553	21,223,886
Capital leases	4,945,142	-	-	207,628	4,737,514
Landfill closure obligation	31,719,000 *	177,000	-	-	31,896,000
Agricultural land preservation program	71,121,600	25,253,100	-	1,751,930	94,622,770
Total other long-term debt	128,671,514	26,774,767	-	2,966,111	152,480,170
Total long-term debt	\$ 916,576,512	246,199,769	120,270,000	59,596,111	982,910,170

* Restated due to prior period adjustment of \$4,622,000. See note 18 for further details.

** Does not include deferred refunding premium liability of \$74,006,290, economic refunding loss of (\$9,998,214), unpaid insurance claims of \$11,909,462, and net OPEB obligation of \$262,038,493 shown in the Statement of Net Assets.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2012

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Metropolitan district bonds:						
06-01-03	2003-2032	3.00-5.00	\$ 29,180,000	10,350,000	2,597,425	12,947,425
02-01-04	2004-2023	2.00-4.25	8,325,000	7,065,000	1,330,090	8,395,090
01-01-05	2005-2034	3.00-4.50	4,000,000	2,725,000	1,715,951	4,440,951
01-15-06	2006-2035	3.50-4.40	3,000,000	2,365,000	1,493,165	3,858,165
03-15-07	2007-2037	4.00-4.50	10,000,000	8,440,000	5,625,952	14,065,952
12-19-07	2009-2029	3.75-4.375	11,980,000	10,920,000	4,209,924	15,129,924
02-27-08	2009-2038	3.00-4.375	4,095,000	3,775,000	2,542,087	6,317,087
03-23-09	2010-2029	3.00-5.00	26,240,000	23,540,000	9,789,064	33,329,064
12-08-09	2011-2030	1.00-4.00	7,255,000	7,215,000	3,363,578	10,578,578
03-16-10	2011-2015	2.00-4.00	5,520,000	3,400,000	264,250	3,664,250
03-09-11	2012-2041	4.00-4.75	49,990,000	48,980,000	40,026,450	89,006,450
11-17-11	2012-2041	3.00-5.00	36,245,000	36,245,000	18,052,303	54,297,303
04-11-12	2012-2037	3.00-4.00	19,970,000	19,970,000	10,600,330	30,570,330
Total metropolitan district bonds			215,800,000	184,990,000	101,610,569	286,600,569
MD water quality 06/1/92	1992-2013	3.50	15,211,855	1,145,993	97,008 *	1,243,001
MD water quality 10/10/95	1995-2015	4.33	1,985,344	426,974	60,412 *	487,386
MD water quality 10/18/00	2000-2022	2.40	34,000,000	19,006,508	3,629,933 *	22,636,441
MD water quality 1/29/02	2002-2024	2.00	21,329,372	13,557,941	2,465,048 *	16,022,989
MD water quality 10/1/08	2009-2029	2.30	1,075,498	942,038	261,917 *	1,203,955
MD water quality 11/19/09	2010-2031	1.00	3,443,711	3,284,757	510,365 *	3,795,122
Total water quality			77,045,780	38,364,211	7,024,683	45,388,894
Special recreation facility bonds	2012-2022	2.475	5,400,000	5,400,000	792,518	6,192,518
Compensated absences	n/a	n/a	n/a	823,778	n/a	823,778
Major water and sewer agreements	n/a	n/a	n/a	1,004,953	n/a	1,004,953
Total debt			\$ 298,245,780	230,582,942 **	109,427,770	340,010,712

* Includes administrative fees.

** Does not include deferred refunding premium liability of \$4,965,919, unamortized discount of (\$25,757), economic refunding loss of (\$665,034), net OPEB obligation of \$4,334,241, developer agreement rebates of \$123,247, or deferred water and sewer assessments of \$20,137,431 shown in the Statement of Net Assets.

Howard County, Maryland
Schedule of Changes in Bonded Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2012

Date of Issue	Balance June 30, 2011	Issued	Refunded	Retired	Balance June 30, 2012
Metropolitan district bonds:					
02-01-02	\$ 17,065,000	-	15,020,000	2,045,000	-
06-01-03	13,675,000	-	2,075,000	1,250,000	10,350,000
02-01-04	7,540,000	-	-	475,000	7,065,000
01-01-05	3,465,000	-	645,000	95,000	2,725,000
01-15-06	2,435,000	-	-	70,000	2,365,000
03-15-07	8,655,000	-	-	215,000	8,440,000
12-19-07	11,310,000	-	-	390,000	10,920,000
02-27-08	3,860,000	-	-	85,000	3,775,000
03-23-09	24,495,000	-	-	955,000	23,540,000
12-08-09	7,255,000	-	-	40,000	7,215,000
03-16-10	4,465,000	-	-	1,065,000	3,400,000
03-09-11	49,990,000	-	-	1,010,000	48,980,000
11-17-11	-	36,245,000	-	-	36,245,000
4-11-12	-	19,970,000	-	-	19,970,000
Total metropolitan district bonds	154,210,000	56,215,000	17,740,000	7,695,000	184,990,000
MD water quality 06/1/92	2,244,698	-	-	1,098,705	1,145,993
MD water quality 10/10/95	557,651	-	-	130,677	426,974
MD water quality 10/18/00	20,670,861	-	-	1,664,353	19,006,508
MD water quality 1/29/02	14,598,006	-	-	1,040,065	13,557,941
MD water quality 10/1/08	987,540	-	-	45,502	942,038
MD water quality 11/19/09	2,898,867	544,844	-	158,954	3,284,757
Total water quality	41,957,623	544,844	-	4,138,256	38,364,211
Special recreation facility bonds	6,330,000	5,400,000	5,775,000	555,000	5,400,000
Compensated absences	781,608	71,046	-	28,876	823,778
Major water and sewer agreements	2,034,984	-	-	1,030,031	1,004,953
Total debt	\$ 205,314,215	62,230,890	23,515,000	13,447,163	230,582,942 *

* Does not include deferred refunding premium liability of \$4,965,919, unamortized discount of (\$25,757), economic refunding loss of (\$665,034), net OPEB obligation of \$4,334,241, developer agreement rebates of \$123,247, or deferred water and sewer assessments of \$20,137,431 shown in the Statement of Net Assets.



The Howard County School System is a recognized source of local pride and consistently ranks among Maryland's top school districts based on student performance on the Maryland School Assessments. Students score above the national averages on standardized tests and more than 90% of graduates continue their education beyond high school. Above, County Executive Ken Ulman, new School Superintendent Dr. Renee Foose, Senator Ben Cardin and Councilman Calvin Ball welcome students back on the first day of school.

**Report on Internal Control
Over Financial Reporting and On Compliance
and Other Matters Based On an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**



**Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

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

We have audited the 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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 11, 2013. 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.

Internal Control Over Financial Reporting

Management of Howard County, Maryland, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howard County, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's

financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses.

Grants Special Revenue Fund and Capital Grants

The County receives over 200 varying types of federal and state grants, which are administered by different agencies throughout the County. Due to the decentralization of the grant administration, the County was unable to provide certain documentation to ensure timely and accurate financial reporting. The County has significant outstanding receivables for cost reimbursable grants in which the County has funded the costs. A significant portion of the receivables have been outstanding more than 90 days after year end.

We recommend the following:

- Each grant reimbursement request should be reconciled to SAP by the responsible grant administrator prior to submission to the grantor.
- The Department of Finance should review requests for reimbursement and supporting documentation to make sure amounts agree with SAP on a periodic basis.
- Confirmations should be sent to each grantor on an annual basis to confirm revenues, receivables and expenditures for the fiscal year.
- The County should institute a policy that requests for reimbursement should be submitted no less than on a quarterly basis, unless otherwise stipulated by the grantor.
- The County should consider assessing or reallocating resources to facilitate and expedite grants administration and financial reporting.

Management Response

The County agrees with the recommendations. The Department of Finance is developing a comprehensive Grants policies and procedures that would incorporate these recommendations and is also looking at ways to effectively restructure.

Review and Approval

The County does not adhere to the review and approval procedures in place to ensure accurate, timely and reliable reporting of financial information.

This resulted in the following:

- Material journal entries were required to correct both current and prior year balances resulting in the delay of the timely delivery of the financial statements.

- Account reconciliations and supporting documentation was provided that did not agree to the balances in the general ledger and financial statements.
- Account reconciliations and supporting documentation was provided that did not agree to the balances in the general ledger and financial statements.
- The County previously capitalized costs for projects that were not County owned, resulting in a prior period adjustment.
- State and federal laws and regulations require the County to place a final cover and cap on closed cells at the operating Alpha Ridge landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum of 30 years after closure. The closure cap for the inactive cell was completed in 2000. At that time, the County was to begin amortizing the future estimated total closure and post-closure care costs over the next 30 years. The County instead continued to increase the estimated liability by the Consumer Price Index (CPI) resulting in a prior period adjustment.

We recommend the County adhere to the review and approval procedures in place to ensure accurate, timely and reliable reporting of financial information.

Management Response

The County agrees with the recommendations and regular reviews are being instituted to address the review and approval process, especially in regards to capital projects.

Cutoff Procedures

During the course of our audit we noted that the County did not perform proper cutoff procedures related to accounts payable, which resulted in a material understatement of expenditures and accounts payable at June 30, 2012.

We recommend the County reviews its process for entering unpaid invoices and all disbursements subsequent to year end to ensure expenditures are recorded in the proper period.

Management Response

The County agrees with the recommendation and controls have been established to make sure disbursements are reviewed subsequent to year end closing.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance

with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Howard County, Maryland, in a separate letter dated January 11, 2013.

The County's response to the findings identified in our audit is described above. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, County Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Baltimore, Maryland
January 11, 2013

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 Assets by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	438,961,798	419,037,009	453,682,183	437,104,153	420,387,445	581,284,859	669,410,210	735,346,804	780,074,223	797,341,525
Restricted (a)	17,405,974	28,342,688	109,514,508	119,756,349	139,763,814	147,266,158	161,806,930	163,458,570	83,470,483	82,432,184
Unrestricted (b)	(103,050,451)	(95,289,397)	(161,602,748)	(105,399,387)	(110,356,141)	(288,540,789)	(442,781,138)	(629,621,547)	(619,606,891)	(616,475,764)
Subtotal governmental activities net assets	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228 (c)	388,436,002	269,183,827 (d)	243,937,815 (e)	263,297,945
Business-type activities										
Invested in capital assets, net of related debt	311,410,291	326,966,323	325,302,549	340,388,015	306,098,965	328,013,443	338,277,158	391,047,153	412,443,596	429,005,565
Restricted (a)	87,490,610	82,466,384	99,171,080	99,161,799	142,022,020	139,098,839	151,228,040	120,266,910	132,071,680	61,315,957
Unrestricted	11,165,880	15,067,893	731,350	938,013	2,381,317	2,575,641	1,928,964	719,135	1,877,926	91,126,225
Subtotal business-type activities net assets	410,066,781	424,500,600	425,204,979	440,487,827	450,502,302	469,687,923	491,434,162	512,033,198 (d)	546,393,202 (e)	581,447,747
Primary government										
Invested in capital assets, net of related debt	750,372,089	746,003,332	778,984,732	777,492,168	726,486,410	909,298,302	1,007,687,368	1,126,393,957	1,192,517,819	1,226,347,090
Restricted (a)	104,896,584	110,809,072	208,685,588	218,918,148	281,785,834	286,364,997	313,034,970	283,725,480	215,542,163	143,748,141
Unrestricted	(91,884,571)	(80,221,504)	(160,871,398)	(104,461,374)	(107,974,824)	(285,965,148)	(440,852,174)	(628,902,412)	(617,728,965)	(525,349,539)
Total primary government net assets	\$ 763,384,102	\$ 776,590,900	\$ 826,798,922	\$ 891,948,942	\$ 900,297,420	\$ 909,698,151	\$ 879,870,164	\$ 781,217,025	\$ 790,331,017	\$ 844,745,692

(a) Due to the implementation of GASB Statement 46 in fiscal year 2006, higher restricted net assets were reported than in previous years.

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

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

(c) FY2008 net assets of governmental activities were restated in fiscal year 2009.

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

(e) FY2011 net assets of governmental and business-type activities were restated in fiscal year 2012. See note 18 for further details.

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

Expenses	2003 (a)	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	21,203,520	40,705,773	38,174,921	43,401,671	43,441,064	46,844,606	49,015,557	40,551,179	50,599,944	84,025,615
Public safety	89,948,701	92,035,236	99,797,362	112,396,115	122,208,338	144,114,893	152,639,155	154,381,502	167,113,492	184,324,533
Public works (j)	70,485,129	87,315,039	85,450,609	94,663,945	103,782,948	95,262,350	115,081,550	101,682,165	102,947,974	115,231,452
Recreation and parks	18,255,567	20,268,442	24,309,652	25,296,028	28,304,306	28,335,338	28,490,509	26,909,791	27,086,201	29,974,257
Legislative and judicial	14,167,992	15,109,402	15,630,364	16,347,843	17,935,936	21,577,751	21,414,495	19,917,865	21,684,657	22,248,551
Community services	37,810,310	30,585,440	31,350,625	36,071,390	36,624,968	39,035,177	42,552,461	38,203,641	38,522,217	45,302,315
State highways (j)	4,962,451	5,229,593	1,972,412	302,754	2,244,049	378,464	646,354	2,450,937	1,917,170	2,900,053
Education	336,918,897	368,316,954	423,466,686	510,243,607	538,176,394	587,904,740	560,909,969	557,205,570	605,557,506	610,774,387
Interest on long term debt	24,611,613	23,507,751	25,949,006	27,669,889	31,436,334	35,419,506	33,065,408	32,759,477	37,102,195	53,851,903
Total governmental activities expenses	618,364,180	683,073,630	746,101,637	866,393,242	924,154,337	998,872,825 (i)	1,003,815,458	974,062,127	1,052,531,356	1,148,633,066
Business-type activities:										
Water and sewer	46,993,461	46,907,290	51,271,398	62,881,137	64,479,789	66,966,290	59,226,089	64,845,285	66,636,363	67,635,638
Golf course	1,943,021	1,922,354	1,884,139	1,921,122	1,896,158	1,910,116	1,734,769	1,791,000	1,762,425	1,921,518
Total business-type activities expenses	48,936,482	48,829,644	53,155,537	64,802,259	66,375,947	68,876,406	60,960,858	66,636,285	68,398,788	69,557,156
Total primary government expenses	667,300,662	731,903,274	799,257,174	931,195,501	990,530,284	1,067,749,231	1,064,776,316	1,040,698,412	1,120,930,144	1,218,190,222
Program revenues										
Governmental activities:										
Charges for services										
General government	9,460,935	19,303,477	22,336,590	19,210,703	19,202,259	21,908,851	22,623,190	29,198,040	33,914,325	42,534,975
Public works	26,165,606	28,766,381	35,564,427	41,819,146	40,699,663	42,589,702	39,248,132	42,937,855	41,652,829	46,145,115
Recreation and parks	10,106,790	8,366,050	9,496,397	11,147,873	11,467,477	12,213,842	13,050,979	12,621,042	13,361,672	13,591,958
Other	6,187,326	5,541,222	6,379,711	6,542,390	6,999,654	6,787,417	8,482,772	7,079,677	8,665,495	22,407,037
Operating grants and contributions	29,435,731	22,874,525	25,895,910	21,919,457	25,128,602	25,331,284	35,559,629	26,732,848	26,559,373	46,323,888
Capital grants and contributions	34,492,645	17,075,753	23,199,688	40,618,331	47,769,364	32,890,596	27,160,200	22,998,508	24,715,975	68,472,451
Total governmental activities program revenues	115,849,033	101,927,408	122,872,723	141,257,900	151,267,019	141,721,692	146,124,902	141,567,970	148,869,669	239,475,424
Business-type activities:										
Charges for services										
Water and sewer	27,506,628	28,678,494	35,112,827	35,751,512	40,708,994	43,270,127	43,184,222	44,355,147	48,606,394	50,729,734
Golf course	1,972,953	2,033,858	2,084,257	2,320,341	2,294,374	2,257,710	2,103,674	2,149,442	2,056,408	2,134,912
Operating grants and contributions	14,958,376	15,908,499	17,850,331	20,256,749	23,386,096	27,199,512	30,981,090	32,395,714	30,884,327	29,880,497
Capital grants and contributions	15,111,194	15,635,936	12,115,385	19,293,954	5,922,565	13,087,530	6,959,259	9,666,912	24,331,033	21,109,099
Total business-type activities program revenues	59,549,151	62,256,787	67,162,800	77,622,556	72,312,029	85,814,879	83,228,245	88,567,215	105,878,162	103,854,242
Total primary government program revenues	\$ 175,398,184	\$ 164,184,195	\$ 190,035,523	\$ 218,880,456	\$ 223,579,048	\$ 227,536,571	\$ 229,353,147	\$ 230,135,185	\$ 254,747,831	\$ 343,329,666

(continued)

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

	2003 (a)	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expenses)/revenue										
Governmental activities	(502,515,147)	(581,146,222)	(623,228,914)	(725,135,342)	(772,887,318)	(857,151,133)	(857,690,556)	(832,494,157)	(903,661,687)	(909,157,642)
Business-type activities	10,612,669	13,427,143	14,007,263	12,820,297	5,936,082	16,938,473	22,267,387	21,930,930	37,479,374	34,297,086
Total primary government net expenses	(491,902,478)	(567,719,079)	(609,221,651)	(712,315,045)	(766,951,236)	(840,212,660)	(835,423,169)	(810,563,227)	(866,182,313)	(874,860,556)
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes	284,275,663	299,709,216	324,785,642	353,894,412	383,551,777	426,302,542	467,389,345	494,218,364	504,884,233	504,771,008
Local income taxes	162,722,900	206,952,771	261,205,355	317,108,241	287,499,387	323,836,591	271,595,421	266,953,624	331,334,252	358,356,561
Other local taxes	44,501,489	57,116,429	63,386,811	79,177,105	67,000,997	53,619,620	40,889,560	47,911,642	46,357,182	54,343,807
Intergovernmental, unrestricted	12,895,419	10,057,401	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168	790,181	1,089,121	780,358
Unrestricted investment income	8,924,257	2,542,571	10,761,191	9,673,535	18,723,699	24,208,820	10,547,370	6,481,902	2,890,191	9,636,106
Miscellaneous	-	3,540,813	52,996	50,415	47,835	508,178	589,962	861,084	816,830	1,216,774
Transfers	-	-	-	(200,000)	(1,557,550)	703,755	1,695,504	(587,000)	2,995,034	(586,842)
Subtotal governmental activities	513,319,728	579,919,201	672,732,557	775,002,514	771,221,321	844,692,683	806,116,330	816,629,797	890,366,843	928,517,772
Business-type activities:										
Unrestricted investment income	832,408	575,824	1,278,838	2,262,551	2,520,843	2,950,903	1,174,356	395,605	196,349	170,617
Transfers	-	-	-	200,000	1,557,550	(703,755)	(1,695,504)	587,000	(2,995,034)	586,842
Subtotal business-type activities	832,408	575,824	1,278,838	2,462,551	4,078,393	2,247,148	(521,148)	982,605	(2,798,685)	757,459
Total primary government	514,152,136	580,495,025	674,011,395	777,465,065	775,299,714	846,939,831	805,595,182	817,612,402	887,568,158	929,275,231
Net assets balances										
Governmental activities:										
Change in net assets, governmental activities	10,804,581	(1,227,021) (b)	49,503,643 (c)	49,867,172	(1,665,997) (d)	(12,458,450)	(51,574,226) (e)	(15,864,360)	(13,294,844)	19,360,130
Net assets, beginning-governmental activities	336,701,998	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228	388,436,002	377,349,272	254,510,988
Restatement	5,810,742 (f)	-	-	-	-	2,673,560	-	4,777,630	(109,543,440)	(10,573,173)
Net assets, ending-governmental activities	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945
Business-type activities:										
Change in net assets, business-type activities	11,445,077	14,002,967	15,286,101	15,282,848	10,014,475	19,185,621	21,746,239	22,913,535	34,680,689	35,054,545
Net Assets, beginning-business-type activities	398,581,978	410,066,781	424,500,600	425,675,557	440,487,827	450,502,302	469,687,923	491,434,162	514,347,697	546,713,887
Restatement	39,726 (g)	430,852 (g)	(14,111,144) (h)	(470,578) (g)	-	-	-	-	(2,314,499)	(320,685)
Net assets, ending-business-type activities	410,066,781	424,500,600	425,675,557	440,487,827	450,502,302	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747
Total primary government	\$ 763,384,102	\$ 776,590,900	\$ 827,269,500	\$ 891,948,942	\$ 900,297,420	\$ 909,698,151	\$ 879,870,164	\$ 891,696,969	\$ 801,224,875	\$ 844,745,692

- (a) Reclassification of data for fiscal year 2003 was made to allow for consistency and comparison amongst all years.
- (b) The decrease from prior period is due to a decrease in operating and capital grants and contributions, and an increase in the cost of capital improvements.
- (c) The increase from prior period is due to increases in property and local income taxes.
- (d) The decrease from prior period results from a decrease in local income taxes due to a change in the timing of remittance from the State.
- (e) The decrease from prior period is the result of decreases in local taxes and interest income due to the downturn of the national economy.
- (f) Net assets of governmental activities were restated in fiscal year 2003 to correct the method of calculating grant accruals and deferrals.
- (g) Net assets of business-type activities were restated in fiscal years 2003, 2004, and 2006 to eliminate internal balances created in prior years to allocate profit and loss in internal service funds since internal service funds operate under the premise of breaking even.
- (h) In fiscal year 2005, net assets of business-type activities were restated to eliminate a water treatment plant owned by another entity.
- (i) In fiscal year 2009, the fiscal year 2008 net assets of governmental activities were restated due to failure to capitalize all eligible expenditures as work in progress. Expenses of governmental activities for fiscal year 2008 were restated, accordingly, for comparative analysis across fiscal years.
- (j) State highways expenses were misclassified as public works in fiscal years 2006, 2007, and 2008, but have been restated for comparative analysis.
- (k) In fiscal year 2010, funding from the State government for highway improvements was drastically reduced.
- (l) 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.
- (m) The increase from prior period is due to recognizing significant federal grant monies for the ICBN Project.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Nonspendable										
Spendable:										
Restricted										
Committed									56,803,611	56,258,912
Assigned									27,137,601	45,003,053
Unassigned									8,732,004	10,616,787
Reserved	30,267,902	37,682,302	40,621,459	43,460,258	47,836,852	55,005,480	57,940,737	61,447,806		
Unreserved (a), (b)	307,472	2,068,326	31,589,257	65,693,657	67,301,953	47,921,532	23,858,483	10,324,543		
Total general fund	30,575,374	39,750,628	72,210,716	109,153,915	115,138,805	102,927,012	81,799,220	71,772,349	92,673,216 (c)	111,878,752
All other governmental funds										
Nonspendable									14,244,327	14,620,132
Spendable:										
Restricted									83,470,483	82,432,184
Committed									39,463,332	46,521,229
Assigned									77,104,933	72,761,301
Unassigned									(106,842,248)	(82,621,664)
Reserved	60,757,310	43,718,356	53,915,005	54,009,879	75,600,981	70,577,773	74,362,241	94,605,498		
Unreserved reported in:										
Special revenue funds	43,101,105	45,244,894	57,450,736	61,095,650	75,624,786	83,717,538	88,000,417	102,795,989		
Capital projects funds	(2,668,794)	3,152,735	(18,332,249)	(49,450,360)	(73,359,763)	(52,594,957)	(48,107,393)	(54,747,305)		
Total all other governmental funds	101,189,621	92,115,985	93,033,492	65,655,169	77,866,004	101,700,354	114,255,265	142,654,182	107,440,827	133,713,182
Total governmental funds	\$ 131,764,995	\$ 131,866,613	\$ 165,244,208	\$ 174,809,084	\$ 193,004,809	\$ 204,627,366	\$ 196,054,485	\$ 214,426,531	\$ 200,114,043	\$ 245,591,934

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) Increase in the general fund - unreserved fund balance from fiscal years 2005 to 2007 were the result of increases in local income, property, and/or recordation taxes received.
- (c) Increases in the total fund balance of the general fund in fiscal years 2011 and 2012 are due to increases in the local income taxes received.

Howard County, Maryland

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes (a)	283,725,179	299,527,817	324,280,297	353,195,328	384,236,664	426,188,822	466,921,737	494,641,029	504,030,717	504,228,502
Other local taxes	211,127,568	261,533,292 (b)	315,911,598	362,241,884	360,307,897	370,344,167	358,102,738 (c)	341,954,181 (c)	361,710,858	411,966,798
State shared taxes	12,895,419	10,057,401	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168	790,181 (d)	1,089,121	780,358
Revenues from other governments	30,289,929	26,332,973	31,843,597	27,984,230	43,832,673	39,792,804	46,184,349	30,866,154	40,479,177	80,612,132
Charges for services	31,116,332	33,858,811	38,681,860	39,274,492	39,894,526	42,488,507	45,518,420	47,153,092	49,916,981	49,498,494
Interest on investments	8,812,900	1,132,131	10,614,636	9,193,162	17,655,119	22,647,797	10,347,213	6,435,344	2,394,644	9,487,997
Installment interest from housing loans	-	-	-	-	-	-	-	-	495,546	148,109
Licenses and permits	6,180,086	7,755,483	7,808,408	7,790,049	7,047,647	6,311,980	4,923,057	5,839,006	5,651,511	5,754,961
Fines and forfeitures	2,232,012	2,171,579	2,466,331	2,667,805	3,154,241	3,607,775	3,602,384	2,983,119	3,393,723	3,534,706
Developer fees (e)	1,895,940	1,376,924	2,270,854	2,009,027	1,811,520	2,345,464	1,229,577	1,665,829	1,363,545	1,556,906
Rental of property (e)	794,335	793,983	757,290	1,026,367	991,458	510,315	716,648	206,754	197,100	196,214
Recoveries for interfund services	7,452,902	5,845,634	5,424,689	5,391,777	5,418,929	5,932,335	6,009,417	11,457,728	11,734,246	11,720,813
Payments from component units (e)	58,157	3,540,813	52,996	50,415	47,835	508,178	589,962	861,084	816,830	817,842
Miscellaneous program revenues	1,778,149	2,349,629	7,928,572	10,504,384	8,651,601	9,094,850	8,189,651	8,645,463	8,752,216	22,328,003
Total revenues	598,358,908	656,276,470	760,581,690	836,627,726	889,005,286	945,286,171	965,744,321	953,498,964	992,026,215	1,102,631,835
Expenditures										
Current:										
General government	17,852,659	18,900,479	19,961,665	20,502,167	23,089,141	23,311,692	23,163,146	21,822,449	23,691,385	25,227,536
Legislative & judicial	13,925,101	14,996,418	15,806,162	16,661,584	18,554,621	20,943,849	21,184,129	19,370,470	20,263,005	20,919,318
Public works	62,116,869	69,115,109	70,906,152	71,953,116	78,994,209	85,529,891	92,855,401	87,553,902	84,173,380	92,598,067
Public safety	85,820,025	92,021,978	100,863,167	114,695,165	128,272,671	141,928,781	147,359,582	148,773,884	156,336,439	168,832,385
Recreation and parks	16,020,154	18,637,382	19,752,579	22,608,386	23,986,622	25,309,800	25,616,451	24,363,103	23,856,314	27,999,911
Community services	27,393,690	30,332,789	30,568,627	35,784,748	33,668,684	40,935,310	43,321,961	37,096,762	36,935,327	36,671,787
Education	316,134,117	335,840,342	361,586,585	506,364,891 (f)	536,256,495	546,950,012	558,271,124	542,819,926	572,584,372	584,322,887
Capital improvements (e)	59,817,928	73,921,934	102,339,370	63,124,243 (f)	62,188,653	93,569,283	63,681,785	79,441,474	129,566,744	146,521,532
Debt service:										
Principal	31,560,998	33,121,999	40,310,999	40,822,000	41,716,000	45,182,000	48,850,000	50,192,000	52,461,000	58,381,930
Interest	23,064,888	20,025,083	24,695,244	26,310,766	30,330,362	33,696,141	34,907,537	33,465,400	37,179,040	40,178,908
Total expenditures	653,706,429	706,913,513	786,790,550	918,827,066	977,057,458	1,057,356,759	1,059,211,116	1,044,899,370	1,137,047,006	1,201,654,261
Revenues over (under) expenditures	(55,347,521)	(50,637,043)	(26,208,860)	(82,199,340)	(88,052,172)	(112,070,588)	(93,466,795)	(91,400,406)	(145,020,791)	(99,022,426)
Other Financing Sources (Uses)										
Bond premium/(discount)	7,593,411	9,236,278	(560,100)	108,843	6,736,869	10,319,070	4,104,393	18,974,053	4,604,998	30,560,868
Capital related debt issued	54,895,000	48,290,000	60,000,000	91,375,000	100,000,000	107,500,000	69,720,000	101,010,000	111,115,000	109,310,002
Refunding bonds issued	39,875,000	85,015,000	-	-	-	87,420,000	-	85,860,000	-	110,115,000
Capital lease proceeds	-	-	-	-	-	-	-	4,909,012	186,598	-
Capital lease	-	-	-	-	-	-	-	(4,909,012)	-	-
Payment to bond refunding escrow agent	(42,042,048)	(91,855,055)	-	-	-	(92,179,903)	-	(99,078,896)	-	(128,985,283)
Installment purchase agreements issued (e)	-	-	-	-	-	8,369,200	893,000	-	10,274,400	25,253,100
Transfers in	37,884,250	36,263,480	34,039,823	61,971,415	68,119,015	89,413,236	94,990,994	35,705,614	39,835,317	38,465,384
Transfers out	(32,784,567)	(36,211,042)	(33,893,268)	(61,691,042)	(68,607,987)	(87,148,458)	(87,295,333)	(36,246,056)	(36,788,523)	(40,218,754)
Total other financing sources (uses)	65,421,046	50,738,661	59,586,455	91,764,216	106,247,897	123,693,145	82,413,054	106,224,715	129,227,790	144,500,317
Proceeds from sale of property	3,600,972	-	-	-	-	-	-	-	-	-
Net change in fund balances	13,674,497	101,618	33,377,595	9,564,876	18,195,725	11,622,557	(11,053,741)	14,824,309	(15,793,001)	45,477,891
Debt service as a percentage of noncapital expenditures	9.20%	8.40%	9.50%	7.85%	7.88%	8.14%	8.35%	8.67%	8.87%	8.92%

- (a) Increase in real property taxes is due to steady increases in property values in the County.
(b) Increase in other local taxes is due to a rate increase in the local income tax from 2.45 to 3.2 percent.
(c) Other local taxes decreased due to declines in the quantity and value of real estate transactions.
(d) Decrease in State shared taxes is due to drastic decline in State highways funding.
(e) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.
(f) Expenditures on capital projects for the Public School System and Community College were reclassified to the Education function in fiscal year 2006 from the Capital Improvements line in previous years.

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
2003	17,059,315,828	4,342,237,000	21,401,552,828	1.044	1,332,670,460	2.610	22,734,223,288
2004	18,600,029,068	4,580,465,000	23,180,494,068	1.044	1,313,970,320	2.610	24,494,464,388
2005	19,875,069,165	6,069,882,095	25,944,951,260	1.044	1,331,028,850	2.610	27,275,980,110
2006	23,275,630,570	6,577,363,510	29,852,994,080	1.014	1,391,713,320	2.535	31,244,707,400
2007	28,754,085,178	6,172,812,902	34,926,898,080	1.014	1,468,267,950	2.535	36,395,166,030
2008	34,222,495,933	6,539,516,569	40,762,012,502	1.014	1,496,189,730	2.535	42,258,202,232
2009	39,129,032,552	7,012,754,331	46,141,786,883	1.014	1,497,439,490	2.535	47,639,226,373
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

- (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.

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

Howard County Direct Rates

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>
2003	1.044	2.610
2004	1.044	2.610
2005	1.044	2.610
2006	1.014	2.535
2007	1.014	2.535
2008	1.014	2.535
2009	1.014	2.535
2010	1.014	2.535
2011	1.014	2.535
2012	1.014	2.535

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

2012			2003		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 337,177,610	0.75%	Baltimore Gas & Electric Company	\$ 237,100,840	1.04%
Mall in Columbia Business Trust	179,525,100	0.40%	HRD Holdings Corporation	141,052,130	0.62%
Verizon-Maryland Inc	139,863,960	0.31%	Verizon-Maryland	112,386,500	0.49%
Magazine Howard Crossing LLC	109,247,900	0.24%	U.S. Sprint Communications	78,543,530	0.35%
Seasons of Laurel LLC	85,555,406	0.19%	API Columbia Town Center LLC	53,671,466	0.24%
Liberty Property LTD Partnership	73,404,390	0.16%	Town & Country West Greenview	51,410,832	0.23%
KMF Sherwood Crossing LLC	69,757,600	0.15%	Seasons of Laurel LLC	51,063,198	0.22%
Home Properties Charleston LLC	63,679,900	0.14%	Columbia Association, Inc.	50,129,442	0.22%
Sprint Communications Company, LP	54,294,830	0.12%	U.S. Retail Part LLC	43,574,300	0.19%
Cellco Partnership	46,694,080	0.10%	Parcel A-74 Associates LLC	39,392,100	0.17%
Total	\$ 1,159,200,776	2.56%	Total	\$ 858,324,338	3.77%

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		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	286,459,075	284,784,071	99.4%	1,446,378	286,230,449	99.9%
2004	306,220,976	305,055,699	99.6%	1,084,307	306,140,006	100.0%
2005	338,595,522	336,809,362	99.5%	1,689,369	338,498,731	100.0%
2006	384,872,472	382,410,597	99.4%	2,040,653	384,451,250	99.9%
2007	435,502,514	433,853,289	99.6%	1,275,747	435,129,036	99.9%
2008	507,119,578	505,465,702	99.7%	1,266,270	506,731,972	99.9%
2009	569,987,425	568,246,317	99.7%	1,015,709	569,262,026	99.9%
2010	601,068,331	599,327,223	99.7%	984,432	600,311,655	99.9%
2011	577,633,399	574,828,923	99.5%	2,167,687	576,996,610	99.9%
2012	541,972,687	540,659,569	99.8%	-	540,659,569	99.8%

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					Total Primary Government	Percentage of Personal Income (a)	Portion of Per Capita Personal Income (a)
	General Obligation Bonds	State Water Quality Revolving Loans	Installment Purchase Agreements	Capital Leases	Total Governmental Activities	Metropolitan District Bonds	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Capital Leases	Total Business-Type Activities			
2003	436,514	13,855	53,171	-	503,540	97,047	9,880	50,219	62	157,208	660,748	5.41%	2,606
2004	454,881	13,735	52,944	-	521,560	91,839	9,880	57,118	48	158,885	680,445	5.10%	2,659
2005	477,853	11,790	52,808	-	542,451	89,515	9,405	58,833	32	157,785	700,236	4.93%	2,713
2006	529,618	11,705	52,581	-	593,904	86,467	8,915	56,278	17	151,677	745,581	4.95%	2,888
2007	588,785	11,555	52,445	-	652,785	91,266	8,420	52,831	-	152,517	805,302	4.99%	3,047
2008	648,875	9,760	60,582	-	719,217	89,797	7,915	49,220	32	146,964	866,181	5.03%	3,148
2009	671,881	7,980	61,240	-	741,101	110,889	7,395	46,576	17	164,877	905,978	5.20%	3,214
2010	723,305	5,795	60,998	4,889	794,987	110,810	6,870	43,220	-	160,900	955,887	5.23%	3,314
2011	783,855	4,050	71,122	4,945	863,972	154,210	6,330	41,958	-	202,498	1,066,470	N/A	N/A
2012	827,580	2,850	94,623	4,738	929,791	184,990	5,400	38,364	-	228,754	1,158,545	N/A	N/A

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

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

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

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>General Obligation Debt (a)</u>	<u>Percentage of Estimated Actual Taxable Value of Property (b)</u>	<u>General Obligation Debt per Capita (c)</u>
2003	265,095	450,369	2.0%	1,699
2004	268,561	468,616	1.9%	1,745
2005	272,584	489,643	1.8%	1,796
2006	276,287	541,323	1.7%	1,959
2007	278,900	600,340	1.6%	2,153
2008	282,674	658,635	1.6%	2,330
2009	284,952	679,861	1.4%	2,386
2010	287,907	733,989	1.5%	2,549
2011	291,200	792,850	1.6%	2,723
2012	294,256	835,168	1.8%	2,838

(a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements.

(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.

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed value					(a)					
Real property	21,401,553	23,180,494	25,944,951	29,852,994	34,926,898	40,762,012	46,141,787	48,664,260	46,518,265	43,621,862
Personal property	1,332,670	1,313,970	1,331,029	1,391,713	1,468,268	1,496,190	1,497,439	1,588,890	1,623,786	1,555,658
Total assessed value	22,734,223	24,494,464	27,275,980	31,244,707	36,395,166	42,258,202	47,639,226	50,253,150	48,142,051	45,177,520
Legal debt margin										
Debt limit (12% of 40% of assessed value of real property)	1,027,275	1,112,664	1,245,358	1,432,944	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (12% of 100% of assessed value of personal property)	159,920	157,676	159,723	167,006	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (4.8% of assessed value of real property and personal property)	n/a	n/a	n/a	n/a	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521
Total debt limit	1,187,195	1,270,340	1,405,081	1,599,950	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521
Debt applicable to limit										
General county	436,514	454,881	477,853	529,619	588,785	648,875	671,881	723,305	783,855	827,580
Local Government Insurance Trust	-	-	-	-	-	-	-	-	-	-
State Water Quality Revolving Loan	13,855	13,735	11,790	11,705	11,555	9,760	7,980	5,795	4,050	2,850
Maryland State Retirement System Liability	1,638	1,305	762	-	-	-	-	-	-	-
Total debt applicable to limit	452,007	469,921	490,405	541,324	600,340	658,635	679,861	729,100	787,905	830,430
Legal debt margin	735,188	800,419	914,676	1,058,626	1,146,628	1,369,759	1,606,822	1,683,051	1,522,913	1,338,091
Total debt applicable to the limit as a percentage of debt limit	38.07%	36.99%	34.90%	33.83%	34.36%	32.47%	29.73%	30.23%	34.10%	38.29%

(a) The County Charter amended the borrowing limits effective Dec 7, 2006, to 4.8% of the assessable base of the County.

**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	
2003	1,998,554	1,363,747	634,807	290,000	561,588	0.75
2004	2,050,330	1,498,772	551,558	- (a)	203,075	2.72
2005	2,100,092	1,492,518	607,574	475,000	283,073	0.80
2006	2,331,256	1,531,074	800,182	490,000	273,423	1.05
2007	2,308,060	1,516,767	791,293	495,000	263,573	1.04
2008	2,282,219	1,533,517	748,702	505,000	253,573	0.99
2009	2,120,794	1,400,663	720,131	520,000	243,322	0.94
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

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

(a) No principal payment was made in Fiscal Year 2004 due to the refunding of the Special Recreation Facility Revenue Bonds on June 1, 2003.

**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)
2003	265,095	12,655,680	48,086	46,650	3.0%
2004	268,561	13,822,504	51,980	47,211	2.7%
2005	272,584	14,730,587	54,844	47,552	3.2%
2006	276,287	15,810,097	58,170	48,596	3.2%
2007	278,900	16,742,719	60,839	48,222	2.9%
2008	282,674	17,659,377	63,431	48,595	3.4%
2009	284,952	17,490,820	61,792	48,888	5.8%
2010	287,907	18,282,037	63,375	49,683	5.5%
2011	291,200	N/A	N/A	49,991	5.6%
2012	294,256	N/A	N/A	50,997	5.5%

Sources:

- (a) Howard County Department of Planning and Zoning - Estimated population is presented as of July 1st.
- (b) Personal Income and Per Capita Personal Income revised and restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce.
- (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	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	7,467	1	4.69%	6,376	1	4.82%
Johns Hopkins Applied Physics Laboratory	4,700	2	2.95%	3,300	2	2.49%
Howard County Government	2,861	3	1.80%	2,423	3	1.83%
Verizon Wireless	2,028	4	1.27%	-		0.00%
Lorien Health Systems	2,000	5	1.26%	-		0.00%
Howard County General Hospital	1,682	6	1.06%	1,630	5	1.23%
Giant Food	1,500	7	0.94%	2,113	4	1.60%
Howard Community College	1,244	8	0.78%	-		0.00%
SAIC	1,060	9	0.67%	-		0.00%
Columbia Association, The	900	10	0.56%	-		0.00%
Magellan Health Services	-		0.00%	974	6	0.74%
The Arbitron Company	-		0.00%	800	7	0.60%
W.R. Grace	-		0.00%	800	7	0.60%
SYS CO Food Services of Baltimore	-		0.00%	787	8	0.59%
Neighbor Care, Inc.	-		0.00%	755	9	0.57%
Total	25,442		15.97%	19,957		15.07%

Source:

Howard County Department of Economic Development

**Howard County, Maryland
County Government Employees by Function
Last Ten Fiscal Years**

Function/program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	270 (a)	271	269	276	283	291	288	287	288	292
Public safety										
Police	522 (a)	526	531	538	550	595	623	624	624	634
Fire	301	301	357	329	361	404	405	417	419	419
Corrections	123	123	139	141	141	144	144	144	145	144
Public works	524	528	529	539	556	577	579	579	575	572
Recreation and parks	218	225	232	238	246	251	246	246	252	256
Legislative and judicial	175	175	179	183	188	197	204	202	202	202
Community services	290	293	329	330	366	384	380	358	341	343
Total	2,423	2,441	2,566	2,575	2,692	2,843	2,869	2,857	2,846	2,861

Source: Howard County Budget Office

(a) In 2003, 60 employees in the 911 Center were transferred to Police.

Howard County, Maryland Operating Indicators by Function/Program Last Ten Fiscal Years

Function/program	Date of incorporation Form of government Date present charter adopted Area in square miles				Executive/Council						
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
General Government											
Finance:											
Real property tax accounts billed	89,931	90,707	91,172	94,937	92,592	93,712	94,813	95,846	97,099	98,023	
Business personal property tax accounts billed	9,910	9,920	10,255	7,960	9,906	11,854	9,613	9,833	11,658	9,809	
Public Safety											
Police:											
Physical arrests	8,073	8,081	7,703	9,748	9,160	9,686	9,987	10,383	10,451	10,810	
Parking violations	7,797	8,033	8,539	8,639	8,484	8,933	10,556	6,919	5,445	4,415	
Traffic violations	23,499	25,990	30,115	52,850	62,730	65,217	80,724	80,735	81,588	84,306	
Fire:											
Emergency responses	55,296	57,152	59,679	57,507	63,396	63,598	64,425	65,362	60,183	59,887	
Inspections	371	411	586	549	471	570	610	1,425	1,217	2,173	
Corrections:											
Average yearly prison population	276	264	241	247	297	278	284	287	308	320	
Public Works											
Inspections, licenses and permits:											
Construction permits issued (a)	6,404	6,900	6,553	6,941	6,112	5,835	4,370	5,047	5,249	5,583	
Environmental services:											
Refuse collected (tons per year)	108,200	116,218	116,647	124,913	125,494	120,838	107,756	102,492	103,749	102,249	
Recyclables collected (tons per year)	40,420	56,478	50,373	55,691	60,317	54,293	60,860	61,993	63,100	64,619	
Recreation and parks											
Programs operated	4,820	4,759	4,772	4,162	4,186	4,200	4,226	4,328	3,998	4,479	
Registrations processed	94,321	96,657	101,052	94,361	105,665	106,014	101,503	113,354	85,598	84,420	
Legislative and judicial											
Circuit court cases filed	1,223	1,053	1,205	1,277	1,182	996	999	957	985	1,021	
District court cases filed	19,979	14,204	14,091	10,124	12,373	13,815	12,295	13,193	13,379	13,867	
Community services											
Senior centers operated	8	8	9	9	9	9	9	9	9	7	
Consumer affairs - cases closed	237	253	189	194	210	191	223	225	210	278	
Community service partnership grants	30	29	29	32	31	32	36	36	33	33	
Assisted living monitoring visits	N/A	N/A	292	280	205	163	217	172	418	183	
Water and sewer											
Water main breaks	119	140	143	123	137	82	137	185	174	172	
Average daily water consumption (thousands of gallons)	20,860	21,370	22,100	22,500	23,000	22,400	22,000	23,910	24,930	22,610	
Number of water customers	63,978	64,189	65,567	66,434	67,868	69,170	69,833	70,646	70,062	72,229	
Average daily sewage treatment (thousands of gallons)	27,600	26,450	25,052	18,800	25,600	24,400	26,800	26,530	24,628	26,350	
Number of sewer customers	60,652	60,853	62,159	63,022	64,240	65,494	66,096	66,862	68,163	68,872	
Golf course											
Rounds played	40,673	40,210	41,360	44,856	41,395	40,455	36,450	35,525	34,309	36,142	

Sources: Various Howard County Departments

Note: Indicators are not available for the State highways or education functions.

(a) Construction permits issued prior to 2005 were provided on a calendar year basis.

Howard County, Maryland Capital Asset Statistics by Function Last Ten Fiscal Years

Function/program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Buildings	10	10	10	11	11	12	17	19	20	23
Vehicles	N/A	N/A	N/A	42	44	49	60	65	54	57
Legislative and judicial										
Vehicles	N/A	N/A	N/A	45	53	58	61	67	66	70
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	199	194	200	200	207	225	244	265	265	286
Other vehicles	N/A	N/A	N/A	196	209	231	250	237	212	250
Fire:										
Stations	4	5	5	5	5	6	6	8	8	9
Pumpers/tankers	23	23	23	29	31	34	32	28	28	29
Ladder trucks	4	4	4	6	6	7	7	5	5	6
Paramedic units	21	21	21	21	24	27	28	30	30	32
Vehicles	N/A	N/A	N/A	90	106	118	101	128	133	119
Public Works										
Buildings	43	45	46	46	46	46	49	49	49	54
Transit buses	43	45	47	47	52	53	56	67	58	57
Vehicles	N/A	N/A	N/A	214	234	278	279	385	339	354
Streets (miles)	962	966	970	975	980	988	995	1,014	1,015	1,030
Streetlights	6,000	6,180	6,631	8,217	8,448	7,500	7,700	6,944	7,048	8,598
Stormwater management facilities	650	664	700	719	745	745	770	850	908	933
Recreation and parks										
Buildings	40	40	41	44	44	44	44	45	44	59
Parks and open space acreage	7,512	8,039	8,169	8,339	8,439	8,678	8,737	8,846	8,850	9,097
Playgrounds	31	31	31	37	40	41	42	42	40	39
Vehicles	N/A	N/A	N/A	64	70	69	63	76	78	85
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	882	888	905	927	943	960	992	1,005	1,024	1,028
Sanitary sewers (miles)	862	869	880	892	898	906	955	962	971	980
Golf course										
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.



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